AGENDA

Special Study Session of the

CITY COUNCIL
OF THE CITY OF TROY

APRIL 20, 2010
CONVENING AT 7:00 P.M.

PERMITTED BY COUNCIL RESOLUTION #2010-04-080

Submitted By
The City Manager

NOTICE: Persons with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk at (248) 524-3316 or via e-mail at clerk@troymi.gov at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

500 W. Big Beaver
Troy, MI 48084
(248) 524-3300

TO: The Honorable Mayor and City Council
Troy, Michigan

FROM: John Szerlag, City Manager

SUBJECT: Background Information and Reports

Ladies and Gentlemen:

This booklet provides a summary of the many reports, communications and recommendations that accompany your Agenda. Also included are suggested or requested resolutions and/or ordinances for your consideration and possible amendment and adoption.

Supporting materials transmitted with this Agenda have been prepared by department directors and staff members. I am indebted to them for their efforts to provide insight and professional advice for your consideration.

As always, we are happy to provide such added information as your deliberations may require.

Respectfully submitted,

John Szerlag, City Manager

CITY COUNCIL
SPECIAL STUDY SESSION
AGENDA

April 20, 2010 – 7:00 PM
Council Boardroom
City Hall - 500 West Big Beaver
Troy, Michigan 48084
(248) 524-3317

A. CALL TO ORDER: 1

B. ROLL CALL: 1

C. DISCUSSION ITEMS: 1

C-1 Restructuring City of Troy Government: 1

(a) Continuation of Option 1 and Discussion of Policy Matters – City Manager, John Szerlag..... 1
(b) Internal Grants and Public Engagement Activities – Council Member Robin Beltramini 1

D. PUBLIC COMMENT: 1

E. ADJOURNMENT 1

A. CALL TO ORDER:

B. ROLL CALL:

(a) Mayor Louise E. Schilling
Robin Beltramini
Mayor Pro Tem Wade Fleming
Martin Howrylak
Mary Kerwin
Maureen McGinnis
Dane Slater

(b) Absent Council Members:

Suggested Resolution
Resolution #2010-04-
Moved by
Seconded by

RESOLVED, That Troy City Council hereby **EXCUSES** the absence of _____ at the City Council Special Study Session of Tuesday, April 20, 2010 due to_____.

Yes:
No:

C. DISCUSSION ITEMS:

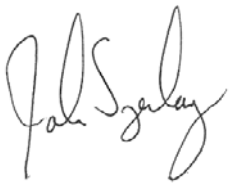
C-1 Restructuring City of Troy Government:
(a) Continuation of Option 1 and Discussion of Policy Matters – City Manager, John Szerlag
(b) Internal Grants and Public Engagement Activities – Council Member Robin Beltramini

D. PUBLIC COMMENT:

In accordance with the Rules of Procedure of the City Council, Article 16 – Members of the Public and Visitors

E. ADJOURNMENT

Respectfully submitted,



John Szerlag, City Manager

PUBLIC COMMENT:

In accordance with the Rules of Procedure of the City Council, Article 16 – Members of the Public and Visitors

Any person not a member of the City Council may address the Council with recognition of the Chair, after clearly stating the nature of his/her inquiry or comment. *City Council requests that if you do have a question or concern, to bring it to the attention of the appropriate department(s) whenever possible. If you feel that the matter has not been resolved satisfactorily, you are encouraged to bring it to the attention of the City Manager, and if still not resolved satisfactorily, to the Mayor and Council.*

- Petitioners shall be given a fifteen (15) minute presentation time that may be extended with the majority consent of City Council.
- Any member of the public, not a petitioner of an item, shall be allowed to speak for up to five (5) minutes to address any Public Hearing item.
- Any member of the public, not a petitioner of an item, shall be allowed to speak for up to five minutes to address Postponed, Regular Business or Consent Agenda items or any other item as permitted under the Open Meetings Act during the Public Comment portion of the agenda.
- City Council may waive the requirements of this section by a majority of the City Council members.
- City Council may wish to schedule a Special Meeting for Agenda items that are related to topics where there is significant public input anticipated.
- Through a request of the Chair and a majority vote of City Council, public Comment may be limited when there are fifteen (15) or more people signed up to speak either on a Public Hearing item or for the Public Comment period of the agenda.

CITY COUNCIL REPORT

April 14, 2010

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager

SUBJECT: Study Session to Further Discuss Restructuring City of Troy Government

I appreciate the direction you provided relative to organizational restructuring at the March 1, 2010 City Council meeting. Succinctly, here is what we know relative to the budgetary process:

1) A 3-year budget is going to be reviewed and approved, which is a subset of our rolling 5-year outlook, otherwise known as Option 1.

2) The budget document will follow Option 1 which reduces/shuts down quality of life venues before impacting public safety venues. And while no closures are scheduled for fiscal year 2010/11, we have budgeted reduced hours for the Library, Museum and Nature Center. There will also be reduced service levels in parks maintenance and recreational programming.

3) Employee concessions are currently in place for Classified, Exempt, AFSCME and Troy Fire Staff Officers Association (TFSOA) personnel. We are also looking to reduce health care costs effective July 1, 2010 for the above groups of employees. Our goal is to achieve parity in terms of concessions with all employee groups.

4) We will maintain a 15% fund balance in the General Fund.

5) There is a need for an adjustment in the Refuse Fund millage levy from 0.75 to 0.87 mills.

6) Sanctuary Lake Golf Course will require a General Fund subsidy for the next 3 years, because of our debt service.

That's what we know. Now, there are some things we don't know which I think should be clarified independent of our budget deliberations. As such, I've asked for a study session on April 20, 2010 (before we begin budget sessions) so as to obtain a policy direction on the following issues:

1). How do you wish to handle reserves for what was termed at the March 1 City Council meeting as "non-essential capital projects"? Examples given were the trail system reserve of $2 million, park development reserve of $0.7 million and Civic Center reserve of $1.1 million. This comes to approximately $3.8 million which could be deployed to other areas. The policy issue becomes:

- Do you wish to cancel these projects?
- If yes, do you wish to allocate the funding to general operating or unfunded infrastructure needs in general capital?
- If you wish to allocate funding to the general operating portion of our budget, which essentially would be used to delay lay-offs, would you want to delay lay-offs in the quality of life venues or public safety venues?

Before fashioning an answer, please consider road improvements. We should be allocating $5 million a year for local road improvements, and we have not done this for the past several years.

Please know that there are 5 categories of road conditions: new, good, fair, poor, failed. I asked the Engineering Department staff to advise what the cost would be to maintain our 265 miles of local roads to a "good" condition and keep it that way for the next 5 years. It should be noted that roughly 60 miles or 24% of our local subdivision streets are rated in a condition less than "good".

Staff's full report on this matter is included as Attachment 1 and a portion thereof is stated below.

In order to bring our entire local roads system to a "good" condition it would cost an estimated $31.1 million. To maintain the system in "good" condition over the next 5 years would cost an estimated $11.5 million for year 2 and 3; approximately $5.5 million for year 4; $5.2 million for year 5; and $5.2 million for year 6. In total, it is estimated to cost $70 million to bring the entire local roads system to a "good" condition and keep it there for the next 5 years.

We currently spend about $3 million per year, which more closely approximates a system with an overall "fair" condition. Given Troy's economic difficulties, the best we can hope for is to maintain our road system to the "fair" standard, and we will budget accordingly.

Major streets could also use extra funding for those roads owned by the City of Troy, as well as by Oakland County. Please know that Oakland County major roads in Troy consist of:

- South Boulevard
- Long Lake
- Big Beaver
- Maple
- Fourteen Mile
- Adams
- Crooks
- Livernois
- John R
- Dequindre

The Road Commission for Oakland County is in financial crisis and does not have the same level of maintenance for their major roads system in Troy (or in the county for that matter) compared to our standard for maintenance. The best, or worst, example is the County road of John R. John R is in need of slab replacement from Maple to Long Lake, and Oakland County no longer performs this service. Instead, they will continue to asphalt patch areas which has an adverse affect on ridability and will eventually lead to surface failures, also known as potholes.

Troy has spent more money on County roads in Troy than Oakland County has spent on County roads in Troy. Of course, we can no longer afford to engage in this endeavor. My point in bringing this to your attention is to stress the fact that we have more essential infrastructure needs than resources available.

Beginning in fiscal year 2011/12, we did not budget a subsidy to the Road Commission for Oakland County for snow plowing County major roads in Troy. We are currently working on a plan to determine response times in plowing City-owned major roads, as well as local roads.

Attachment 2 is a memo which further details the major road issue in Troy and Attachment 3 speaks of General Fund monies going toward County drain improvement projects.

Should you decide to redeploy non-essential capital reserves to an area other than unfunded essential infrastructure needs, you may wish to channel that money to delay General Fund departmental lay-offs. If this is the case, the question becomes:

2). Do you wish to delay lay-offs in the quality of life areas, general administration, public safety or a combination thereof?

As you know, our continuing dialog on this issue speaks primarily of public safety departments and quality of life departments. And while we have slated employee reductions in other areas, our discussions will be easier if I can categorize all other departments into a genre that we'll call general administration.

