

2011/12 Annual Budget

**Capital Projects,
Enterprise Funds
and 3-Year Budget**

Preview of 2011/12 Budget Review Meetings

- | | |
|-------------------|--|
| April 25 v | Overview of Budget and
General Fund, Special
Revenue, Internal Service
and Debt Service Funds |
| May 2 | <u>Capital Projects, Enterprise Funds,
3 – Year Budget</u> |
| May 9 | Wrap-up and Library Decision |
| May 16 | Public Hearing and Adoption |

Agenda for Tonight

- 1. Capital Projects**
- 2. Enterprise Funds**
- 3. 3 – Year Budget**

Capital Projects

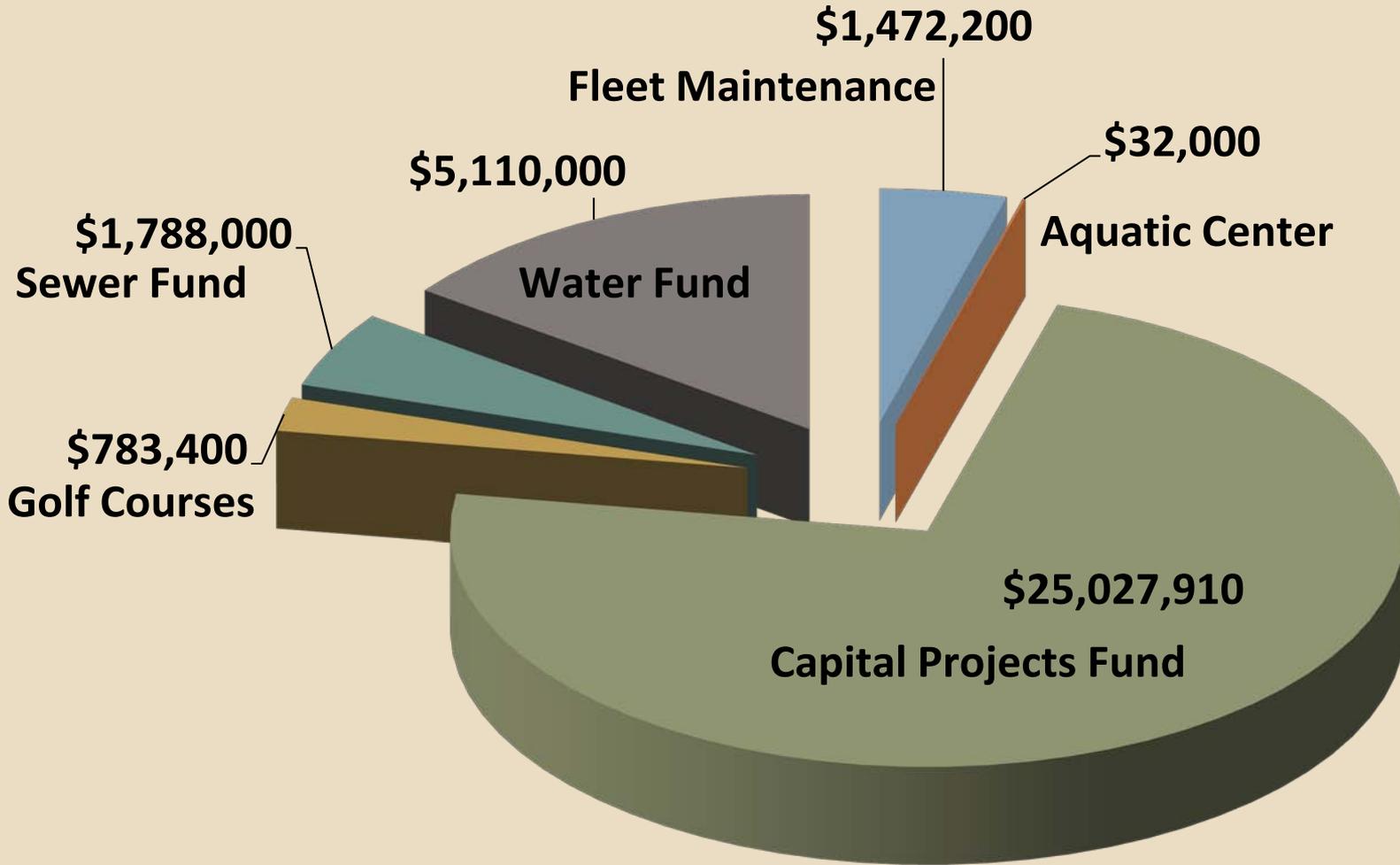
Pages 133 - 189

Proposed Tax Rate = 1.53

Schedules:

- Revenue and Expenditures
- Department Expenditure Summary
- Lists and maps of projects in the Drain Fund, Major Roads Fund, Local Roads Fund and Sidewalk Fund
- Expenditures by Object

Capital Revenue All Sources



Total: \$34,213,510

Capital Expenditures All Funds Summary

Water System	\$ 5,110,000
Sewer System	1,788,000
Land Improvements	909,000
Building and Improvements	10,826,900
Equipment - Shop	9,000
Equipment - General	531,000
Equipment - Office	109,430
Vehicles	1,466,600
Apparatus Replacement	1,125,000
Public Works Construction	10,563,000
Other Items	1,775,580
	<hr/>
Total Capital Expenditures	<u>\$34,213,510</u>

High Profile Projects

Local Roads	\$ 3,150,000
Major Roads	\$ 4,578,000
Water Mains	\$ 5,110,000
Sewers	\$ 1,788,000
Sidewalks	\$ 500,000
Transit Center	\$ 9,187,500
Apparatus Replacement	\$ 1,125,000

Capital Expenditures (All Funds) *Highlights*

Land Improvements = \$0.9 Million

Golf Courses:

- **Sylvan Glen Golf Course = \$750,000**
 - **Irrigation System Improvements Reserve**

Parks & Recreation:

- **Section 36 Park = \$69,000**

Capital Expenditures (All Funds) *Highlights*

Land Improvements, cont'd = \$0.9 Million

Department of Public Works:

- **Municipal Parking Lot Improvements = \$90,000**



Capital Expenditures (All Funds) *Highlights*

Buildings and Improvements = \$10.8 Million

Other General Government:

- **Transit Center** = **\$9,187,500**
- **EECBG Projects** = **\$ 321,000**
- **Office Renovation** = **\$ 160,000**



Capital Expenditures (All Funds) *Highlights*

Buildings and Improvements, cont'd = \$10.8 Million

- **Public Works** = \$ 350,000
 - **Fuel Pump Replacement**
 - **General Repairs**
 - **Re-roof the Salt Dome**
 - **Floor Drain Replacement**



Capital Expenditures (All Funds) *Highlights*

Buildings and Improvements, cont'd = \$10.8 Million

- **Museum Improvements** = \$ 50,000
 - **General repairs**
 - **Paver Pathways**

Capital Expenditures (All Funds) *Highlights*

Equipment – General = \$0.5 Million

- **Police** = \$399,000
- **Community Affairs** = \$ 50,000

Capital Expenditures (All Funds) *Highlights*

Equipment - Office = \$0.1 Million

- Information Technology = \$ 84,430
- Police = \$ 20,000

Capital Expenditures (All Funds) *Highlights*

Vehicles = \$1.5 Million

- Fleet Maintenance = \$1,433,200 Page 236
- Sylvan Glen Golf Course = \$ 33,400 Page 191

Apparatus Replacement

- Fire Department = \$ 1,125,000 Page 144



Capital Expenditures (All Funds) *Highlights*

Pages 144-146

Public Works Construction = \$10.6 Million

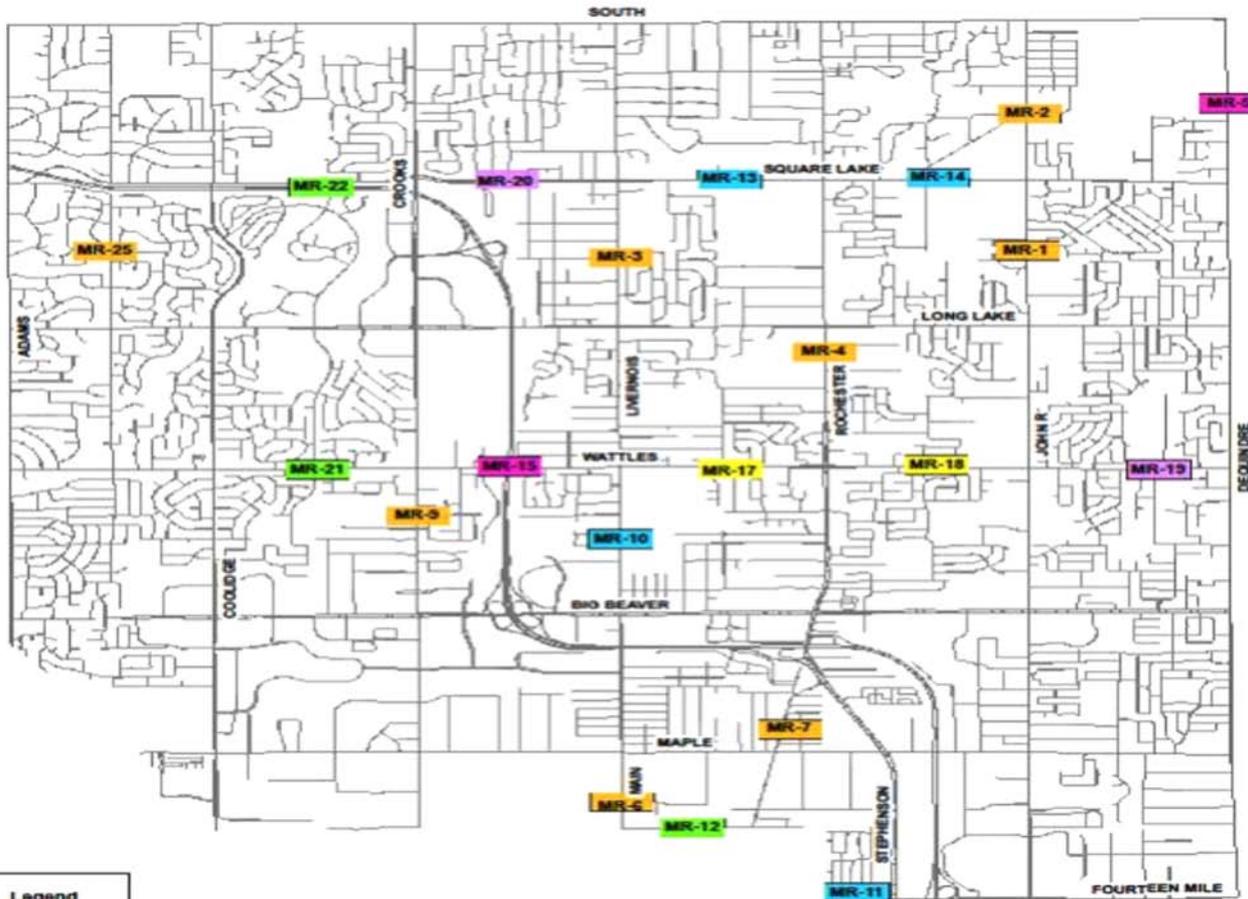
- Major Roads = \$4,578,000
- Local Roads = \$3,150,000
- Sidewalks = \$ 500,000
- Drains = \$2,335,000

Preliminary Estimates on Future Needs Major Roads Fund

2011/12	\$ 4,578,000
2012/13	\$ 4,913,000
2013/14	\$ 4,593,000
2014/15	\$ 4,718,000
2015/16	\$ 4,822,000
2016/17	\$ 4,613,000