Compared to our current budget, the fiscal year 2010/11 budget reduces the full-time employee count by 55 positions. These occur in the following areas:

Public Safety

Police*; 8 sworn and 2 non-sworn positions
Fire*; 1 non-sworn position
Building Operations*; 1 position
Engineering; 3 positions
Streets; 2 positions

Sub-total: 17

Quality of Life Departments

Library; 9 positions
Museum; 1 position
Parks; 7 positions
Recreation; 4 positions

Sub-total: 21

General Administration

Building Inspection;** 9 positions
City Assessor's Office; 2 positions
City Attorney's Office*; 1 position
Finance; 2 positions

General Administration, continued

Human Resources*; 1 position
Information Technology; 1 position
Real Estate & Development; 1 position

Sub-total: 17 positions

Total full-time positions deleted from fiscal year 2010/11 budget: 55 positions

***These positions are deleted by attrition, not by lay-offs.**
****Six more position will be eliminated via privatization.**

Please know that the fiscal year 2010/11 budget also calls for a reduction of 46 part-time employees. And all employee reductions pretty much fall in line with what was delineated in Option 1. The only exception to Option 1 is that when looking at our 3-year budget, we will not fill positions that become vacant by attrition if that position is to be expunged within our 3-year outlook. That's why you'll see a reduction of 10 employees in the Police Department and 1 employee in the Fire Department occurring this fiscal year.

Speaking of staff reductions, our high point of employment was fiscal year 2003/04. Since that time, and including fiscal year 2010/11, the full-time workforce will be reduced by 108 positions or over 22%. Year 3 of our 3-year budget (fiscal year 2012/13) will see a decrease to 317 full-time personnel. That's a reduction of 36% of our full-time workforce.

By any benchmark, Troy has been, and is, a well-run signature city; and so reducing a third of our workforce means that we will go from a customized level of service to a delayed or non-existent level of service in some areas. Attachment 4 from Chief Mayer is one such example. Succinctly, the Animal Control Division will no longer make non-emergency house calls; they typically receive over 2,000 calls for animal control services a year.

I hope I have supplied enough information to you so that you may make a decision on how to handle "non-essential Capital projects". And while we don't wish to steer you in a certain direction, please know that City Management used the entire estimated $3.8 million reserved for these projects to delay lay-offs in the area of public safety as well as to fund general operations for fiscal year 2011/12, and fiscal year 2012/13.

3) Let's turn now to quality of life policy matters as it relates to reduced programming and hours of operation. Attachment 5 is a staff memorandum indicating that the Library is slated to be closed on Saturdays and closed one hour earlier on Fridays and Sundays (at 5:00 PM instead of 6:00 PM on those days).

Attachment 6 is a staff memorandum indicating the change in Nature Center operations. Currently the Nature Center building is open to the public Tuesday through Saturday 8:00 AM to 4:30 PM and Sunday 12:00 PM to 5:00 PM. The proposed hours are from 10:00 AM to 2:00 PM on Thursdays and Fridays, 10:00 AM to 4:00 PM on Saturdays and 12:00 PM to 4:00 PM on Sundays.

This means the building will be closed Monday – Wednesday, and the total reduction in weekly hours of operation is 29.5.

Attachment 7 is a staff memorandum indicating reduced hours and programming for the Museum. Currently the Museum is open to the public Monday through Saturday 9:00 AM to 4:30 PM, and Sundays, 1:00 PM to 5:00 PM. The proposal is for the Museum to only open three days a week, Tuesday, Wednesday and Thursday, from 10:00 AM to 3:00 PM.

The total reduction in weekly hours of operation is 34.

4) This fiscal year a transfer of .07 mills from the General Capital Fund to the Refuse Fund in the amount of $350,000 was made to cover expenses. City Management recommends a simple policy of having a Refuse millage rate commensurate with the cost of garbage collection. This means a projected increase in the Refuse millage rate for the next three years will look like what's shown below:

	Millage Rate	Amount of Funds Generated
2010/11	0.87	$4,092,000
2011/12	0.98	$4,216,640
2012/13	1.06	$4,345,140

Please know that our proposed budget for the next three years incorporates the above rates.

Before closing, please bring the proposed 3-year budget document to the special meeting. I wish to draw your attention to the "Executive Summary" and the two "Budget Overviews" contained on pages 1-2, 3-5 and 7-8. Reviewing those portions of the document may assist in our April 20 table discussion.

Please feel free to contact me should you have any questions.

c: Carol Anderson
Loraine Campbell
Bill Huotari
John Lamerato
Gary Mayer
Mark Miller
Bill Nelson
Tim Richnak
Cathy Russ
Peggy Sears
Steve Vandette

JS/mr\AGENDA\2010\04.20.10 – Study Session to Further Discuss Restructuring City of Troy Government

BUDGET SUPPLEMENT – LOCAL ROADS

March 15, 2010

TO: John Szerlag, City Manager

FROM: John Lamerato, Assistant City Manager/Finance & Admin.
Mark Miller, Acting Assistant City Manager/Economic Dev. Services
Steve Vandette, City Engineer

SUBJECT: Local Road Fund

The City of Troy is responsible for the maintenance of approximately 265 miles of local roads. Approximately 246 miles of these are subdivision streets of concrete or asphalt, 5 miles are chip seal and 5 miles are gravel roads. Approximately 2/3 of these subdivision streets are concrete and 1/3 are asphalt. The remaining 9 miles are nominally termed by the city as "Industrial Roads", such as Naughton, Wheaton and Piedmont that are classified as local because they do not meet the definition of a Major Road under Act 51. It is estimated to cost $70 M to bring the entire local road system to a "Good" condition and keep it there for the next 5 years

In order to prioritize road maintenance activities, the City is now using the PASER system. PASER is used statewide and is a "windshield" road rating system that uses a 1 to 10 rating scale, with a value of 10 representing a new road and a value of 1 representing a failed road. Condition ratings are assigned by visually identifying the type and amount of defects along a road segment while driving the segment. The PASER system translates these observations into a condition rating.

The City simplifies this system by grouping roads with a rating of 6 or higher as being in Good condition, 4 or 5 as Fair and 3 or less as Poor. Currently, 60 miles or 24% of local subdivision streets are rated a 5 or less.

In order to bring our existing local road system to a "Good" condition it would cost an estimated $31.1 million in the current year. To maintain the system in "Good" condition over the next 5 years would cost an estimated $11.5 M for year 2 and 3; approximately $5.5 M for year 4; $5.2 M for year 5; and $5.2 M for year 6. This compares to our current funding level of approximately $3 M per year in the Local Road fund. These estimated costs are made on assumptions and approach analysis as detailed below:

Assumptions made to bring entire system to 6 or above (total estimated cost of $31.1 M in year 1):

- Asphalt currently rated 1,2,3 get reconstruction (0.063 miles)
- Asphalt currently rated 4 get pulverization and repaving (1.915 miles)
- Asphalt currently rated 5 get 2" overlay (8.85 miles)
- Overband crack seal on existing good condition roads (40 miles)

- Concrete currently rated 1,2,3 get reconstruction (0.616 miles)
- Concrete currently rated 4 gets heavy slab maintenance (12.266 miles)
- Half of concrete currently rated 5 get moderate slab maintenance (16.26 miles)
- Half of concrete currently rated 5 get light slab maintenance (16.26 miles)
- One third of concrete currently rated 6 get light slab maintenance (23 miles)
- Composite pavements rated 4 or 5 get mill, joint repair, and overlay (3.78 miles)

Assumptions made to maintain entire system at 6 or higher (total cost of $11.5 M for year 2 and 3):

- Half of asphalt currently rated 6 gets 2" overlay (12.5 miles)/Year
- Asphalt is on 4 year cycle for overband, so 1/4 receive treatment (18.5 miles) /Year
- One third of concrete currently rated 6 get light to moderate slab maintenance (23 miles) /Year
- Concrete is put on 5 year cycle for joint seal, so 1/5 receive treatment (32 miles) /Year
- Half of the composite rated at 6 get mill, joint repair, and overlay (4.65 miles) /Year

Assumptions made to maintain entire system at 6 or higher (total cost of $5.5 M for year 4):

- Asphalt overlay – 1/10 of current 7 ratings (7 miles)
- Asphalt is on 4 year cycle for overband, so 1/4 receive treatment (18.5 miles)
- One third of concrete projected to be rated 6 gets light to moderate slab maintenance (11 miles)
- Concrete is on 5 year cycle for joint seal, so 1/5 receive treatment (32 miles)
- Surface seal streets all get a cape seal (4.65 miles)

Assumptions made to maintain entire system at 6 or higher (total cost of $5.2 M for year 5 and 6):

- Asphalt overlay – 1/10 of current 7 ratings (7 miles) /Year
- Asphalt is on 4 year cycle for overband, so 1/4 receive treatment (18.5 miles) /Year
- One third of concrete projected to be rated 6 gets light to moderate slab maint (11 miles) /Year
- Concrete is on 5 year cycle for joint seal, so 1/5 receive treatment (32 miles) /Year

The annual budget amount for local road maintenance is $3,000,000 and typically involves concrete slab replacements or asphalt pavement overlays. The annual budget amount for crack sealing is $100,000. Crack sealing locations vary and are not specifically identified as this work is a rolling operation with minimal startup and construction time in any one area.

Paving of a local road is initiated by the residents living on the road. Residents on gravel roads can initiate a Special Assessment District (SAD) where the cost to pave the road is split by the benefitting properties and the city. Once the road has been paved, future maintenance costs are traditionally borne by the City and paid for through the local road fund.

Staff contacted several local agencies to find out how they finance local road maintenance activities. Responses have been received from Farmington Hills, Rochester Hills, Birmingham, Madison Heights and Clawson. Clawson and Madison Heights have millages approved by their voters that are used for infrastructure maintenance. Madison Heights also has a SAD Policy for Road Improvements that requires cost sharing by residents if their road is not part of the approved millage. Rochester Hills, Farmington Hills and Birmingham do not have specific local road millages and use

Act 51 funds for local road maintenance, except for chip sealed roads in Birmingham which are resealed every 7 to 10 years with 85% of the cost paid by the homeowner.

Similar to Troy, SAD paving projects are paid through a cost sharing between residents in the project area and the city. Most of our neighboring communities are currently reviewing the city contribution for SAD projects and Rochester Hills has suspended their SAD program while they consider a millage for local roads.

PASER Rating 6 - Good Asphalt Condition

PASER Rating 6 - Good Concrete Condition

PASER Rating 4 - Fair Asphalt Condition

PASER Rating 4 - Fair Concrete Condition

PASER Rating 3 - Poor Asphalt Condition

PASER Rating 3 - Poor Concrete Condition

BUDGET SUPPLEMENT – MAJOR ROADS

March 17, 2010

TO: John Szerlag, City Manager

FROM: John Lamerato, Assistant City Manager/Finance & Admin.
Mark Miller, Acting Assistant City Manager/Economic Dev. Services
Steve Vandette, City Engineer

SUBJECT: Major Road Fund

Background

The City of Troy is responsible for maintenance of approximately 25 miles of Major Mile roads. A little more than half, approximately 13 miles or 52%, are rated as being Fair or Poor with a PASER rating of 5 or less. The remaining 12 miles or 48% are rated as being Good with a PASER rating of 6 or greater.

The 6-year CIP plan includes projects to reconstruct, rehabilitate or maintain approximately 14 miles of City Major Mile roads. By the 6th year or 2015/16, approximately 20 miles or 80% of City Major Mile Roads would be rated Good, compared to 48% today, with 5 miles or 20% being rated as Fair or Poor, compared with 52% today. This assumes that roads currently rated good today do not deteriorate over the next 5 years to a rating of Fair or Poor.

The Road Commission for Oakland County (RCOC) is responsible for approximately 43 miles of Major Mile roads in the city. Of these roads, approximately 22 miles or 51% are rated as being Good. Approximately 21 miles or 49% are rated as being Fair or Poor.

The 6-year CIP plan includes RCOC's projects to rehabilitate approximately 4 miles of County Major Mile Roads. By the 6th year or 2015/16, approximately 26 miles or 60% of County Major Mile Roads would be rated Good, compared with 51% today, with 17 miles or 40% being rated as Fair or Poor, compared to 49% today. This assumes that roads currently rated good today do not deteriorate over the next 5 years to a rating of Fair or Poor.

Based on the current backlog of federally eligible projects waiting on construction funding, federal funding is not anticipated until after 2014 for reconstruction and widening projects on Livernois, John R, Dequindre and Rochester Roads. The 6-Year CIP plan does not include any large scale widening and reconstruction projects through 2015/16, except for the Rochester, Torpey to Barclay and Wattles, east and west of Rochester project that is currently under construction.

Construction Phase

Over the past 20 years, Troy has done more work on County Roads than the County. The City of Troy has aggressively pursued federal funds for much needed widening and reconstruction projects on Major Mile roads, which has resulted in receiving over $100,000,000 in federal funds for projects on Long Lake Road, Maple Road, 14 Mile Road, John R Road, Crooks Road, Rochester Road, Big Beaver Road, Wattles Road, Stephenson Highway, Dequindre Road and Square Lake Road. All but Rochester Road, Wattles Road, Stephenson Highway and Square Lake Road are County Roads. Several projects were initiated by the RCOC so they acted as the lead agency and secured the federal funds.

The City does more work on County Roads, and pays more because the County does not participate in the cost sharing on a City run project on a County Road. When a City project on a County Road has had a higher priority to the city, the city submits an application for federal funding and acts as the lead agency to meet the City's priority for the project. By doing this, the City takes the responsibility to fund the local match, typically 20% of the project cost with no financial contribution by the RCOC. This methodology allowed the city to move city priority projects ahead for funding when it was not a high priority RCOC project.

Looking at the past 10 years, the following city projects have been constructed that improved County Roads in Troy (outside of normal maintenance):

- Big Beaver, I75 to Livernois – reconstruction and widening
- Big Beaver, Livernois to Rochester – reconstruction and widening
- John R and 14 Mile Enhancement – median enhancements
- Long Lake, Carnaby to John R – reconstruction and widening
- Long Lake, John R to Dequindre – reconstruction and widening
- Square Lake at Dequindre – right turn lanes
- Square Lake at John R – right turn lanes
- Livernois Northbound at Wattles – right turn lane
- Livernois Southbound at Big Beaver – right turn lane

The local shares of these projects were funded entirely by the city with no financial participation by the RCOC.

When the RCOC completes a major widening and reconstruction project on a County Road, the RCOC is the lead agency. In this case, the RCOC requires that the city split the 20% local match equally (i.e. 10% RCOC and 10% city).

The RCOC constructed or will construct the following projects that improved County Roads in Troy over the past 10 years (outside of normal maintenance):

- Big Beaver, Adams to Coolidge – reconstruction and widening
- Maple, Coolidge to Dequindre - rehabilitation
- Crooks, Equity to Big Beaver – rehabilitation (this project was funded through ARRA so federal funds were used to pay for the project cost with no local match)

- John R, 14 Mile to Maple – rehabilitation (this project is scheduled to start in April and is funded through ARRA so federal funds will be used to pay for the project cost with no local match)

These projects were funded through cost sharing agreements between the city and RCOC where both agencies split the local share of the project, except for the two ARRA projects where they are paid entirely with federal funds.

Design and Right-of-Way Phase

In addition to physical construction, there are several city projects underway in either the design and/or right-of-way phase on County owned roads including: Livernois, Long Lake to Square Lake; John R, Long Lake to Square Lake; and John R, Square Lake to South Boulevard. The city is the lead agency on these projects and will be responsible for the local match for these projects.

Future RCOC projects on Dequindre, Long Lake to Auburn; Livernois, Big Beaver to Wattles; Livernois, Square Lake to South Boulevard; and Crooks, Banmoor to Fountain will require the city to share in the local 20% match of these projects equally with the RCOC.

Tri-Party Program

Another method of funding Major Mile road repairs is through a program called the Tri-Party program. This program for County roads provides for cost sharing between the City, RCOC and County of Oakland. Each agency is responsible for 1/3 of the share of the annual allocation. Traditionally, this program provided approximately $600,000 per year for work on County roads. In recent years, the city opted to use this money for concrete slab replacements, since the RCOC now only does asphalt patching on concrete roads due to lack of funds. An example of this temporary, short service life repair is at the intersection of Crooks Road and the I-75 ramps. The RCOC will cut this program by over 50% in the 2010/11 fiscal year. It is anticipated that the Tri-Party program will not be available beyond 2010/11. With only temporary, asphalt patches being done by RCOC and no Tri-Party program, we expect County road conditions to quickly worsen over the next 5 years.

Projects over the past 10 years that involved some amount of Tri-Party funding, outside of concrete slab replacements included:

- Livernois, Wattles to Long Lake – reconstruction and widening
- Big Beaver, Rochester to Dequindre – reconstruction and widening
- Long Lake, Crooks to Livernois – concrete pavement replacement
- Livernois, Maple to Big Beaver – rehabilitation
- Crooks, Square Lake to South Boulevard – reconstruction and widening

Funding Sources

Maintenance of City and County Major Mile roads is primarily funded through Act 51 revenues. The largest source of funding for the RCOC is the state-administered Michigan Transportation Fund (MTF) which consists primarily of fuel tax and vehicle registration fee revenues. The last

statewide gas tax increase supporting the MTF was in 1997, when the tax was increased by four cents per gallon to 19 cents per gallon. Revenue generated by the gas tax has been essentially stagnant since then until it began declining in fiscal year 2006/07.

These funds represent the largest source of general revenue to the RCOC, approximately 55% in 2009/10. These funds are targeted primarily for road maintenance, operating needs and matching funds for federal aid. The RCOC's MTF allocation is determined by a formula reflecting Oakland County's road mileage by road type, population and vehicle registrations by number and type. The RCOC's revenue from the MTF for County-Wide Primary roads (843.68 miles) for 2009 was approximately $41.7 M. The RCOC also receives additional Act 51 revenue for roads classified as Urban Primary Roads that the city does not and cannot receive if County roads were turned over to the city. For 2009, the RCOC received approximately $6.0 M for Urban Primary roads (682.12 miles). It is essentially a "bonus" for County roads within urban area boundaries.

Act 51 provides funds to the RCOC on a County-wide basis; they are not subdivided by community. Troy is part of the Troy District which includes all of Troy and parts of Rochester, Rochester Hills, Birmingham, Clawson, Royal Oak, Madison Heights, Berkley, Royal Oak Township, Huntington Woods, Hazel Park and Oak Park. Based on data provided by the RCOC, we determined that they receive approximately $2.5 M in Act 51 revenue for 43 miles of County roads in Troy. This is approximately $58,000 per mile; about the same as Troy receives for its Major roads.