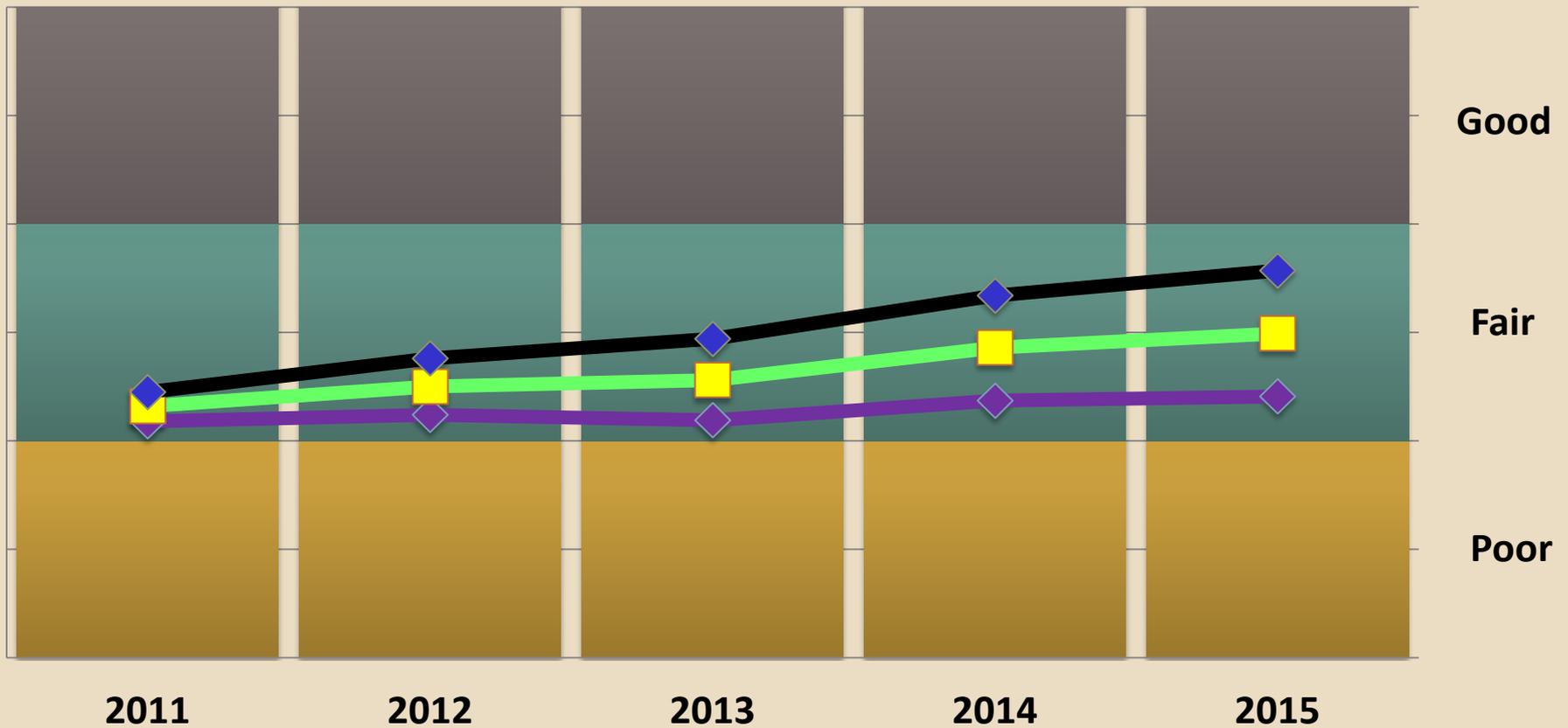
6 Year CIP- Major Road Fund



Legend	
Orange	2011-12
Blue	2012-13
Yellow	2013-14
Pink	2014-15
Purple	2015-16
Green	2016-17

City Major Road Condition Coolidge, Square Lake, Rochester & Wattles

◆ \$1.0 M Budget ■ \$1.5 M Budget ◆ \$2.0 M Budget

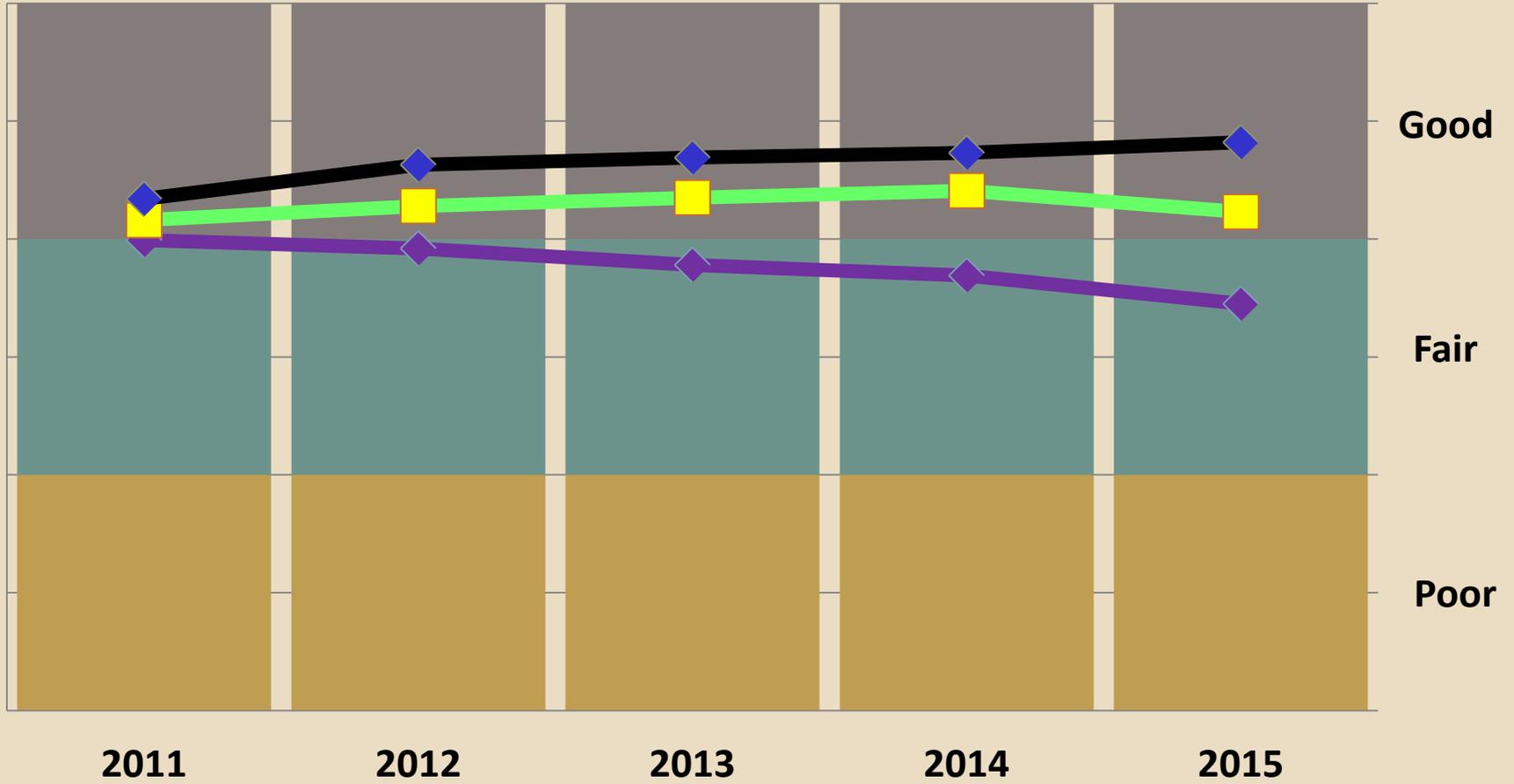


Industrial Road Average Condition

◆ \$1.0 M Budget

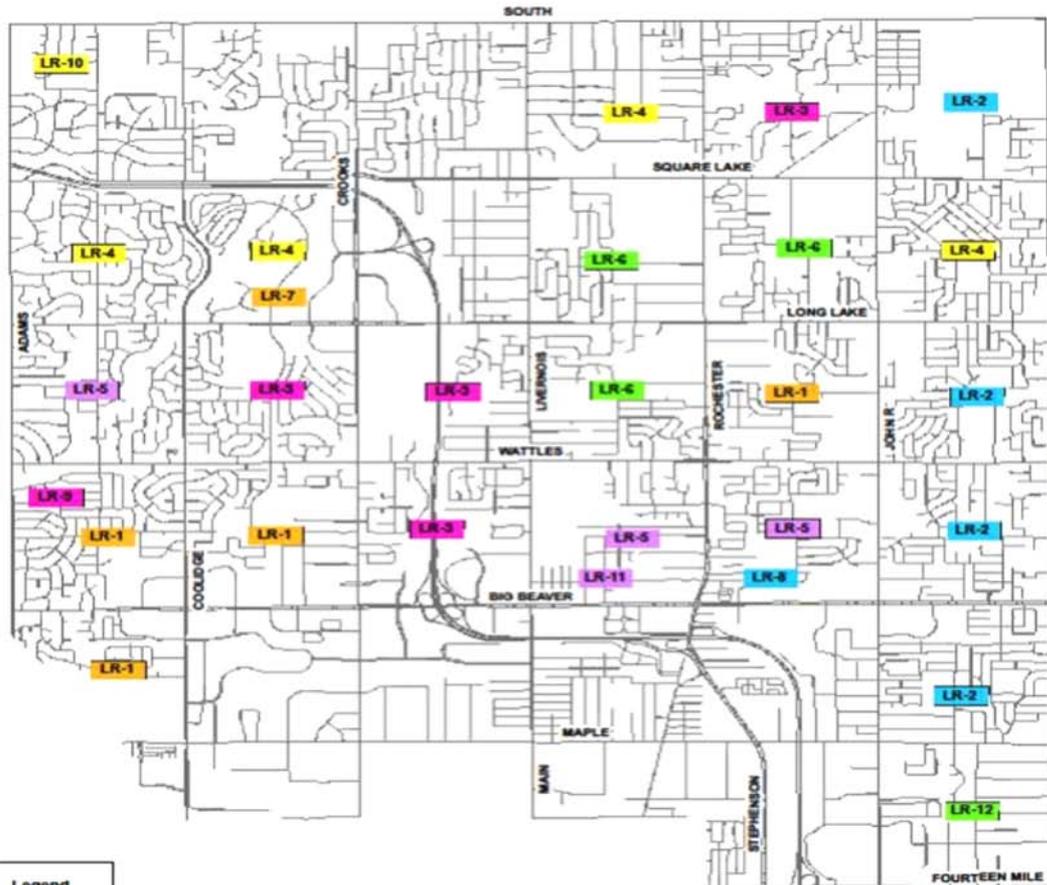
■ \$1.5 M Budget

◆ \$2.0 M Budget



Preliminary Estimates on Future Needs Local Roads Fund

2011/12	\$3,150,000
2012/13	\$2,750,000
2013/14	\$2,750,000
2014/15	\$3,150,000
2015/16	\$3,150,000
2016/17	\$3,150,000



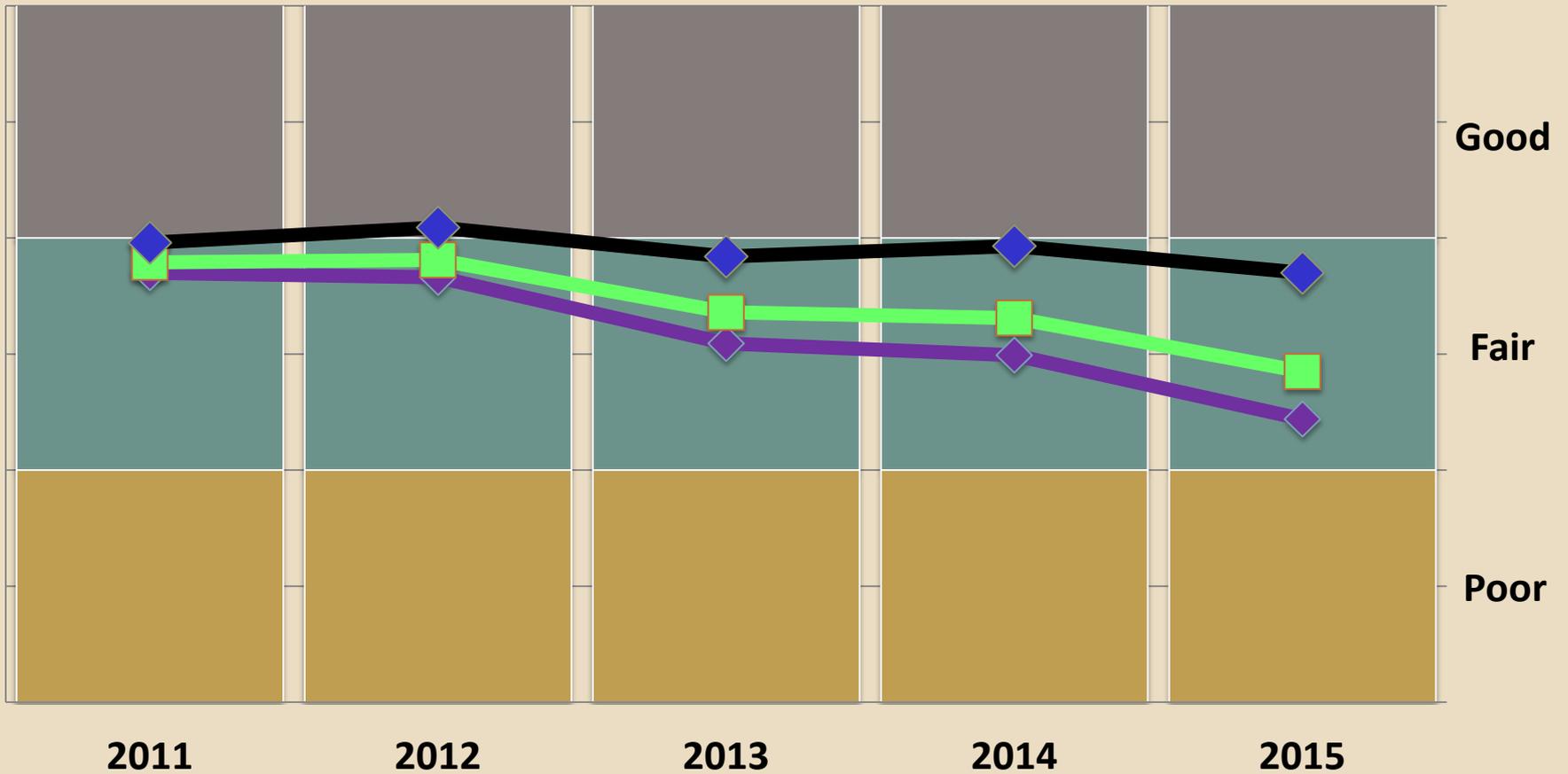
Legend	
	2011-12
	2012-13
	2013-14
	2014-15
	2015-16
	2016-17