To put this in perspective, the city receives approximately $4.7 M in Act 51 revenue for maintenance of all city roads, both Major and Local. Approximately $3.4 M is used for maintenance of the 57 miles of Major Roads in the city (this includes Industrial Roads that meet the definition of a Major Road for purposes of Act 51) and the remaining $1.3 M is used for maintenance of the 265 miles of Local Roads in the city (this includes Industrial Roads that do not meet the definition of a Major Road for purposes of Act 51).

The 6-year CIP plan includes approximately $3 M per year for maintenance of local roads and approximately $4 M per year for major roads for a total of $7 M. The additional $2.3 M in Capital funds allows Troy a higher level of road maintenance compared with the RCOC

BUDGET SUPPLEMENT – DRAIN FUND

March 16, 2010

TO: John Szerlag, City Manager

FROM: John Lamerato, Assistant City Manager/Finance & Admin.
Mark F. Miller, Acting Assistant. City Manager/Economic Dev. Services
Steven J. Vandette, City Engineer

SUBJECT: Drain Fund

The City of Troy is divided into two principal drainage areas or watersheds: the Rouge River Watershed and the Clinton River Watershed, which both contain numerous county drains and are largely governed by the Oakland County Water Resources Commissioner (WRC) under the direction of John P. McCulloch. The WRC owns, operates and maintains all major drains in Troy; however, the WRC does not fund any of the upfront cost of improvements, which are funded by special assessment to the City.

- ***Rouge River Watershed***

The Rouge River Watershed is located in the northwestern portion of the city and contains 6.1 square miles. This area drains to the main branch of the Rouge River, which enters Wayne County at Telegraph and 8 Mile Road and ultimately outlets to the Detroit River.

- ***Clinton River Watershed***

The Clinton River Watershed encompasses the remaining 27.7 square miles of the city. This area drains to the Red Run sub-watershed of the Clinton River, which ultimately outlets to Lake St. Clair.

The Federal Environmental Protection Agency and the Michigan Department of Natural Resources and Environment (DNRE) have placed regulations and limitations on municipal storm water activities through what's known as the Phase II Stormwater Permit and the National Pollutant Discharge Elimination System permit.

These regulations state 6 minimum measures that municipalities must address:

1. Public education and outreach
2. Public participation and involvement
3. Illicit discharge detection and elimination
4. Construction site runoff control
5. Post-construction runoff control
6. Pollution prevention and good housekeeping

These measures are addressed by Engineering staff throughout the year while working under the framework of the Clinton River Red Run Sub-watershed Management Plan, the Rouge River Main 1-2 Sub-watershed Management Plan, the City's Stormwater Pollution Prevention Initiative, the City's Development Standards and the DPW's standard practices. The cost of this work, which are unfunded federal and state mandates, is not supported by any outside revenue source or dedicated user fees, but rather by general city tax revenue. Drain improvement projects are also funded by general city tax revenue since Troy has traditionally not assessed the cost of these improvements to benefiting properties within each drain improvement district.

The Oakland County Water Resources Commission (WRC) who owns, operates and maintains all of the major drains in Troy, operates differently in that it assess cities and townships for the actual work that they do in each community. In Troy this is done through various WRC drain boards that were set up when the drains were built. These boards bill us for all maintenance and any improvements done to the drains. Essentially no drain maintenance is performed by the WRC without billing the cost to the local unit of government and all new drain construction, whether it be by the city or WRC, is paid for by the City.

One of the newest drain boards is the George W. Kuhn (GWK) Drain Board; set up for the GWK Drain that serves the cities within the 12 Towns Drainage District. Our outstanding balance for Troy's share of this project is almost $2.5 million. This year our bond payment to the WRC is approximately $218,000. We also have various special assessment rolls for maintenance of County Drains, such as the Page Drain that last year was $13,374.

Projects in the city's Drain Fund, many of which include work on county drains, are proposed annually that comply with the state and federal mandates as well as projects that address drainage concerns; soil erosion; flooding; and regional drainage in accordance with the 1999 Master Storm Drainage Plan Update. Troy's 6-year drain plan includes the following projects:

DF-1. Lovington, Minnesota to Dequindre (Storm Sewer - City) - FY 2015/16

This project will construct a large diameter storm sewer along Lovington, from Minnesota to Dequindre. This area of Section 36 is eligible for Community Development Block Grant funds and have been used in the past to construct other large diameter storm drain projects on Minnesota, Iowa and Dashwood that outlet to the Henry-Graham Drain. The project on Lovington is the last of the projects in this area and would complete the long range storm sewer needs for Section 36. This project will be paid for entirely by City funds, with the potential for Community Development Block Grant funding. Operation and maintenance costs for enclosed drains are estimated at $350 per mile of storm sewer main.

DF-2. Stream Bank Stabilization (Sylvan Glen Wetland Monitoring - City) - FY 2010/11

The stream bank stabilization project at Sylvan Glen was completed in 2007/08. The wetland mitigation areas that were created as part of this project require monitoring and reporting to the DNRE for a 5-year period through and including the 2011/12 budget. The wetland areas are mitigation areas for work done on the Section 4 weir project upstream of the golf course.

Budgeted funds include amounts for monitoring; reporting; and corrective actions if necessary.

A 2012/13 budget amount is proposed for stream bank stabilization along the drain running behind Camp Ticonderoga. This project will be paid for entirely by City funds. Operation and maintenance costs will be reduced by $1,500 per year due to stream bank stabilization.

DF-3. Aquatic Center Pond (Lane Drain – County) - FY 2011/12

The project area involves the Lane Drain running along Town Center and the detention basin adjacent to the Aquatic Center. The basin was constructed in the mid-1970's, as an inline detention basin on the County drain. Over time, the basin has filled in with sediment. Stormwater detention has been greatly reduced due to accumulation of sediment thereby reducing capacity during major storm events. The project provides for improvements to the basin's weir control structure, sediment removal, dredging of the basin and stream bank stabilization.

This project will be paid for entirely by City funds. Operation and maintenance costs will be reduced by $1,500 per year.

DF-4. Drains and Retention (Various Drains – City) - FY 2010 - 2016

This is an annual budget amount in the Drains Fund for capital projects required by the Department of Public Works and Engineering Department for work associated with Drains and/or Retention/Detention basins that are otherwise not specifically assigned a project number and are not specifically noted in the capital improvement plan. Larger projects are assigned project numbers and are budgeted as separate line items within the Drain Fund.

The budget amount is established annually based on anticipated needs and is on-going. This project will be paid for entirely by City funds. Operation and maintenance costs are not expected to be impacted.

DF-5. Troywood, Rochester Road to the West (McCulloch Drain - County) - FY 2012/13

A large diameter storm sewer along Troywood is proposed by the 1999 Master Storm Drainage Plan Update that would connect to the McCulloch Drain constructed as part of the reconstruction of Rochester Road. The McCulloch Drainage District is comprised of approximately 3,000 acres and is served by the Sturgis, Lane and McCulloch Drains. A future project to construct a 2.5 million cubic foot storage basin facility south of Wattles is proposed in a future year to complete this section of the McCulloch Drain.

This project will be paid for entirely by City funds. Operation and maintenance costs for enclosed drains are estimated at $350 per mile of main.

DF-6. Square Lake Road, Teakwood to Dequindre (Storm Sewer - City) - FY 2014/15

A large diameter storm sewer along Square Lake is proposed by the 1999 Master Storm Drainage Plan Update that would outlet to the Gibson Drain in Sterling Heights. This project would be constructed as part of a Sterling Heights project to widen and reconstruct Square Lake Road (19 Mile) in Sterling Heights. This drain would allow the existing detention basins along Square Lake

to drain by gravity rather than by the pump stations that are currently used and also provide an outlet for proposed storm sewers on Evanswood and Dequindre.

Construction is anticipated in the future, but is subject to change based on the actual construction year of the Square Lake widening project by Sterling Heights. This project will be paid for entirely with City funds. Operation and maintenance costs for enclosed drains are estimated at $350 per mile of main.

DF-7. Evanswood, Square Lake Road to the North (Storm Sewer - City) - FY2015/16

A large diameter storm sewer along Evanswood is proposed by the 1999 Master Storm Drainage Plan Update that would outlet to the Gibson Drain in Sterling Heights via a proposed storm sewer along Square Lake. This project is dependent on the completion of the Square Lake storm sewer project as there is no current outlet for Evanswood. The drain along Evanswood would provide an outlet for the storm water that floods Evanswood during wet weather events due to the undersized and un-maintained natural drain crossing Evanswood.

Construction is anticipated in the future, but is subject to change based on the actual construction year of the Square Lake Road storm sewer which is dependent on the Square Lake Road widening project by Sterling Heights.

This project will be paid for entirely with City funds. Operation and maintenance costs for enclosed drains are estimated at $350 per mile of main.

DF-8. Livernois, Big Beaver Road to Town Center (Lane Drain - County) - FY 2013/14

A large diameter storm sewer along Livernois is proposed by the 1999 Master Storm Drainage Plan Update that would outlet to the previously constructed 96" storm sewer along Big Beaver. This storm sewer would divert peak storm water flow from the existing open channel Lane Drain into the proposed enclosed drain, thereby reducing potential for flooding downstream. The improvements reduce flow within the Lane Drain to levels that are at or below the capacity of the existing open channel east of Livernois. This is accomplished by the construction of a flow control structure where the Lane Drain crosses Livernois. This structure would allow normal dry weather flow to pass by into the Lane Drain open channel, yet will divert peak storm water flows into the proposed enclosed drain.

This project will be paid for entirely by City funds. Operation and maintenance costs for enclosed drains are estimated at $350 per mile of main.

City of Troy

INTEGRITY * RESPECT * LAWS AND THE CONSTITUTION * ACCOUNTABILITY * PROBLEM SOLVING * PROFESSIONALISM

MEMORANDUM

DATE: March 25, 2010

RE: Notification of Discontinuation of Services

Because of anticipated staffing reductions caused by budget constraints, the Troy Police Animal Control Unit staffing level is currently 50% of what it was in years past. However, it is anticipated that the calls for service will not decrease in a corresponding fashion.

Every spring, the Troy Police Department experiences significant increases in requests for animal control services. The increase in such calls for service typically continues until mid-November. Because of the increase in calls for service and the decrease in personnel, the City of Troy Police Department can no longer continue to respond to animal complaints as we have in the past.

We suggest eliminating certain non-essential animal control services. It should be noted that with the elimination of such services, the City of Troy animal-related services will now be on par with those of the surrounding communities.

After careful review, the following changes are recommended:

1. We will no longer respond to calls for service involving dead animals (wildlife or domestic) on public roadways in Troy.

City of Troy Consultant Dick Carlisle recommended that the City of Troy Public Works – Streets Division take on the responsibility of removing dead animals from public roadways. Collars and tags removed from dead domestic animals shall be turned over to the Police Department for appropriate follow up.

Animal Control will continue to respond to reports of *live* wildlife impeding traffic on public roadways.

2. We will no longer respond to calls for service involving dead animals (wildlife or domestic) on private property in the City of Troy.

The property owner will be responsible for the proper disposal of the dead animal. Troy Police Communications personnel will give instruction on disposal methods in accordance with the Michigan Department of Public Health guidelines.

Property owners are responsible for the removal and disposal of deceased pets.

3. We will no longer respond to requests for service involving any wildlife issues in resident's homes unless the animal is contained (trapped or otherwise unable to escape) and visible. This includes any wildlife suspected to be living in or damaging a resident's attic space, basement, garage, chimney or deck.

It will be the homeowner's responsibility to contact a licensed pest control company for removal options in these non-emergent cases. The homeowner will be responsible for all costs involved in contracting a licensed pest control company. City of Troy Police Communications personnel will give basic instruction on appropriate wildlife management options. Such information is already available on the Troy Police website.

The Troy Police Operations Division is in the process of researching the eventual elimination of all animal control-related services. It is expected that the elimination of this non-essential service will result in significant savings for the City of Troy.

The elimination of such services will also affect our contract with Clawson PD.

An adjustment of the contract fees commensurate with the proposed immediate decrease in services will be necessary and can be addressed upon expiration of the current Clawson contract (May 1, 2010).

CITY COUNCIL ACTION REPORT

TO: Honorable Mayor Louise Schilling and City Council

FROM: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance & Administration
Cathleen A. Russ, Library Director

SUBJECT: Troy Public Library Hours for FY 2010-11

Due to the reduction of $1 million dollars from the Troy Public Library's budget for FY 2010-11, it is recommended that the library's hours be reduced from 65 hours per week to 55 hours per week. The library's schedule of hours is proposed as follows:

Monday-Thursday:	10 am – 9 pm	
Friday:	10 am – 5 pm	(currently open 10 am – 6 pm)
Saturday:	closed	(currently open 10 am – 6 pm)
Sunday:	1 pm – 5 pm	(currently open 1 pm – 6 pm)

Background:

- The reduction of $1 million dollars from the library's budget will result in the layoffs of 30 staff members, both full- and part-time employees.
- Laying off one-third of the library's employees has a significant impact on the ability to staff the library, and thus affects the library's open hours significantly.
- The Troy Public Library is required to be open at least 55 hours per week, in order to continue to receive State Aid and its resultant benefits.
- All of the Suburban Library Cooperative libraries are open on Saturdays during the school year (some are closed Saturdays in the summer), thus giving Troy residents an option should they need library service on a Saturday.
- All Suburban Library Cooperative libraries are closed on Sundays (with the exception of TPL), so Sunday service would continue to be available to Troy residents.

Financial Considerations:

- A greater savings is realized on utility costs by being closed Saturdays and opening later on Sundays.
- Staff time is also maximized by the elimination of service on Saturday.

Legal Considerations:

- There are no legal considerations associated with this item.

Policy Considerations:

- Adjusting the hours of the Troy Public Library as listed above continues to provide residents with access to library service 6 days a week, while maximizing remaining staffing resources and adhering to State Aid guidelines.

CITY COUNCIL REPORT

April 5, 2010

TO: Honorable Mayor and City Council

FROM: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance and Administration
Carol K. Anderson, Parks and Recreation Director
Stuart J. Alderman, Superintendent of Recreation
Stacey Yankee, Nature Center Manager

SUBJECT: Nature Center Operations Update

As a result of the budget revenue shortfall, changes to the Nature Center will be instituted July 1, 2010. This report serves to address the operational changes.

Hours
Currently, the nature center building is open to the public Tuesday-Saturday 8 am-4:30 pm and Sunday 12-5 pm.

Proposed hours

Thursday-Friday	10 am – 2 pm
Saturday	10 am – 4 pm
Sunday	12 -4 pm

Building closed Monday-Wednesday

Summer program status
Registration for the following programs has begun and will be conducted if the enrollments are sufficient:
Summer Camps including River Camp, Preschool Earth Explorers, Stirring up Science Camp, Outdoor Living Skills Camp, Flea market

Camps contracted through Oakland County Parks and Recreation Commission (Wild Adventures and TOGA) were scheduled to have pick-up and drop-off at the Nature Center but will be moved to the Community Center.

Part-Time Hours
Part time staff will be utilized for animal care, building operations, and limited programs. Expenditures for staff will not exceed $16,480 for the 2010-11 fiscal year. For security reasons, two employees will be present when the building is open to the public.

Trail Hours
During summer hours, the trails will be open to the public until 9 pm on weekdays and approximately 8 pm on weekends. During other times of the year, the trails will be open 8 am-4:30 pm Mon-Friday, Saturday 10 am – 4 pm and Sunday 12-4 pm.

Daily Admission and Annual Passes
It is recommended that the daily admission fee be increased from $1 per person to $3 for adults; children age 6-17 - $2; and age 5 and under free. Annual passes are proposed at $15 per individual (currently $10) and $25 for a family (immediate family members only in same household).

Other Programs
The reductions in staffing and other resources will limit programming possibilities, however, it is anticipated that some programs could be offered by contractors or utilizing the part time hours allocated. Any program conducted would be done so only with revenues exceeding expense. Programs that may continue include a limited number of school groups, Junior Naturalists, Yoga, scout groups and some one day programs (Live Hawks and Owls, Little Acorns, Hayrides at the Farm).

CITY COUNCIL ACTION REPORT
OR
CITY COUNCIL REPORT

TO: John Szerlag, City Manager
John Lamerato, Assistant City Manager/ Finance and Administration
Cathleen Russ, Library Director

FROM: Loraine Campbell, Museum Manager

SUBJECT: Museum 2010/11 Public Hours of Operations

Due to the reduction of $273,000 from the Troy Museum & Historic Village budget for FY201/11, it is recommended that the museum be open to the public on the following days and times during FY 2010/11:

Tuesday, Wednesday and Thursday 10:00 am- 3:00 pm

It is further requested that facilities rentals be scheduled only during the approved public hours of operation.

Background:

- Staff will be reduced to one full time employee and 1,000 hours of part time support.
- Available, dependable volunteer support throughout the year can support these hours of operation.
- Custodial service will be reduced to twice weekly.
- Analysis of current attendance records and peak visitation days indicates this schedule will provide the best customer service with available resources.
- The Troy Historical Society is exploring the feasibility of sponsoring a limited schedule of education programs for schools Tuesday through Thursday. Traditionally more schools have scheduled fieldtrips during midweek.
- Attendance records show that there is lower visitation on Saturdays and Sundays except on days when special programs and events are scheduled. Staff required to develop and implement these programs and events will be eliminated.

- The proposed schedule addresses public and staff safety and provides non-public hours to:
  - Schedule and train volunteers
  - Continue minimal collections conservation duties
  - Work with a Transition Team to explore alternative organizational structures for the museum

Financial Considerations:

- Some additional savings to utilities are realized by closing the buildings to the public for four consecutive days.

Legal Considerations:

- There are no legal considerations associated with this item.

Policy Considerations:

- Adjusting the hours of the Troy Museum & Historic Village as requested continues to provide residents with safe access to the Museum 3 days each week while maximizing staff resources.