Local Road Average Condition

◆ \$2.0 M Budget

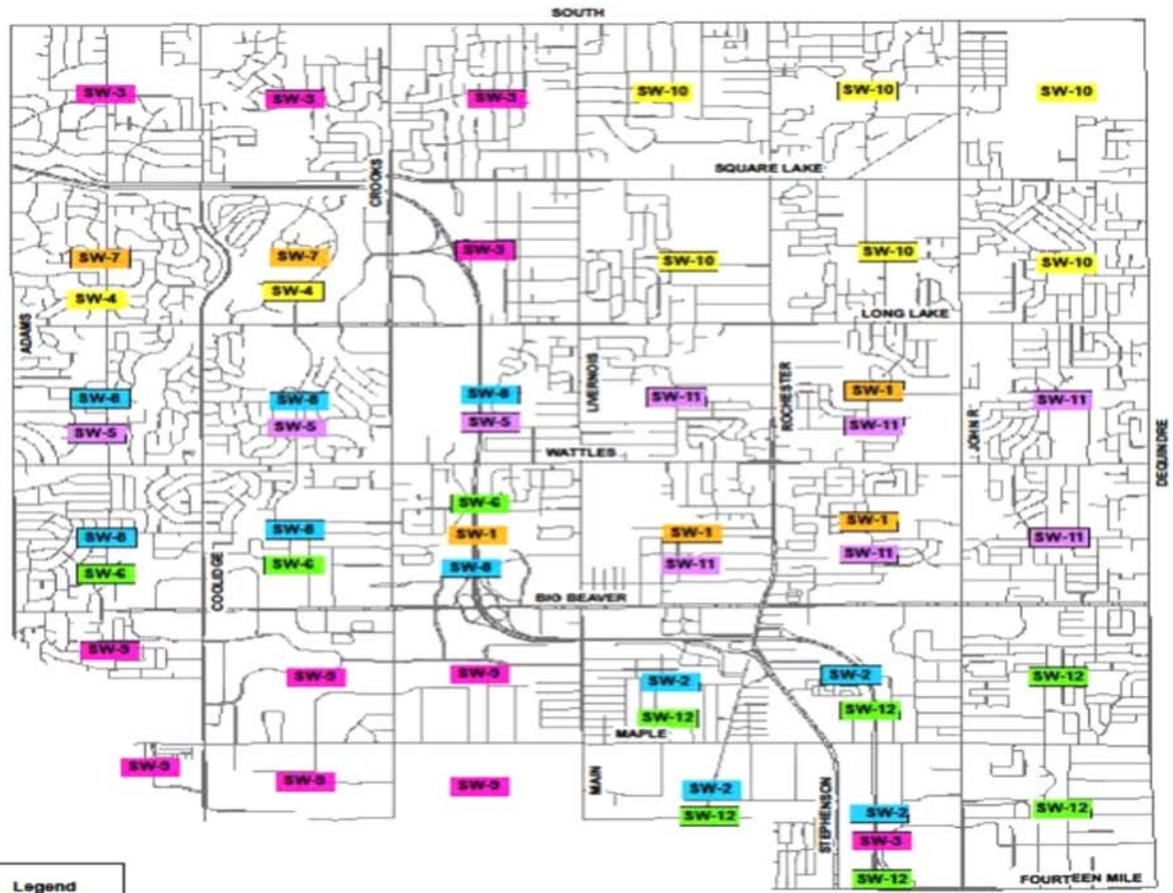
■ \$3.0 M Budget

◆ \$5.0 M Budget



Preliminary Estimates on Future Needs Sidewalks Fund

2011/12	\$500,000
2012/13	\$300,000
2013/14	\$300,000
2014/15	\$500,000
2015/16	\$500,000
2016/17	\$500,000

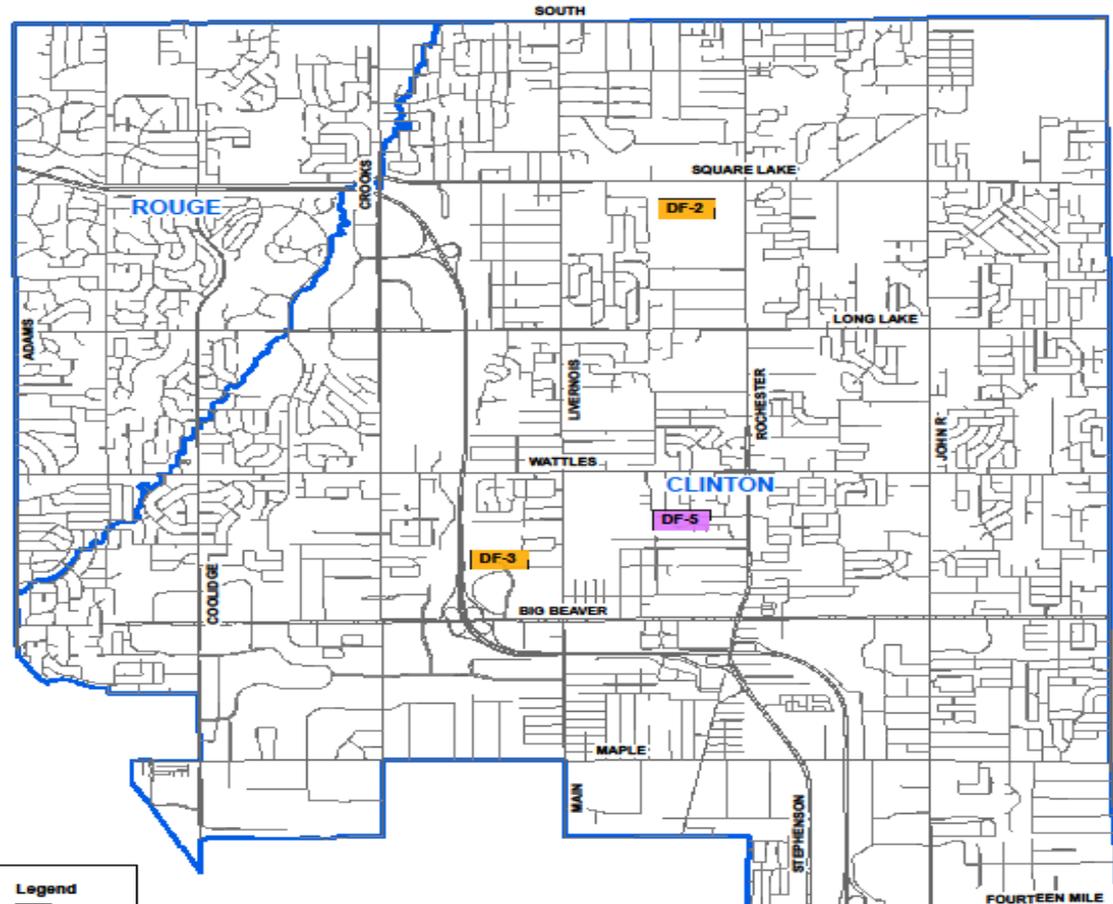


Legend

Orange	2011-12
Light Blue	2012-13
Pink	2013-14
Yellow	2014-15
Purple	2015-16
Green	2016-17

Preliminary Estimates on Future Needs Drain Fund

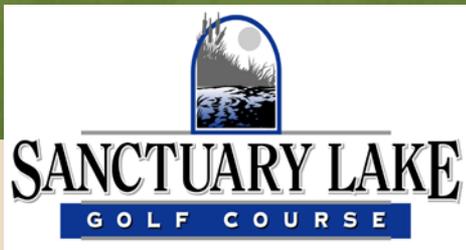
2011/12	\$2,335,000
2012/13	\$ 250,000
2013/14	\$ 200,000
2014/15	\$ 600,000
2015/16	\$ 800,000
2016/17	\$ 200,000



Any Questions?

Enterprise Funds

Pages 191 - 201



Aquatic Center Fund Revenue and Expenses

Page 191

	2011	2012
<u>Revenues</u>		
Charges for Services	\$457,000	\$467,000
Interest and Rents	29,900	30,400
Total Revenues	<u>\$486,900</u>	<u>\$497,400</u>
<u>Expenses</u>		
Personal Service Control	\$271,596	\$257,734
Supplies	31,300	33,800
Other Services/Charges	297,100	287,510
Total Expenses	<u>\$599,996</u>	<u>\$579,044</u>
Revenues Over/(Under) Expenses	\$(113,096)	\$(81,644)
Capital Outlay	\$61,000	\$32,000

Sylvan Glen Golf Course Fund Revenue and Expenses

Page 194

	2011	2012
<u>Revenues</u>		
Charges for Service	\$1,020,070	\$1,061,123
Interest and Rents	193,920	169,200
Operating Transfers In	383,110	651,657
Total Revenues	<u>\$1,597,100</u>	<u>\$1,881,980</u>
<u>Expenses</u>		
Sylvan Glen Greens	\$691,430	\$147,000
Sylvan Glen Pro Shop	259,566	951,580
Total Expenses	<u>\$950,996</u>	<u>\$1,098,580</u>
Revenues Over Expenses	\$646,104	\$783,400
Sylvan Glen Capital Outlay	\$646,100	\$783,400

Sanctuary Lake Golf Course Fund Revenue and Expenses

Page 193

	20110	2012
<u>Revenues</u>		
Charges for Service	\$995,050	\$1,297,421
Interest and Rents	6,500	0
Total Revenues	<u>\$1,001,550</u>	<u>\$1,297,421</u>
<u>Expenses</u>		
Sanctuary Lake Greens	\$735,447	\$298,905
Sanctuary Lake Pro Shop	1,166,455	1,811,256
Total Expenses	<u>\$1,901,902</u>	<u>\$2,110,161</u>
Revenues Over/(Under) Expenses	\$(900,352)	\$(812,740)
Sanctuary Lake Capital Outlay	\$0	\$0