[Initials of Person who Created the Item/File Name]

City of Troy

2011/12-2012/13 Budget

EXECUTIVE SUMMARY

April 19, 2010

THE HONORABLE MAYOR
AND CITY COUNCIL MEMBERS

City of Troy
500 West Big Beaver
Troy, MI 48084

Dear Mayor and City Council Members:

In accordance with previous discussions on this matter, enclosed you will find a City budget for fiscal years 2010/11; 2011/12; 2012/13. It is not an entire budget document, but does include General Fund, General Capital Fund, Refuse Fund, and Debt Service Fund.

The reason for establishing and adopting a 3-year budget is to determine what the organization is going to look like 3 years from now based on a declining revenue line, and then restructure the organization accordingly. In these hard economic times, it is a disservice to the community and the organization to only look at 1 fiscal year at a time.

The centerpiece of Management's alerting you to Troy's severe financial challenges last September was to identify what happens to the organization when we have to meet a continual declining revenue line. And just as a site plan goes from concept, to schematic design, to specifications, your concept or community value of public safety first developed into the model known as Option 1, which now needs specificity via the budget document.

For fiscal year 2010/11, the City is going to reduce its full-time workforce by 55 personnel. This will leave us with 388 full-time positions. As our revenue continues to decline, we are projecting a full-time workforce reduction in fiscal year 2011/12 of 54 positions. This will be bring us down to 334 employees.

No form of recovery is in sight for fiscal year 2012/13 and we thus project an additional reduction of our full-time workforce of 17 positions to 317 employees. Compared to fiscal year 2003/04, the City of Troy will see an aggregate decreased of 182 full-time personnel. That's a reduction of 36%.

Please know that this budget document utilizes the entire $3.9 million that was reserved in non-essential Capital projects in order to delay lay-offs in the public safety area. This incorporates the trail system reserve of $2 million, park development reserve of $0.7 million and Civic Center reserve of $1.1 million.

By any benchmark, Troy has been, and is, a well-run signature City; and so reducing a third of our workforce means that we will go from a customized level of service to a delayed or non-existent level of service in some areas. Nowhere is this more evident than in our quality of life venues. In order to preserve public safety functions for as long as possible, the following departments would need to be closed down July 1, 2011:

- Library
- Museum
- Community Center
- Nature Center

To be sure, we will be diligent in trying to find ways to streamline these operations, as well as increase revenue sources. However, we cannot balance a budget of known revenues and expenditures against "if come" solutions.

Beginning in fiscal year 2011/12, there is no longer a subsidy in place to the Road Commission for Oakland County for snow plowing County major roads in Troy.

These roads consist of:

- South Boulevard
- Long Lake
- Big Beaver
- Maple
- 14 Mile
- Adams
- Crooks
- Livernois
- John R
- Dequindre

We are currently working on a plan to determine response times in plowing City-owned major roads, as well as local roads.

This budget document includes a policy of having a Refuse Fund millage rate commensurate with the cost of garbage collection. This means that the projected increase in the Refuse Fund millage rate for the next 3 years will be as follows:

Fiscal Year	Rate	$ Generated
2010/11	0.87	$4,092,000
2011/12	0.98	$4,216,640
2012/13	1.06	$4,345,140

Capital programming for fiscal years 2011/12 and 2012/13 are all related to infrastructure, i.e., street construction and reconstruction, sidewalks, storm drain improvements and fire apparatus reserve.

Respectfully submitted,

John Szerlag,
City Manager

- ***Budget Overview***

The 2011/12 budget is balanced and very fiscally conservative. The budget continues the City's philosophy of providing dependable services while directing available resources to service areas experiencing the greatest demands. Developed with City Council's outcomes, outputs and Option 1 as direction, this budget addresses current and future community needs and correlates service demands with conservative financial management.

The 2011/12 proposed total millage rate is 9.51, an increase of .11 mils. This rate includes a capital improvement millage rate of 1.53.

The Debt Service millage rate is .50. Voter approval of 1999 ballot Proposals A, B, and C was based on maintenance of a millage rate not to exceed .75 for the next 12 years, unless voters approve additional bonds.

The Refuse millage rate is proposed at .98 mils, an increase of .11 mils due to the decline in taxable value and increased disposal cost.

Troy successfully meets the challenge of keeping tax rates low by providing strong, responsible leadership and offering efficient City services. This was possible with a strong and growing tax base.

Like all cities in Michigan, we will have to contend with a declining taxable value for the next several years.

The 2011/12 budget for the General Fund, Refuse Fund, Debt Service Fund and Capital Fund totals $71.5 million, including all transfers. The General Fund budget of $52.2 million provides funding toward the majority of services available to City residents.

When comparing General Fund operating expenses from year to year there is a decrease of $5.6 million or 9.7%. This was made possible by the elimination of 54 full-time positions through attrition and lay-offs.

The estimated Unreserved/ Undesignated Fund Balance is $7.8 million; 15% of the General Fund budget.

General Fund operating revenues are projected to decrease 12.2%, $6.0 million under the 2010/11 budget, to $43.3 million.

The decrease in Charges for Services revenue of $3.2 million is attributable to closing the Community Center, Nature Center and Museum. Declining property tax revenue accounts for $2.4 million of the decrease.

The General Fund budget is balanced by utilizing Fund Balance as a revenue source in the amount of $1.8 million. The Unreserved/ Undesignated Fund Balance remains within an acceptable range of 10% - 17%.

General Fund operating expenditures will decrease $5.6 million, or 9.7%, due to a reduction in full-time employees through attrition and lay-offs, and closing down quality of life operations, such as the Library, Museum, Community Center and Nature Center.

The City does not incrementally budget by adding automatic increases to the prior year's numbers therefore departments are required to justify their current operations and any increases.

- ***Capital Improvements***

The total capital improvements program of $11.9 million is composed of projects that benefit the community as a whole, including street improvements.

Several of the capital improvement activities are made possible by grant funds leveraged with local funds.

The following projects highlight the 2011/12 capital improvements program:

- ✓ Neighborhood road repair and replacement
- ✓ Major road improvements
- ✓ Sidewalk program
- ✓ Storm drain improvements

- ***Personnel Costs and Staffing Levels***

Personnel costs continue to be the largest portion of the General Fund budget at 70.5%, down from 70.8% last year.

The total personnel expenditure for 2011/12 is $36.8 million, which represents a $4.1 million or 10% decrease from last year's budget, after the reduction of 54 full-time positions and the full funding of our other postemployment benefits.

The following 54 positions have been deleted from the 2011/12 budget:

- ***Building Inspection (6)***
  Building Inspector
  Director of Building and Zoning
  Electrical Inspector
  HVAC Inspector
  Plumbing Inspector
  Secretary II

- ***Building Operations (3)***
  Building Maintenance Specialist (3)

- ***City Clerk's Office (2)***
  Office Assistant I
  Office Assistant II

- ***Golf Courses (5)***
  Director
  Maintenance Specialists (3)
  Superintendent of Greens

- ***Human Resources (1)***
  Human Resources Specialist

- ***Information Technology (1)***
  PC Specialist

- ***Library (6)***
  Administrative Aide (2)
  Circulation Supervisor
  Library Director
  Librarian I
  Librarian II

- ***Museum (1)***
  Manager

- ***Parks and Recreation (13)***
  Aquatics Coordinator
  Community Center Manager
  Equipment Operator I (4)
  Nature Center Manager
  Parks Superintendent
  Recreation Supervisor (3)
  Superintendent of Recreation
  Tree Specialist

- ***Police (4)***
  Administrative Aide
  Police Service Aide (2)
  Records Clerk

- ***Purchasing (2)***
  Associate Buyer
  Buyer

- ***Streets (10)***
  Equipment Operator I (10)

Over the last 8 years the number of full-time City employees has been decreased by 158 positions. City Management continues to investigate cost-cutting measures through attrition, consolidation and privatization of activities, while trying to avoid a reduction in the level of service in public safety that our residents have come to expect.

However, continued reduction in normal revenue sources, as well as the very real possibility of continued decreases in state revenue sharing funds promulgated by the state legislature, will impact the level of service we can offer.

- ***Future Projects***

Our future infrastructure needs are literally hundreds of millions of dollars, mostly in the area of road improvements and storm water management. We will continue to search out funding sources to meet these future projects.

City Management prepared a 5-year budget projection and is seeking City Council approval of a 3-year budget. This involves determining the most highly valued core products offered by City government and then directing spending at the top-ranking priorities.

- ***Conclusion***

No matter how successful the City of Troy has been to date, our success will continue to depend on a professional and dedicated workforce, budget realism and the political will to do what is right.

The citizens want us to provide a community that is responsive to their needs. The community's needs, based on the results of the February 23, 2010 special millage election, are to protect public safety activities at the expense of quality of life venues.

In a representative democracy you are charged with making decisions on behalf of our 80,000 residents, and this budget document serves as an excellent planning and control tool to ensure that the will of the majority of residents are carried out.

Our most important objective for the coming year is to adopt a 3-year budget and continue to seek the most cost effective way to deliver City services, with the revenue limitations we have to contend with such as no flexibility in the millage rate and decreasing property values.

- ***Budget Overview***

The 2012/13 budget is balanced and very fiscally conservative. The budget continues the City's philosophy of providing dependable services while directing available resources to service areas experiencing the greatest demands. Developed with City Council's outcomes, outputs and Option 1 as direction, this budget addresses current and future community needs and correlates service demands with conservative financial management.