Sewer Fund Revenue and Expenses

Page 199

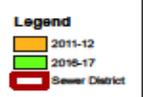
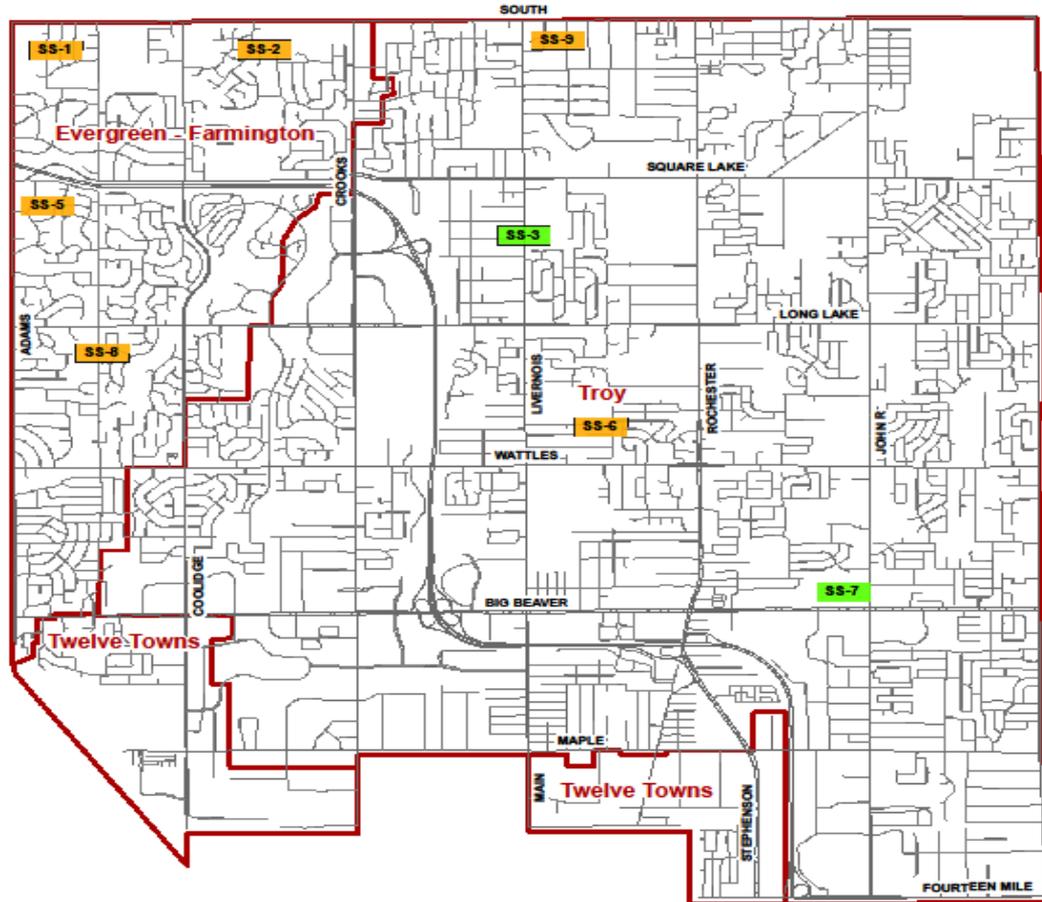
	2011	2012
<u>Revenues</u>		
Charges for Services	\$12,683,000	\$12,000,000
Interest and Rents	250,000	175,000
Total Revenues	<u>\$12,933,000</u>	<u>\$12,175,000</u>
<u>Expenses</u>		
Sewer Administration	\$9,291,402	\$9,815,697
Sewer Maintenance	1,781,846	1,640,657
Total Expenses	<u>\$11,073,248</u>	<u>\$11,456,354</u>
Revenues Over Expenses	\$1,859,752	\$718,646
Sewer Fund Capital Outlay	\$2,910,000	\$1,788,000

Preliminary Estimates for Future Needs Sewer System

2011/12	\$1,788,000
2012/13	\$1,635,000
2013/14	\$1,635,000
2014/15	\$1,635,000
2015/16	\$1,635,000
2016/17	\$1,735,000



6 Year CIP- Sewer Fund



Water Fund Revenue and Expenses

Page 197

	2011	2012
<u>Revenues</u>		
Charges for Service	\$14,991,600	\$14,452,600
Interest and Rents	160,000	123,000
Total Revenues	<u>\$15,151,600</u>	<u>\$14,575,600</u>
<u>Expenses</u>		
Water Transmission & Distribution	\$317,634	\$365,687
Water Customer Installation	104,180	104,305
Water Contractors Service	213,007	201,422
Water Main Testing	50,797	68,941
Maintenance of Mains	501,031	516,984
Maintenance of Services	279,442	300,732

Water Fund Revenue and Expenses, continued

Page 197

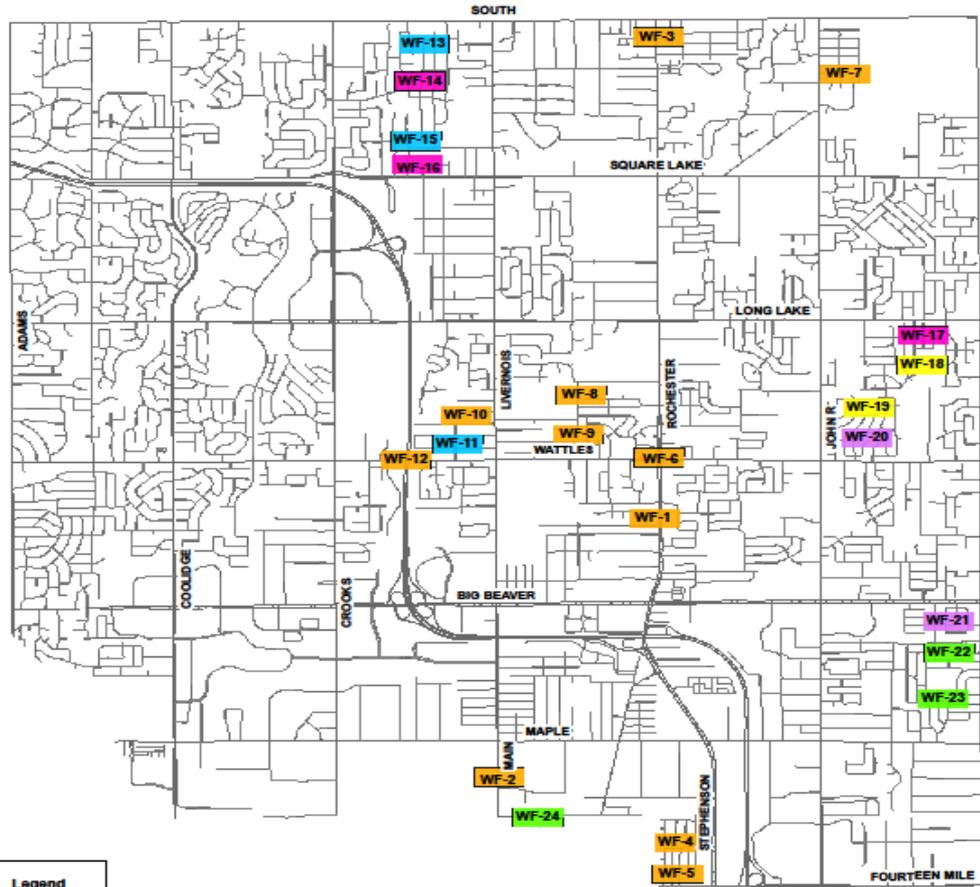
	2011	2012
Maintenance of Meters	\$657,290	\$711,464
Maintenance of Hydrants	369,343	374,176
Water Meters and Tap-Ins	343,638	352,533
Water Meter Reading	85,007	74,123
Water Accounting & Collection	130,903	95,728
Water Administration	10,997,288	10,934,959
Total Expenses	<u>\$14,049,560</u>	<u>\$14,101,054</u>
Revenues Over Expenses	\$1,102,040	\$474,546
Water Fund Capital Outlay	\$6,430,000	\$5,110,000

Preliminary Estimates for Future Needs Water System

2011/12	\$5,110,000
2012/13	\$5,660,000
2013/14	\$5,135,000
2014/15	\$5,435,000
2015/16	\$5,235,000
2016/17	\$5,685,000



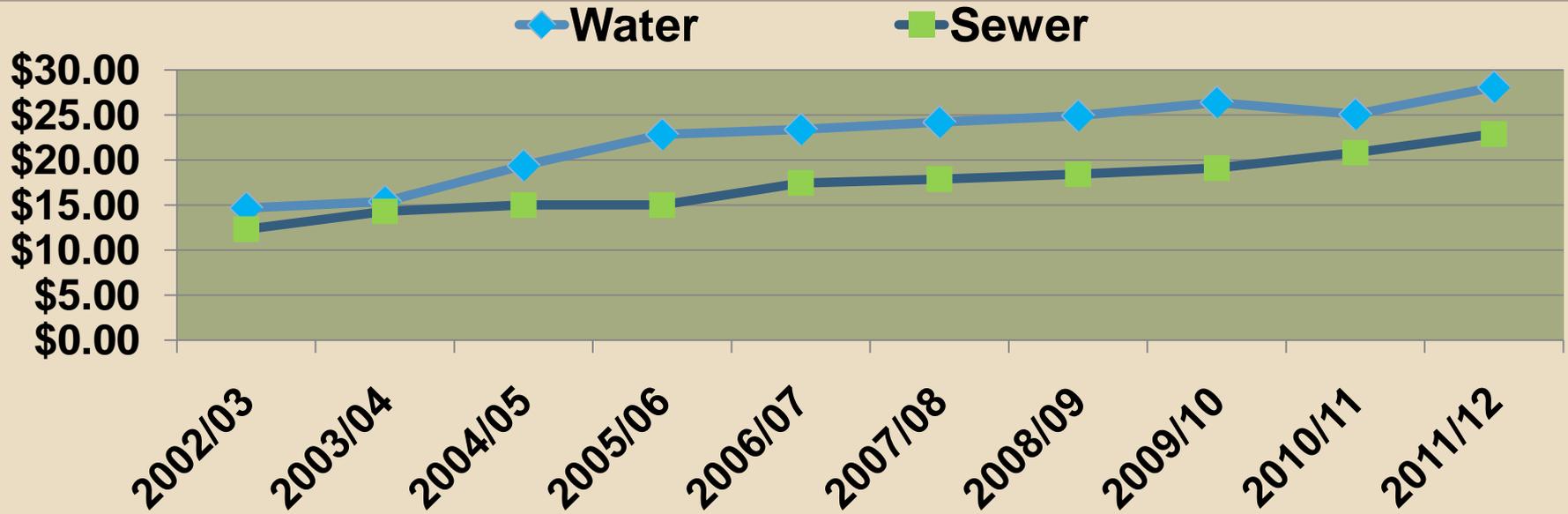
6 Year CIP- Water Fund



Legend

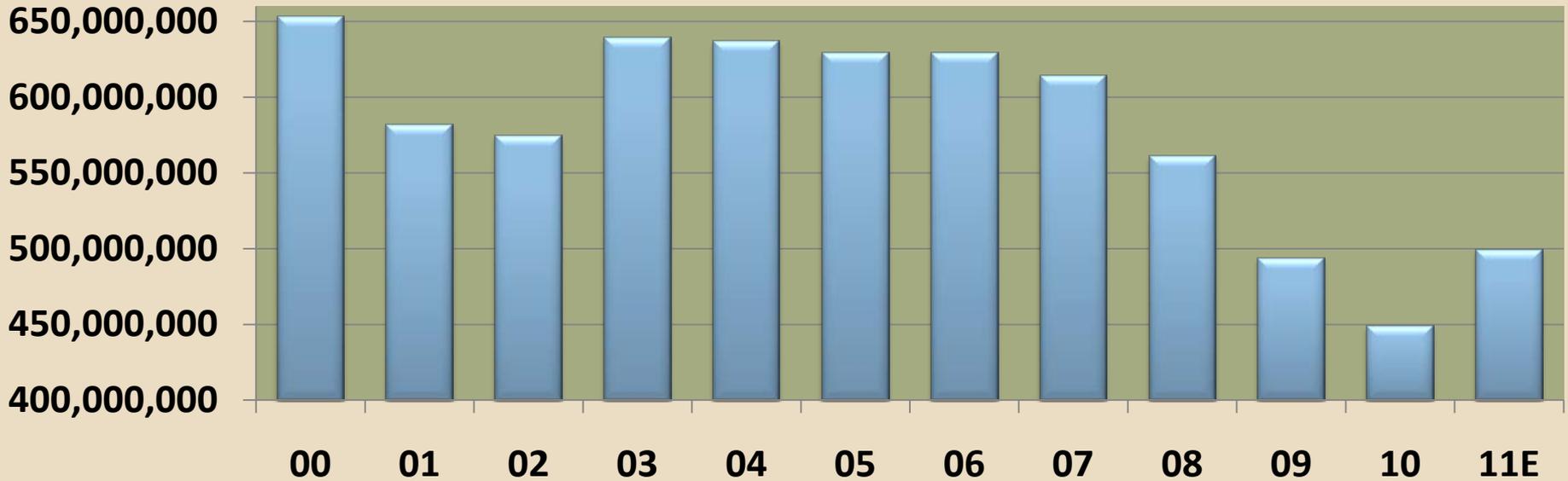
Orange	2011-12
Blue	2012-13
Pink	2013-14
Yellow	2014-15
Purple	2015-16
Green	2016-17

Water and Sewer Rate History per MCF



	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	Proposed	Rate
	Rates		Adjustment						
Water	\$22.84	\$23.40	\$24.20	\$24.92	\$26.40	\$25.08	\$28.10		\$3.02
Sewer	15.00	17.45	17.88	18.42	19.10	20.82	22.90		2.08
Total Rate	\$37.84	\$40.85	\$42.08	\$43.34	\$45.50	\$45.90	\$51.00		\$ 5.10

Water Consumption



Average Residential Quarterly Bill Based on 3.9 MCF

	Current Bill	Proposed Bill	Quarterly Increase
Water	\$ 97.81	\$109.59	\$11.78
Sewer	<u>81.20</u>	<u>89.31</u>	<u>8.11</u>
Total:	<u>\$179.01</u>	<u>\$198.90</u>	<u>\$ 19.89</u>

Any Questions?