The 2012/13 proposed total millage rate is 9.59, an increase of .08 mils. This rate includes a capital improvement millage rate of 1.53.

The Debt Service millage rate is .50. Voter approval of 1999 ballot Proposals A, B, and C was based on maintenance of a millage rate not to exceed .75 for the next 12 years, unless voters approve additional bonds.

The Refuse millage rate is proposed at 1.06 mils, an increase of .08 mils due to the decline in taxable value and increased disposal cost.

Troy successfully meets the challenge of keeping tax rates low by providing strong, responsible leadership and offering efficient City services. This was possible with a strong and growing tax base.

Like all cities in Michigan, we will have to contend with a declining taxable value for the next several years.

The 2012/13 budget for the General Fund, Refuse Fund, Debt Service Fund and Capital Fund totals $69.3 million, including all transfers. The General Fund budget of $50.1 million provides funding toward the majority of services available to City residents.

When comparing General Fund operating expenses from year to year there is a decrease of $2.1 million or 4%.

This was made possible by the elimination of 17 full-time positions through attrition and lay-offs.

The estimated Unreserved/ Undesignated Fund Balance is $7.5 million; 15% of the General Fund budget.

General Fund operating revenues are projected to decrease 3.2%, $1.4 million under the 2011/12 budget, to $41.9 million.

The increase in Charges for Services revenue is attributable to a slight increase in Parks and Recreation receipts and cable franchise fees, which was offset by a reduction in property tax revenue of $1.4 million.

The General Fund budget is balanced by utilizing Fund Balance as a revenue source in the amount of $0.8 million. The re-appropriation of $0.8 million is made up of $500,000 from the General Fund Unreserved/ Undesignated Fund Balance, and $250,000 from Volunteer Firefighter Incentive Reserved Fund Balance. The Unreserved/ Undesignated Fund Balance remains within an acceptable range of 10% - 17%.

General Fund operating expenditures will decrease $2.1 million, or 4%, due to a reduction in full-time employees through attrition and lay-offs.

The City does not incrementally budget by adding automatic increases to the prior year's numbers therefore departments are required to justify their current operations and any increases.

- ***Capital Improvements***

The total capital improvements program of $11.6 million is composed of projects that benefit the community as a whole, including street improvements.

Several of the capital improvement activities are made possible by grant funds leveraged with local funds.

The following projects highlight the 2012/13 capital improvements program:

- ✓ Neighborhood road repair and replacement
- ✓ Major road improvements
- ✓ Sidewalk program
- ✓ Storm drain improvements

- ***Personnel Costs and Staffing Levels***

Personnel costs continue to be the largest portion of the General Fund budget at 68.9%, down from 70.5% last year.

The total personnel expenditure for 2012/13 is $34.5 million, which represents a $2.3 million or 6.3% decrease from last year's budget, after the reduction of 17 full-time positions and the full funding of our other postemployment benefits.

The following 17 positions have been deleted from the 2012/13 budget:

- ***Police (17)***
  Lieutenant
  Police Officer (10)
  Police Service Aide (2)
  Records Clerk
  Sergeant (2)
  Secretary

Over the last 9 years the number of full-time City employees has been decreased by 175 positions. City Management continues to investigate cost-cutting measures through attrition, consolidation and privatization of activities, while trying to avoid a reduction in the level of service in public safety that our residents have come to expect. However, continued reduction in normal revenue sources, as well as the very real possibility of continued decreases in state revenue sharing funds promulgated by the state legislature, will impact the level of service we can offer.

- ***Future Projects***

Our future infrastructure needs are literally hundreds of millions of dollars, mostly in the area of road improvements and storm water management. We will continue to search out funding sources to meet these future projects.

City Management prepared a 5-year budget projection and is seeking City Council approval of a 3-year budget. This involves determining the most highly valued core products offered by City government and then directing spending at the top-ranking priorities.

- ***Conclusion***

No matter how successful the City of Troy has been to date, our success will continue to depend on a professional and dedicated workforce, budget realism and the political will to do what is right.

The citizens want us to provide a community that is responsive to their needs. The community's needs, based on the results of the February 23, 2010 special millage election, are to protect public safety activities at the expense of quality of life venues.

In a representative democracy you are charged with making decisions on behalf of our 80,000 residents, and this budget document serves as an excellent planning and control tool to ensure that the will of the majority of residents are carried out.

Our most important objective for the coming year is to adopt a 3-year budget and continue to seek the most cost effective way to deliver City services, with the revenue limitations we have to contend with such as no flexibility in the millage rate and decreasing property values.

To: Mayor, City Council, City Administration

From: Robin Beltramini, Councilmember

Subject: Using fund balance to advance sustainability

Date: March 8, 2010

At the end of our study session last Monday night, some of you expressed tacit concurrence with my suggestion to use part of fund balance in ways that might lead to sustainability of community services, departments and facilities. Some of you also said that, while you appreciated the idea, you saw no way for it to impact the upcoming budget discussions. I beg to differ.

We have options for the 2010-11 budget. Pursuant to our resolution, we have requested that management reduce the undesignated-unreserved fund balance in the General Fund to 15%. Where that additional $1.78 million gets appropriated is part of the budget discussion. First, we could, as we have done in the past, simply allocate those monies to existing budget lines to put off further cuts. Alternatively, we could set aside part of those monies and allocate them toward activities that could result in sustainability of jobs, functions and venues within the community. It is my opinion that to adhere to past practice simply pushes any decision on cuts forward without any sustainability action. It is "musical chairs funding." I would much prefer that we use those funds to find ways to restructure, redesign, re-partner as we create an even leaner and more efficient local government structure for the 21st century. I envision a two-pronged, parallel path approach.

Internal Grants: As we know, the regulatory departments are being given the benefit of private sector RFPs to give them a hint as to how to restructure to become more efficient. General government, public safety, quality of life amenities are simply being scheduled for reductions—without that beneficial comparison, suggested structure and outside research.

It would seem prudent to offer any department not benefitting from private sector analysis to avail themselves of an opportunity to investigate a business plan for increased, sustainable revenue streams, changes in service delivery, combining and further cross-training of personnel, etc. My list is not exhaustive, but gives you a flavor of the proposal. This would not be a willy-nilly allocation. I foresee an application for funds based on a need for legal, functional or some other expertise or partnership development—an articulated vision for investigation and sustainability. There would be a review committee, time and reporting requirements.

There could be a discussion regarding the makeup of a review committee, but, I believe, such a committee is fully within the purview of city management in a Council-Manager form of government. As this is an allocation of tax dollars, council would have to allocate the aggregate of "grant funding" as part of the budget process. Following that, all allocations over $10,000 would have to come to us to approve going forward on a case by case basis.

Public Engagement: Again, I believe in the research that says that a diverse group of average achievers will have a higher success rate at solving problems than a homogeneous group of high

achievers. In our own community, when we have put disparate interests at the table and allowed our citizens to deliberate over the problem, we have been given a solution that, ultimately, is owned by the community and can be implemented with that understanding (think Civic Center Priority Task Force). In the cases of the projected closures and cutbacks, I don't believe that our community feels that they have been offered the opportunity to play a role in solving these problems.

In seven years of studying the body of knowledge on Democratic Governance, I have learned that there are many methods, issues that lend themselves to public engagement, opportunities and challenges, but most of all practice across the nation has taught me that public engagement is the best and most fruitful path when substantive changes must occur. I have both studied and practiced in the area. I have advocated for more such involvement in Troy and believe that now is the absolute best time to avail ourselves of this growing discipline. It is a proactive method of reaching solutions, not rehashing the negatives.

I know that it is easy to say that if we involve the community, we give them false hope. I don't believe that! We give them opportunity to use their skills, thoughts, expertise in an area, or areas, that could benefit our community. There are structures available to us that make the "false hope" argument not only irrelevant, but null. If, as a community, we have a practice and value of public engagement we build sustainability and reduce divisiveness.

First, there is *Rules/Principles for Public Engagement:*

> Careful planning and preparation—must have a clearly defined purpose that meets the needs of both government and the participants.
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> Demographic diversity—must incorporate diverse people, opinions, ideas and information for solutions to have quality outcomes and legitimacy
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> Collaboration and shared purpose—this is about common good in the community; what I have termed "the best for the most with what we have."
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> Openness and learning—participants listen to each other, explore ideas without predetermined outcomes, generate new options and rigorously evaluate for effectiveness
>
> Transparency and trust—clear rules and expectations of the process, record-keeping of participants, outcomes and range of ideas expressed
>
> Impact and action—ensure that each public activity has a potential to make a difference; be clear regarding follow-up actions and responsibilities

We have an opportunity to make this a cultural shift in how we do business with our citizens. Since we foresee city revenues declining for at least the next five years, we can establish relevant practices and models for resident participation in the redesign of government. Even under management's Option 1, we see our government structures and functions changing constantly and remarkably over the next five years. We could be a much less divided community if our citizens were actively engaged in discussions regarding these changes. Different citizens bring different experiences to the table and can have that deliberative exploration of ideas themselves within a structured, facilitated public engagement process.

Second, we must have an articulated *Purpose for Public Engagement*. In our case, the functions/purposes primarily are conflict transformation and decision-making. Before the end of the five years, we will also need collaborative action. As with all other structures dealing with people, these are not as discreet as they appear. Let me share some basic definitions, uses, strategies and methodologies pertinent to deciding what to use and when.