Break



3-Year Budget

Option 1 Premise

Council indicated that the core competencies of public safety (Police/Fire/Public Works) take precedence over other service venues. As such, there will not be a General Fund funding for the Library, Museum and Nature Center.



3-Year Budget

The 3-year budget has an allocation of \$3.8 million from quality of life capital reserves going toward delaying lay-offs in the Police Department for 2011/12 and 2012/13.

3-Year Budget

Characteristics and Guidelines of a Multi-Year Budget

- Budget process is no longer an annual event
- Multiple year budget evolves year round
- Make reasonable assumptions
- Make modifications as more data is available
- Rolling budget

3-Year Budget

	2011/12	2012/13	2013/14
General Fund	\$54,591,521	\$51,879,500	\$50,420,000
Refuse Fund	4,152,680	4,257,390	4,381,800
Debt Service	3,128,200	3,126,800	3,082,750
Capital Fund	25,027,910	10,996,891	8,973,459
	<u>\$86,900,311</u>	<u>\$70,260,581</u>	<u>\$66,858,009</u>

3-Year Budget

Estimate of Length of Time to Return to 2008 Taxable Value Level
Based on a Market Recovery after 2014

And including a 3% Cap on Taxable Value Increases from 2015 Forward
Taxable



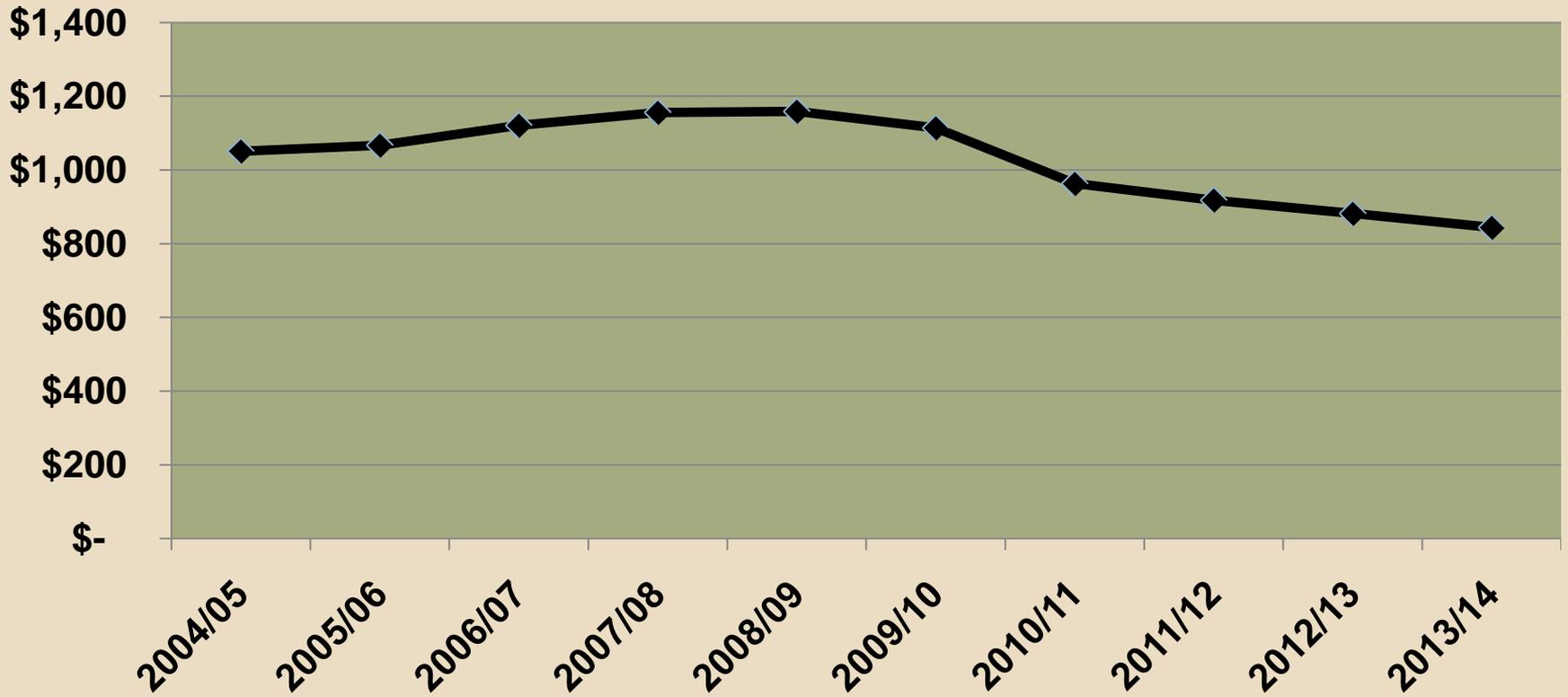
3-Year Budget

Summary of Millage Requirements

							Proposed	Proposed	Proposed
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
General Operating	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Refuse	0.83	0.83	0.68	0.68	0.75	0.87	0.96	1.06	1.14
Capital	1.62	1.60	1.60	1.60	1.53	1.53	1.53	1.53	1.36
Debt	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.67
Total	9.45	9.43	9.28	9.28	9.28	9.40	9.49	9.59	9.67

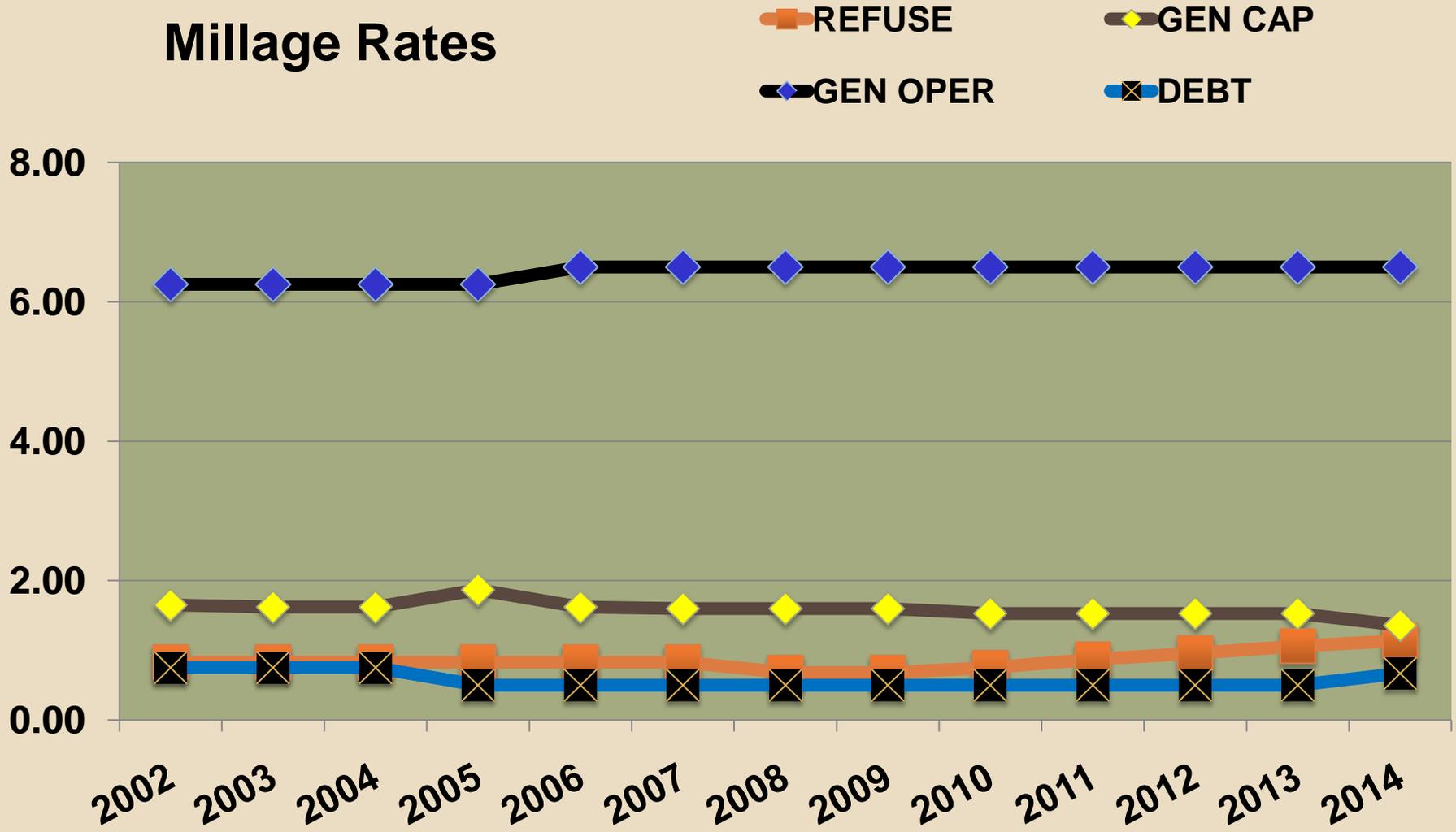
3-Year Budget Summary of Millage Requirements

Ave. Res. TV	112,886	118,834	124,597	124,885	120,014	102,490	96,775	91,930	87,300
Ave. Res. City Taxes	\$ 1,067	\$ 1,121	\$ 1,156	\$ 1,159	\$ 1,114	\$ 963	\$ 918	\$ 882	\$ 844