Conflict Transformation: Primary purpose is to resolve conflicts, foster healing and growth and to improve relations among groups.

> Key features: creating safe space to hear from everyone, build trust, share stories and views
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> Important when: relationships among participants are poor or not yet established. Issue can be resolved when people change attitude, behavior, expand perspective or take time to reflect. In our case, there was much finger-pointing and name-calling ("You are insane!" "You're an idiot" "Liar") in the millage proposal campaign that cannot just be forgotten. It must be addressed and changes for the future are essential so that we all may move forward with shared purpose.
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> Strategy: create safe space for people with different views to talk and feel heard
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> Key Design Questions: How do we frame the issue such that all sides are brought to and welcomed at the table? What are the people's divergent needs (healing, action, respect. . .) relating to this issue and how can those be met effectively? How do we move from healing to "what's next"?

Some of the methodologies which could be used for *Conflict Transformation* are:

> 21st Century Town Meetings—an all day event which allows people to sit in small groups at tables discussing, evaluating and determining best feedback alternatives for thorny issues.
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> Citizen Choicework—minimum two-hour event, with much the same physical set-up as 21st Century Town Meetings. The discussion has a structured mechanism to work through values conflicts, practical tradeoffs while developing a sense of priorities and direction. It is often used as a clarifying event to know how to start the discussion "where the public starts."
>
> Consensus Conference—minimum two, two-day sessions where a large group of participants meet to discuss issues. First stage involves small group meetings with experts to discuss issues and work toward consensus. The second stage assembles experts, media and the public for exposition of the conferences main observations and conclusions. This is more often used for technical decision-making.

Decision-Making: Primary purpose is to influence policy decision and improve public knowledge.

> Key features: naming and framing, weighing all options, deliberation, revealing public values, brainstorming solutions
>
> Important when: issue is within government's sphere of influence

Strategy: involve broadly representative group of citizens in thorough conversations about complicated policy issues

Key Design Questions: How can we best recruit a representative group of participants (random selection, active recruitment, how many. . .)? Can public officials participate? Side-by-side with citizens? What materials need to be developed and provided? How do we ensure that the process influences policy?

The framing, preparation and recruitment can be slightly more refined for *Decision-Making* if the methods of 21st Century Town Meetings, Citizen Choicework, or Consensus Conference were to be proposed for this purpose. An additional methodology has proven effective for some communities:

Study Circles—four to six two-hour sessions; can accommodate hundreds of participants who work together in small groups and then come together for an Action Forum. This combines the public engagement values of dialogue, deliberation enabling public talk to build understanding and explore a range of solutions—can serve as catalyst for social and policy change.

Collaborative Action: Primary purpose is to empower people and groups to solve complicated problems and take responsibility for the solution, which can involve responsibility for the implementation of the solution, as well.

Key Features: using dialogue and deliberation to generate ideas for community action, developing and implementing action plans—collaboratively

Important when: issue requires intervention across multiple public and private entities, anytime community-based action is important

Strategy: Encourage integrated efforts across diverse stakeholders and partners

Key Design Questions: Who needs to be at the table? Are there power dynamics already in play? Who/what group is most resistant to change? Who is affected, but not at the table?

In addition to Study Circles, another popular methodology which can be used for *Collaborative Action* issues is:

Charrettes—needs a small team of experts/facilitators, one to three sessions minimally (but more may be required) involving representatives of a range of organized stakeholders. This is often used in planning and zoning processes, but can be used for other government functions. The team of experts provides constant feedback based on consensus of each session until a shared consensus product is achieved.

Finally, as a governing body, we must decide for or against instituting a *Process for Public Engagement*. If we believe that our citizens can assist in bridging our looming budget gaps, if we believe there is expertise and experience in the community waiting to be tapped, if we believe some of the changes/closures proposed are changes to long-held community values, if we believe our community is fractured over these issues, if we believe any of those if not all of those, we must show the effort and leadership necessary to find a better way. It may be that even the citizens who will put in the time necessary to participate may not be able to identify alternatives which will assist enough to save significant functions. However, I believe all of my "believe"

clauses and encourage all of us to have the courage to offer our community a chance to reinvent the City of Troy.

A further opportunity can be created with online conversations. There are reputable managers of these venues with requirements for participation—use your own name, must be part of the community, no personal information regarding any other participant, no profanity or unsubstantiated accusations, etc. Violations of this code of conduct results in removal from the forum and conversations. Several communities across the nation are using these mechanisms as follow-up to face-to-face community conversations. Some are using them alone. Some of our proposed cutbacks, particularly those without generalized emotional attachments, may warrant this leaner method of engagement. Information on how online forums can be organized is available at http://e-democracy.org/if/.

In addition to background information, some of you asked what such a process could look like. As an example—not the only way, but one way the process could look for public engagement on the library:

First, there can be no predetermined outcome, nor can there be suggestions that move beyond what is reasonable to attempt to accomplish within the timeframe allotted for meeting the budget parameters. Additionally, the process needs to work so well that each participant feels that they were valued and heard.

As an aide to participants, a non-biased, educational fact-sheet must be prepared and given to all participants or posted for access throughout the discussion. Such a sheet might contain some of the answers to these questions as a start: What are the requirements to remain part of the Suburban Cooperative and statewide loan system? What percentage of Troy cardholders uses those services? What percentage of our collection is loaned to non-Troy cardholders? What is the anticipated General Fund allocation to the TPL over the next five years? What portion of that is building expense that would have to be paid with or without services? What jobs, if any, in a public library must be paid jobs? What are the educational requirements for library jobs? What revenue support for TPL comes from sources other than the General Fund? How much? From where? . . .

A representative group of citizens must be recruited to participate. I would think that Friends of the Troy Public Library would be active participants, as would students, parents, grandparents, foreign-born citizens, users of any of the special collections or services and people who believe that the library is truly a frill. In addition to self-selection, council and community members would be encouraged to invite participants.

The actual, face-to-face session could follow a blended model of Study Circles and Community Choicework. In this case, participants would meet for two or three evenings, or a Saturday (9 am-3 pm +/-). There would be a brief overview of the process, goals and projected impact on city policy at the beginning of the session. Then, the group would be divided into small discussion groups of diverse composition. Some identification/ice breaker activity might be necessary. The small group discussions could go in any direction, but might best begin with an essential function of the library discussion. From there, the group can brainstorm, talk about, evaluate, cull and support a whole range of revenue enhancements, service options and other alternatives which could meet the expected budget parameters for the next five years. I would expect that the role of the Friends would be discussed and could be redefined. Each small group would have a report-out function. The small group suggestions could then be evaluated by all of the small groups with an eye to the most viable. The entire group would decide upon a range of suggestions to recommend to management and council—those suggestions deemed to be the best by virtue of their creativity,

maintenance of _____(whatever library service or value was deemed most necessary), cost, revenue production, whatever matrix the aggregate group decides is most effective.

This process would require at least one non-Troy government facilitator, more depending upon the number of participants anticipated through sign-ups. It would require a physical set-up where participants would be able to interact in groups of 6-8. Also, it could be helpful to have a knowledgeable expert in the room, such as a retired or non-Troy public librarian.

This scenario could be augmented with either a before or after component of a working group from staff, the Library Advisory Board and the Friends of the Troy Public Library. If before, this work group could develop the list of value trade-offs necessary in any restructuring of funding or library services which would then be the basis for the "essential elements" discussion by the public. If after, this group would take their working knowledge of legal and practical requirements to fine-tune the public engagement suggestions before sending them off to management for budget deliberations.

Further subsequent follow-up by all participants could be designed for online input. If used as a follow-up technique, online input would be limited to participants within the large, original group. Again, it is a reward for having invested one's own time and talent. Participants have already learned from each other, expanded their knowledge and understanding, have had the crucial conversations with each other. Editing of ideas is a privilege that must be earned. Additionally, the strictures of the online engagement are a reasonable way to maintain the validity of the structure used for public engagement.

In conclusion, even I realize that these mechanisms can be expanded, modified, even truncated to meet fiscal and time restraints. However, the free flow of ideas is what will build community, consensus and workable solutions to our challenges. Therefore, I would recommend against any quick and easy, "check a box" or limited access discussions as the chosen way to accomplish community dialogue and deliberation. We have a divided community whose members must be offered the opportunity to talk to each other to work together to solve these issues or to decide that the budget gap is unbridgeable. Ultimately, it must be recognized that Public Engagement, even coupled with Internal Grants may not be able to save all community functions, but it will offer the best opportunity for anyone interested in investing their own time and talent to make a positive impact.

I request that city council direct management to set aside some funding in the 2010-11 budget for sustainability activities—both Internal Grants and Public Engagement. The activities I have outlined above could be used in some form for any function or department wishing to use expertise or public input unavailable to them within our current system. While it is the proverbial "fresh eyes" as well as "two heads are better than one" those are adages that have proven to be true for centuries. We asked the people to tell us if they were willing to pay more for services. The answer was a firm "No." I am unconvinced it was a "No, do what you want." As leaders we will have to make tough decisions. I am prepared to do that. I am unprepared to do it without offering the citizens a chance for more nuanced input than the millage election provided.