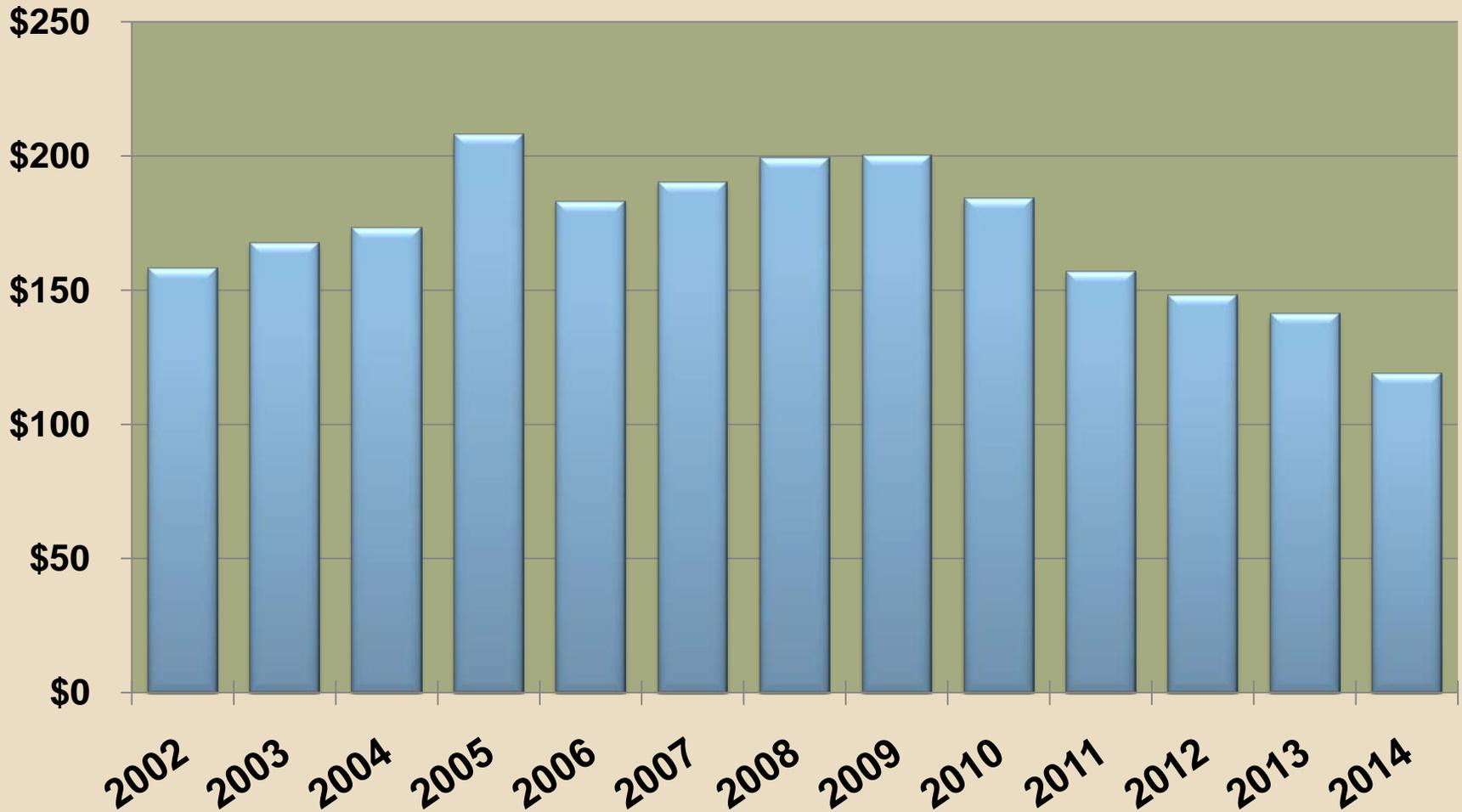
3-Year Budget

Millage Rates



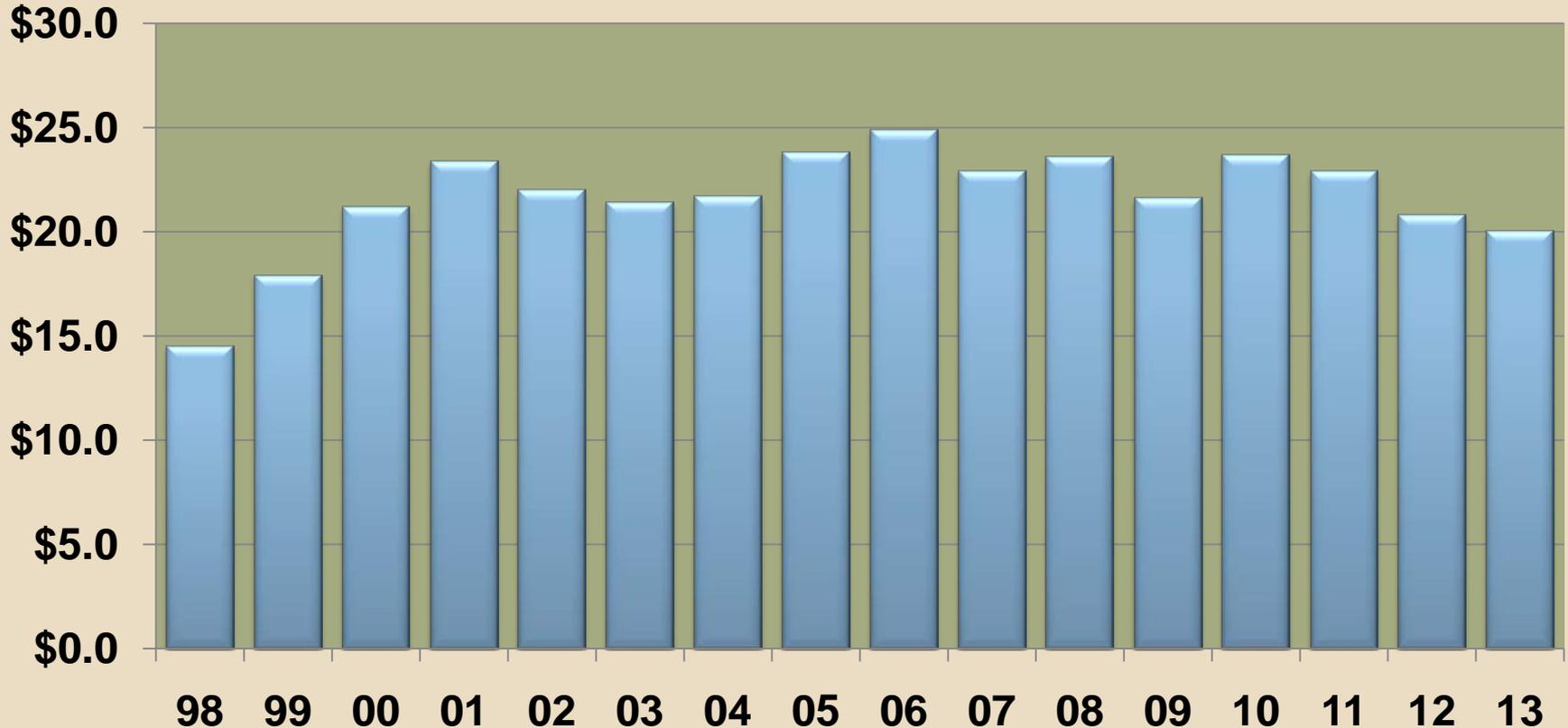
3-Year Budget

Average City Taxes Paid for Capital Improvements



3-Year Budget

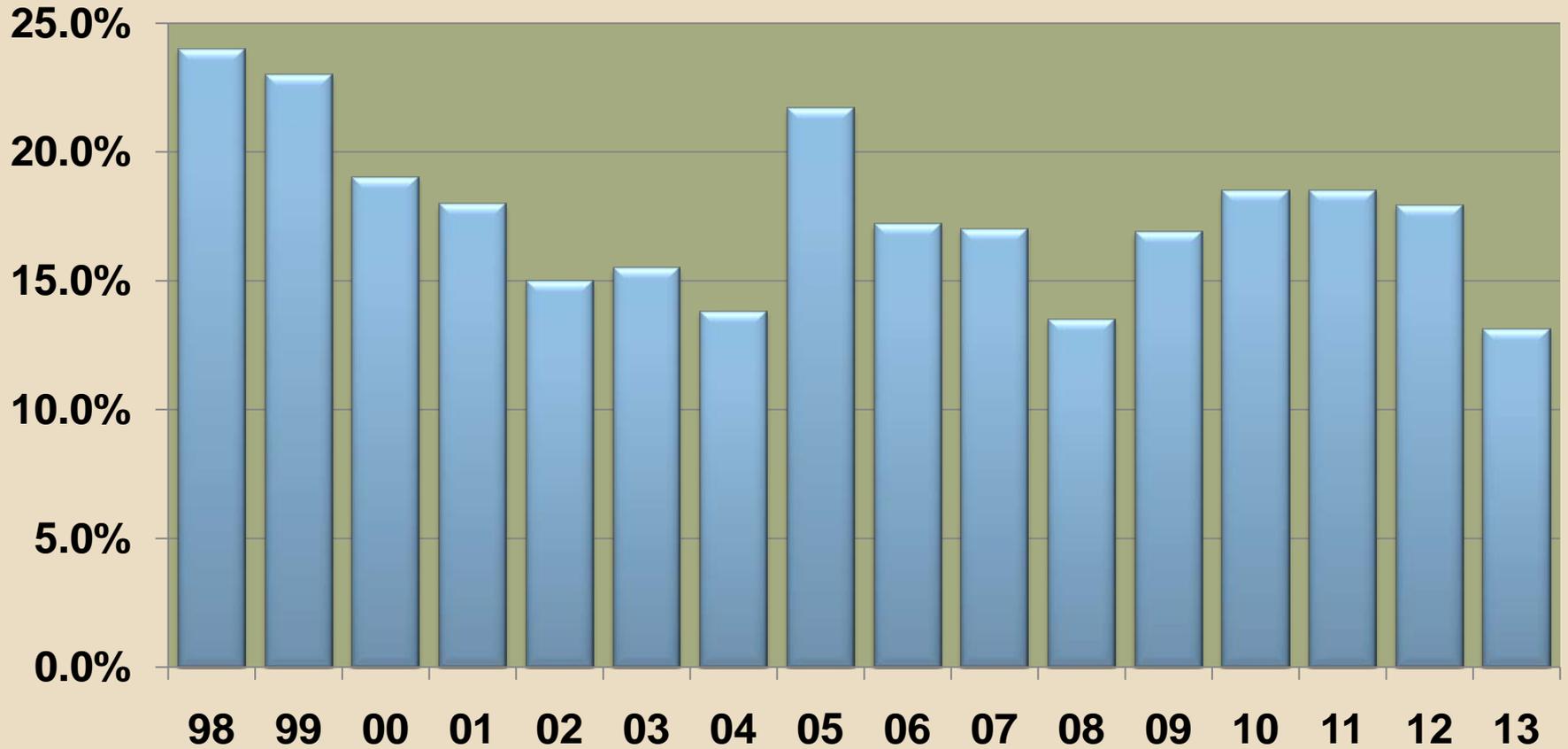
General Fund Fund Balance



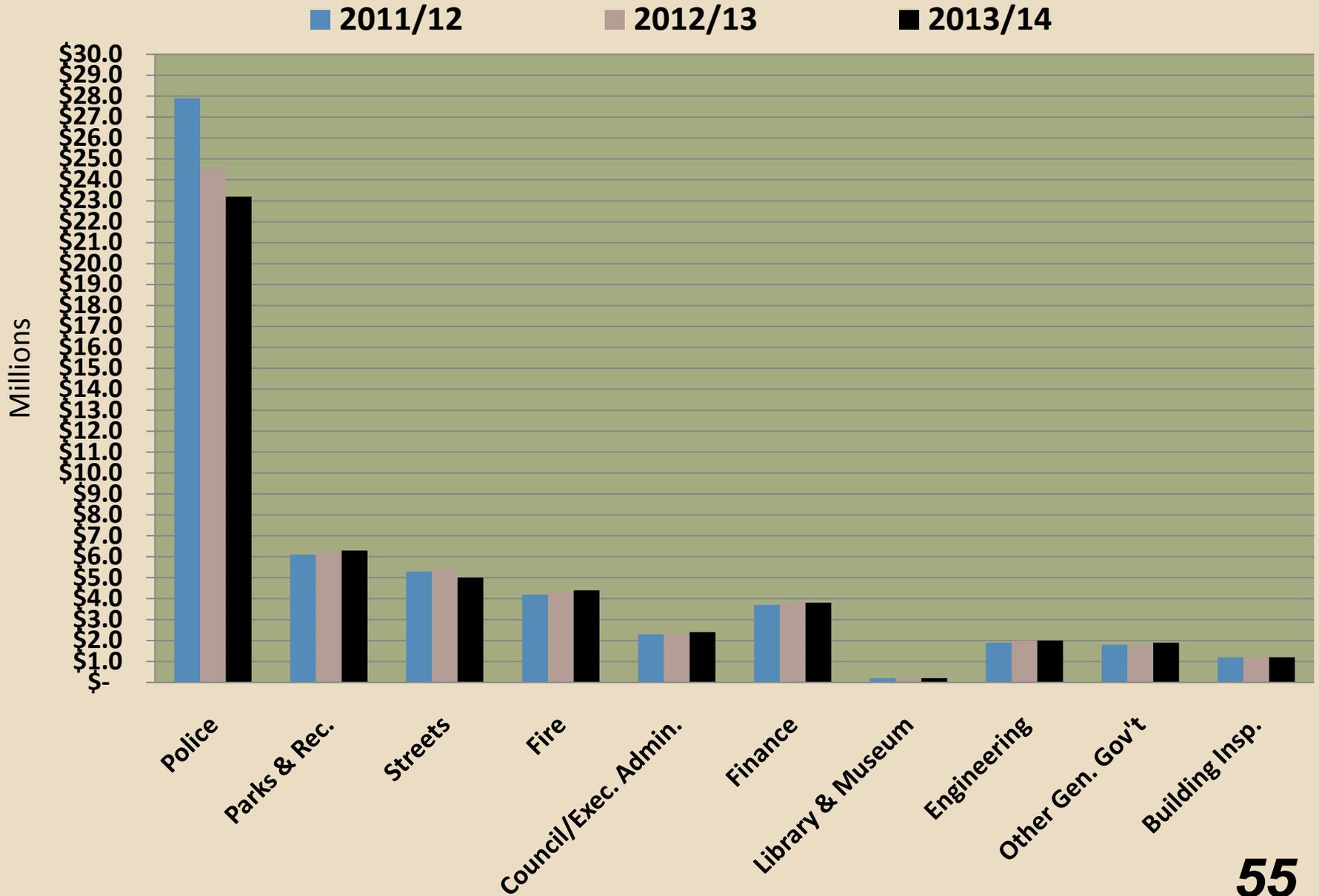
This chart depicts the cumulative result of excess revenues over or (under) expenditures in the General Fund

3-Year Budget

General Fund Unreserved/Undesignated Fund Balance as a Percentage of the Budget



How Troy Allocates Its Money A 3-Year View



3-Year Budget

Personnel Summary

3-Year Budget

2012/13 Reduction Recap - 17 Full-time Positions

Department

Police(17)

Position

Lieutenant

Police Officers (10)

Police Service Aide (2)

Records Clerk

Secretary

Sergeants (2)

3-Year Budget

2013/14 Reduction Recap - 18 Full-time Positions

Department

Police (14)

Position

Lieutenant

Police Officer (8)

Police Service Aide (2)

Sergeant (3)

Public Works (4)

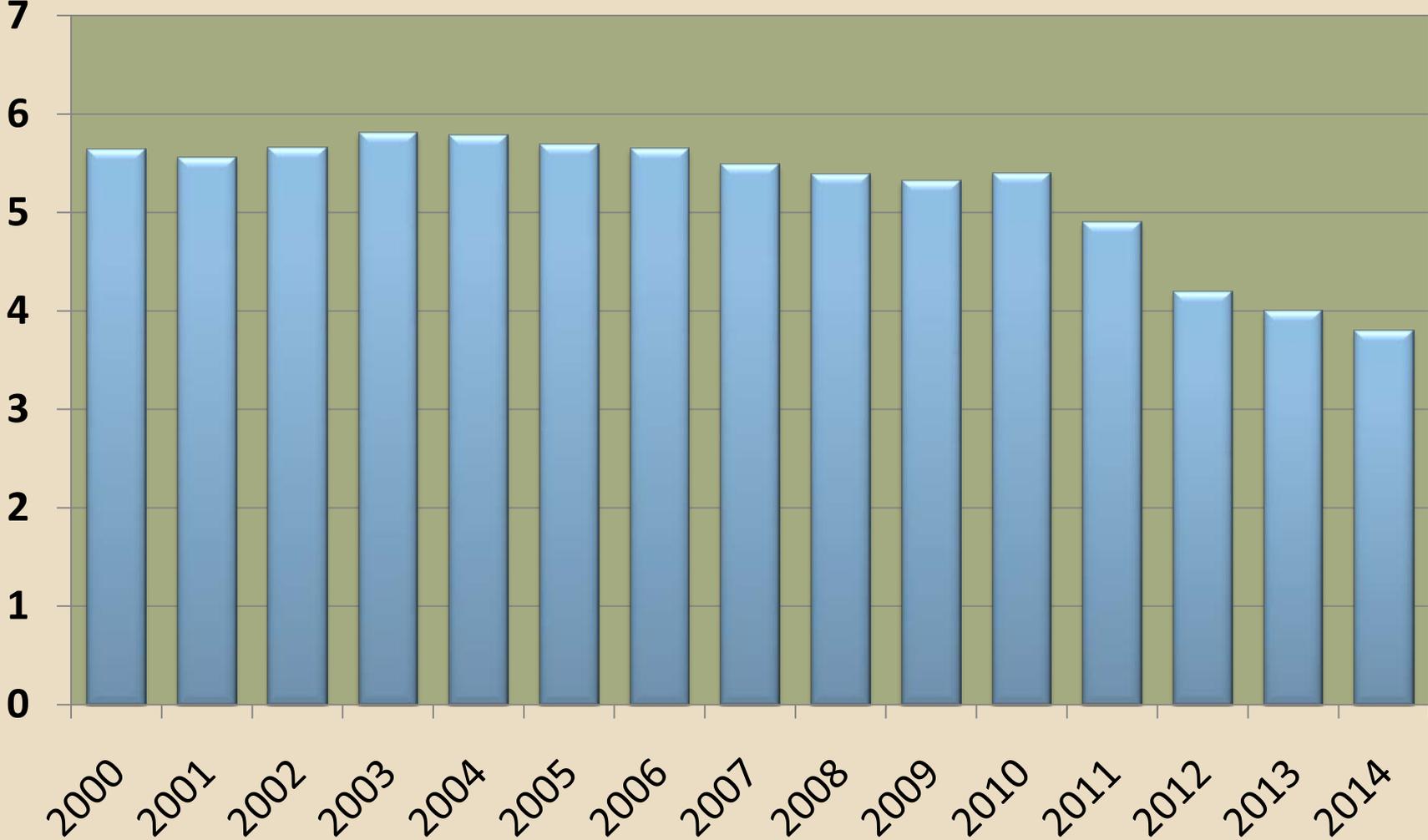
Division Supervisor

Field Supervisor

Leader

Project Construction Manager

Full-time Employees per 1,000 Population



3-Year Budget

General Fund – Expenditure Highlights

2011/12

- Closing of the Library, Museum and Nature Center
- Utilize \$1.5 million from the Capital Fund to delay public safety lay-offs
- Decrease of \$3.2 million or 5.6% from the 2010/11 budget
- Return responsibility of winter maintenance on County roads to the Road Commission for Oakland County

3-Year Budget

General Fund – Expenditure Highlights

2012/13

- Decrease of \$2.7 million or 4.9% from 2011/12
- Transfer of \$2.2 million from the Capital Fund to delay further lay-offs in public safety areas
- Reduction of 17 full-time positions

3-Year Budget

General Fund – Expenditure Highlights

2013/14

- Decrease of \$1.5 million or 2.9% from 2012/13
- Re-Appropriation of \$2.7 million Fund Balance
- Reduction of 18 full-time positions
- Unreserved/Undesignated Fund Balance falls below the 15% threshold

3-Year Budget

Refuse and Recycling Fund

	2012	2013	2014
<u>Revenues</u>			
Taxes	\$4,140,180	\$4,248,890	\$4,373,300
Charges for Service	4,500	4,500	4,500
Interest and Rents	8,000	4,000	4,000
Total Revenues	<u>\$4,152,680</u>	<u>\$4,257,390</u>	<u>\$4,318,800</u>
 <u>Expenditures</u>			
Contractor – Service	\$4,011,000	\$4,110,500	\$4,230,000
 <u>Recycling</u>	 82,604	 85,680	 88,000
<u>Other Refuse Expense</u>	 59,076	 61,210	 63,800
Total Expenditures	<u>\$4,152,680</u>	<u>\$4,257,390</u>	<u>\$4,318,800</u>

3-Year Budget Debt Service Fund

	2012	2013	2014
<u>Revenues</u>			
Taxes	\$2,154,000	\$2,000,000	\$2,556,000
Interest and Rents	20,000	15,000	10,000
Operating Transfer In	954,200	1,111,800	516,750
Total Revenues	<u>\$3,128,200</u>	<u>\$3,126,800</u>	<u>\$3,082,750</u>
<u>Expenditures</u>			
Other Services/Charges	\$74,500	\$76,500	\$78,750
Operating Transfer Out:			
Proposal A Debt Service	834,200	886,400	881,300
Proposal B Debt Service	1,472,700	1,417,900	1,376,000
Proposal C Debt Service	746,800	746,000	746,700
Total Expenditures	<u>\$3,128,200</u>	<u>\$3,126,800</u>	<u>\$3,082,750</u>

3-Year Budget Capital Projects Fund

	2012	2013	2014
<u>Revenues</u>			
Taxes	\$6,591,000	\$6,120,000	\$5,189,000
Charges for Service	288,000	288,000	288,000
Federal/State Grants	10,733,600	800,000	1,200,000
Interest and Rents	127,200	127,200	130,000
Contributions – Local	200,000	200,000	200,000
Fines and Forfeitures	220,000	220,000	220,000
Operating Transfers	6,868,110	3,241,691	1,746,459
Total Revenues	<u>\$25,027,910</u>	<u>\$10,996,891</u>	<u>\$8,973,459</u>

3-Year Budget

Capital Projects Fund, continued

	2012	2013	2014
<u>Expenditures</u>			
Drains	\$2,610,580	\$525,894	\$475,459
Community Affairs	50,000	50,000	-----
Fire Vehicles	1,125,000	-----	500,000
Fire Buildings & Repair	140,000	95,000	70,000
Museum	50,000	50,000	50,000
Other General Government	10,073,300	100,000	300,000
Police	567,600	350,000	350,000
Parks and Recreation	139,000	120,000	170,000
Major Streets	4,578,000	4,163,000	3,593,000
Local Streets	3,150,000	2,750,000	2,750,000

3-Year Budget

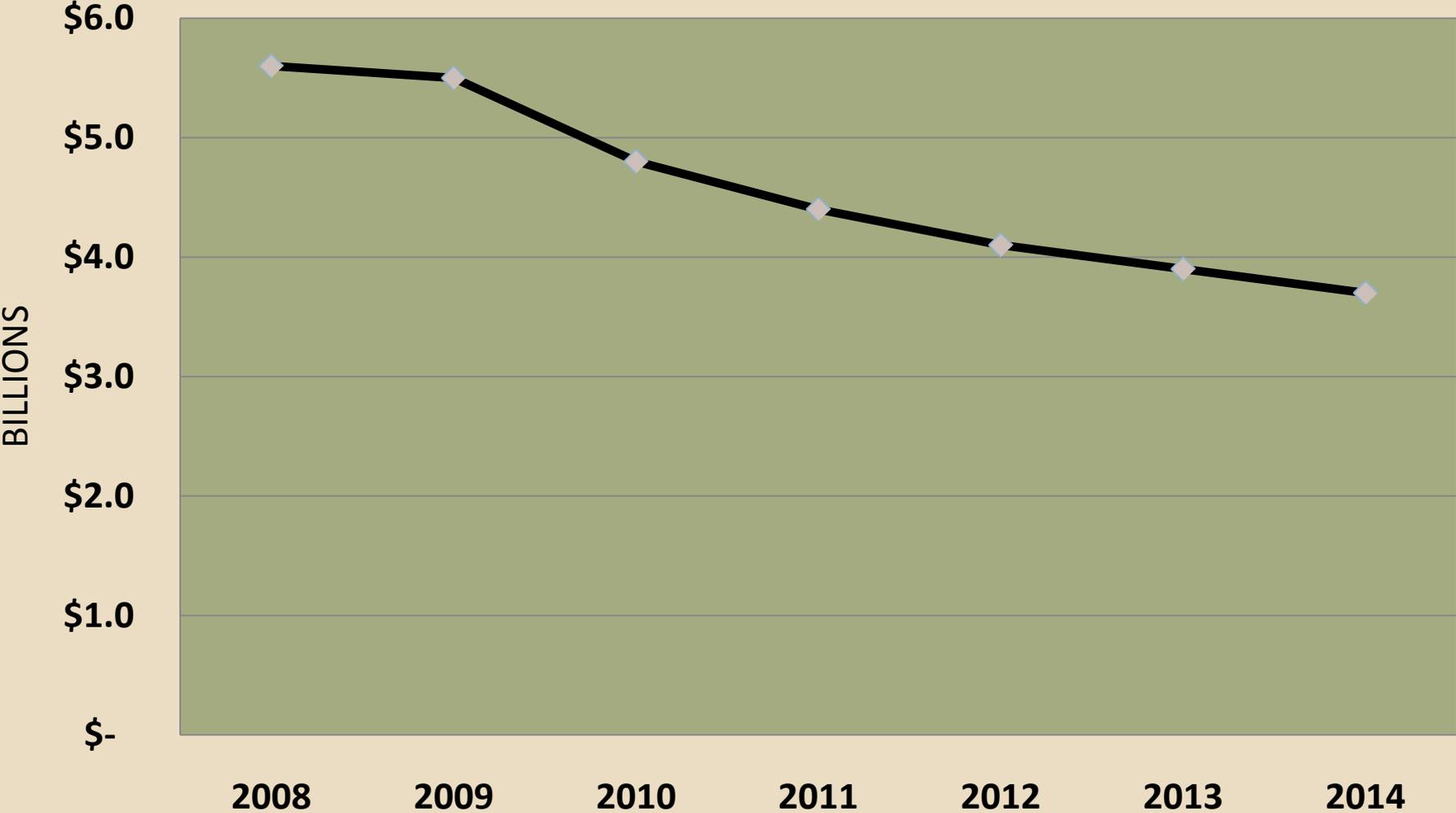
Capital Projects Fund, continued

	2012	2013	2014
<u>Expenditures, continued</u>			
Sidewalks	\$500,000	\$300,000	\$300,000
Public Works	460,000	165,000	315,000
Transfer Out			
IT Fund	84,430	100,000	100,000
General Fund	1,500,000	2,228,000	-----
Total Expenditures	<u>\$25,027,910</u>	<u>\$10,996,894</u>	<u>\$8,973,459</u>

Financial Concerns Going Forward

- Decline in Taxable Value
- Use of Fund Balance and Other Sources to Balance Budget
- Sustainability of Operations with Reduced Staff
- Reduced Funds for Infrastructure Improvements
- Debt Service Millage Rate Requirements
- Troy Downtown Development Authority O/S Debt

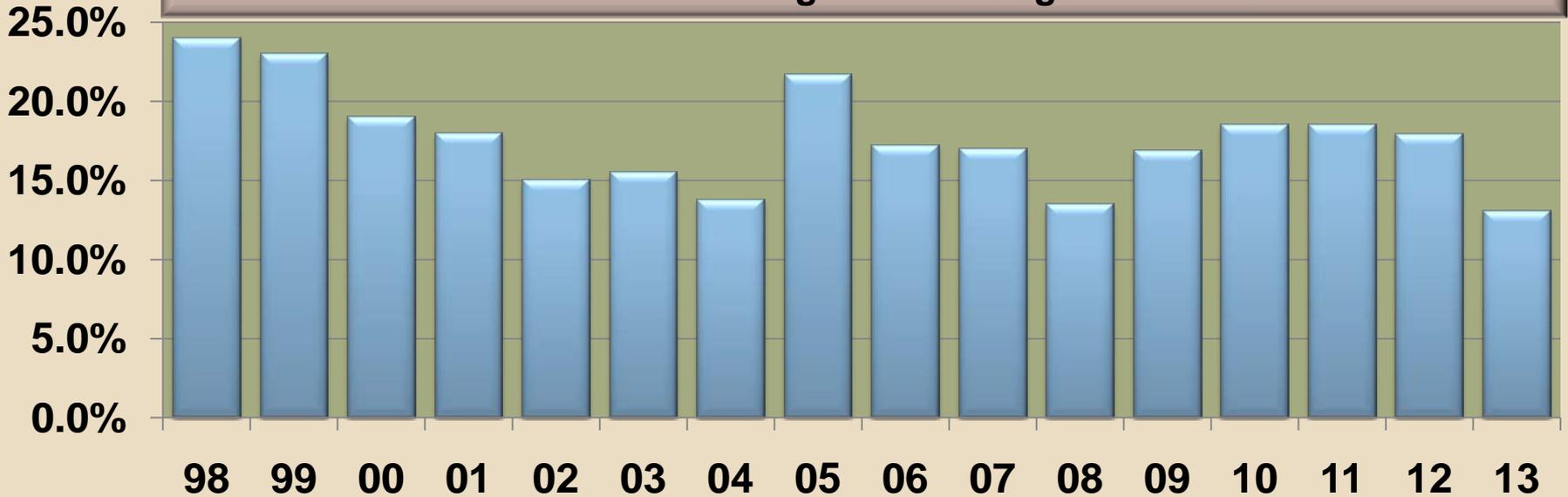
Projected Decline in Taxable Value



Use of Fund Balance and Other Sources to Balance Budget

	2011/12	2012/13	2013/14
Re-Appropriation of Fund Balance	\$ 2,165,131	\$ 780,660	\$ 2,653,160
Capital Fund Transfer	1,500,000	2,228,000	-
Budget Stabilization Fund	300,000	300,000	300,000
	<u>\$ 3,965,131</u>	<u>\$ 3,308,660</u>	<u>\$ 2,953,160</u>

General Fund Unreserved/Undesignated Fund Balance as a Percentage of the Budget



Sustainability of Operations with Reduced Staff

“ICMA recommends that the Three Year Budget (Option1) reduction be modified to keep at least five more equipment operators, and that the Five Year Plan not be executed (ICMA-Operation, Page 30).”

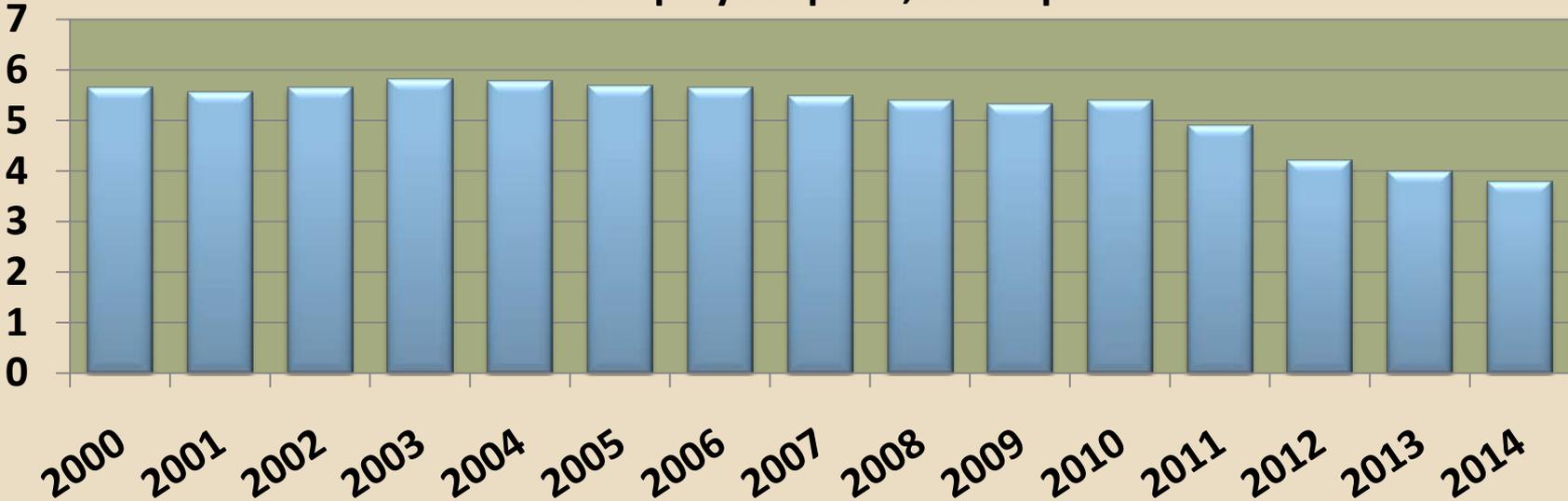
“Consider retaining at least one tree specialist to act as an in-house resource and inspect contracted tree services (ICMA, Page, 31)

“Consider retaining one additional full-time maintenance employee to serve as a contracted maintenance inspector and customer service representative. Contractors need oversight (ICMA-Operation, Page 31).”

“The budget reductions proposed in Option 1 will have numerous and varied impacts across individual services. As noted, they will result in staffing levels so low in some departments, such as Streets and Drains, Purchasing, Human Resources and City Clerk, that they will be unable to continue providing service at current levels (ICMA-Organization, Page 5).”

“The full implementation of Option 1, however, cuts too deep into the organization staffing level, and it is recommended that four additional sworn positions be added to the final model (ICMA- Police, Page 11)”

Full-Time Employees per 1,000 Population



Reduced Funds for Infrastructure

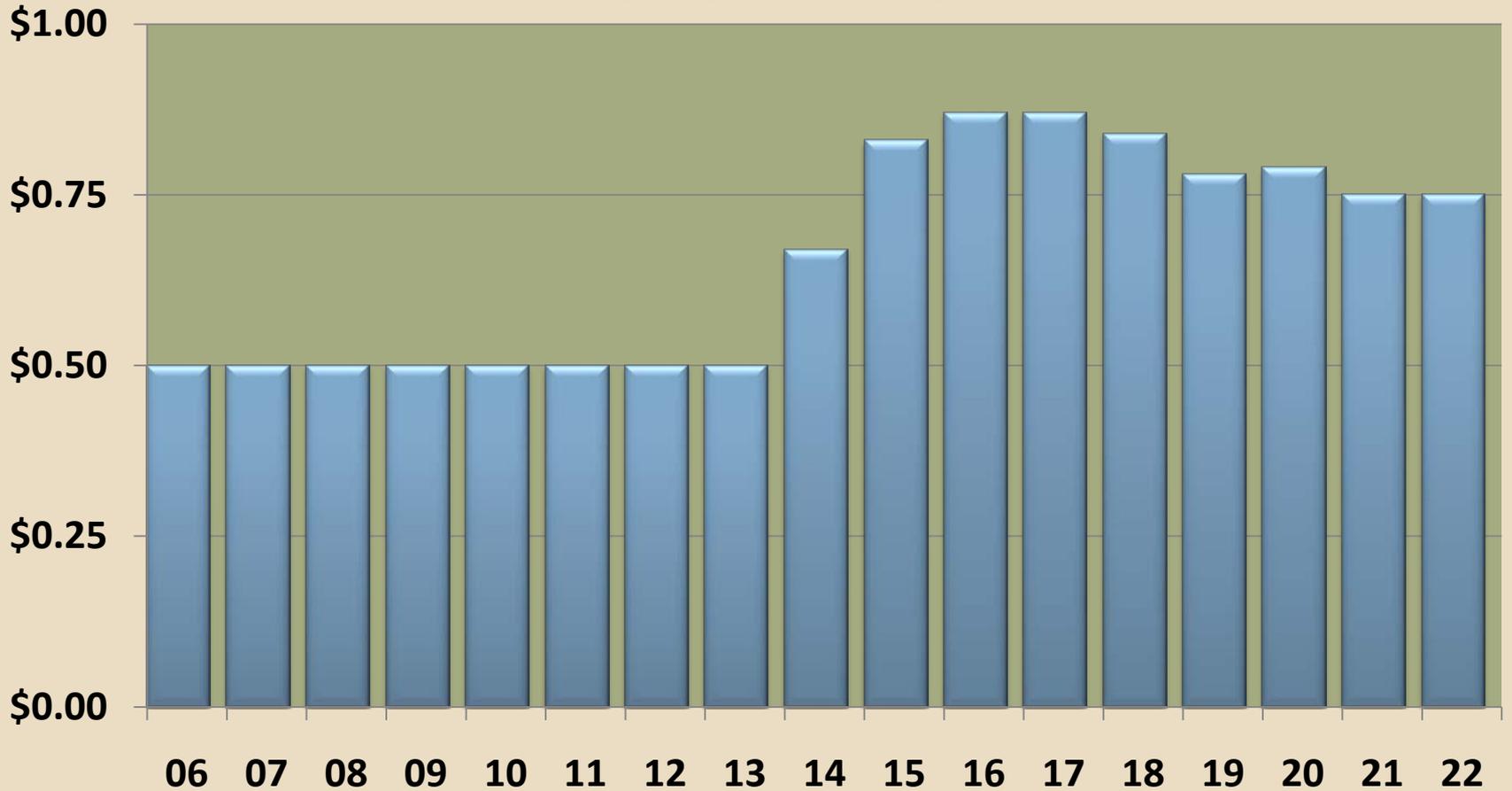
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Proposed 2011/12	Proposed 2012/13	Proposed 2013/14
General Operating	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Refuse	0.83	0.83	0.68	0.68	0.75	0.87	0.96	1.06	1.14
Capital	1.62	1.60	1.60	1.60	1.53	1.53	1.53	1.53	1.36
Debt	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.67
Total	9.45	9.43	9.28	9.28	9.28	9.40	9.49	9.59	9.67

Average City Taxes Paid for Capital Improvements



Debt Service Millage Requirements

Projected Millage Rate Requirements General Debt Fund



Troy Downtown Development Authority O/S Debt

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue					
Property Taxes	\$ 547,500	\$ 329,000	\$ 113,000	\$ 68,300	\$ 25,000
Re-appropriation Fund Balance	3,297,500	209,785	-	-	-
Investment Income	25,000	10,000	-	-	-
Total	\$ 3,870,000	\$ 548,785	\$ 113,000	\$ 68,300	\$ 25,000
Expenditures					
Operating Expenses	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Administrative Expense	100,000	100,000	100,000	100,000	100,000
Street Island Maintenance	161,000	164,000	168,000	171,000	174,000
Debt Service					
Big Beaver Phase 2 & 3	1,197,000	1,194,000	1,194,000	1,195,000	1,195,000
MTF Rochester Road	252,000	264,000	-	-	-
Refund Series 'A'	830,000	826,000	826,000	825,000	825,000
Community Center	1,230,000	1,245,000	1,282,000	1,315,000	1,315,000
Total - Debt Service	\$ 3,509,000	\$ 3,529,000	\$ 3,302,000	\$ 3,335,000	\$ 3,335,000
Available for Projects	-	-	-	-	-
Total Expenditures	\$ 3,870,000	\$ 3,893,000	\$ 3,670,000	\$ 3,706,000	\$ 3,709,000
Captured TV	34,655,289	20,725,916	7,117,844	4,301,083	1,568,826
Captured Tax Rate	\$ 15.80	\$ 15.88	\$ 15.88	\$ 15.88	\$ 15.88
Estimated Fund Balance	\$ 209,785	\$ (3,344,215)	\$ (6,901,215)	\$ (10,538,915)	\$ (14,222,915)

Any Questions?

What's Next?

- April ✓** **Overview of Budget and General Fund, Special Revenue, Internal Service and Debt Service Funds**
- May ✓** **Capital Projects, Enterprise Funds, 3-Year Budget**
- May 9** **Wrap-up and Library Decision**
- May 16** **Public Hearing and Adoption**