



City of Berkley, Michigan
Budget Work Sessions - May 13 & 14, 2019

GENERAL FUND OVERVIEW

- Fiscal Year 2019-2020 assumptions:
 - A taxable value increase of 5.93% and a comparative millage rate decrease of 0.27%
 - A new millage levy for Capital Improvement Projects-Road Improvements rolled back to 1.9612 mil
 - Total city millage levy of 16.8238
 - State Shared Revenue increase of 2.6 %
 - 2% salary increase
 - 2.5% health care increase (active and retiree)
 - 27.9% increase in MERS pension contributions
 - 30.8% increase in Public Safety pension contributions
 - Decrease in CIP requests from 2018-2019 of \$423,803
 - Decrease in CERP requests from 2018-2019 of \$646,546

GENERAL FUND PROPERTY TAXES-PROPOSAL A

- Proposal A limits growth in taxable value to the lesser of 5% or the rate of inflation, whichever is lower
- Since Proposal A was adopted by Michigan voters in 1995, the average rate of inflation has been 2.2%
- Since 2013, when taxable value began to recover from the housing crisis, inflation has averaged 1.6%
- Since 2013, taxable value has increased an average of 4.2% annually
- That's a 2.6% average gap between taxable value increases and the average rate of inflation
- With the Headlee rollback added to the equation, we realize much lower increases each year in property tax revenue than the increase in taxable value or real property

GENERAL FUND

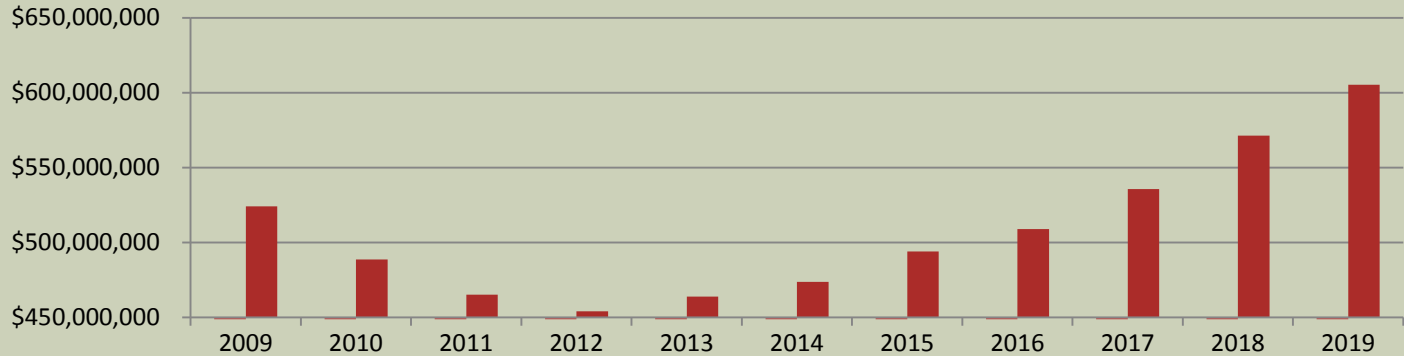
PROPERTY TAXES-MILLAGE RATES

Fiscal Year	Operating	Public Safety	Sanitation	Community Promotions	Public Safety Pension	Capital Improve	Debt	Total
2010	6.3101	1.8927	1.8927	0.095	1.6922		1.1952	13.0779
2011	6.3101	1.8927	1.8927	0.1023	2.4762		1.3916	14.0656
2012	6.3101	1.8927	1.8927	0.1075	2.5479		1.5481	14.2990
2013	6.3101	1.8927	1.8927	0.1101	2.643		1.6431	14.4917
2014	9.3101	1.8927	1.8927	0.1078	2.7435		1.5606	17.5074
2015	9.2831	1.8872	1.8872	0.1055	2.712		1.6704	17.5454
2016	9.1456	1.8592	1.8592	0.1012	2.429		1.5849	16.9791
2017	8.9818	1.8259	1.8259	0.0982	2.5445		0.5452	15.8215
2018	8.7590	1.7806	1.7806	0.0933	2.2684		0.4927	15.1746
2019	8.5697	1.7421	1.7421	0.0875	2.2684		0.4927	14.9025
2020*	8.4034	1.7083	1.7083	0.0826	2.4975	1.9612	0.4625	16.8238

***In 2018, Berkley voters approved up to 2 mil for Capital Improvements for roads.**

GENERAL FUND PROPERTY TAXES-TAXABLE VALUES

Taxable Values: 2009 - 2019



Year	Taxable Values	Percent Change
2009	\$ 524,179,820	-
2010	\$ 488,650,310	-6.78%
2011	\$ 465,101,570	-4.82%
2012	\$ 454,037,820	-2.38%
2013	\$ 463,919,680	2.18%
2014	\$ 473,817,278	2.13%
2015	\$ 494,027,840	4.27%
2016	\$ 508,946,490	3.02%
2017	\$ 535,721,820	5.26%
2018	\$ 571,391,430	6.66%
2019	\$ 605,258,850	5.93%

GENERAL FUND PROPERTY TAX – AVG HOME OWNER

	City Wide Taxable Value	Residential Average TV	City Millage Rate	City Millage Tax Dollars
2018 Taxable Value	571,391,430	77,264	14.9025	\$ 1,151.43
2019 Taxable Value	605,258,850	78,900	16.8238	\$ 1,327.40
Value Change	33,867,420	1,636	1.9213	\$ 175.97
Percentage Change	5.93%	2.12%	12.89%	15.28%

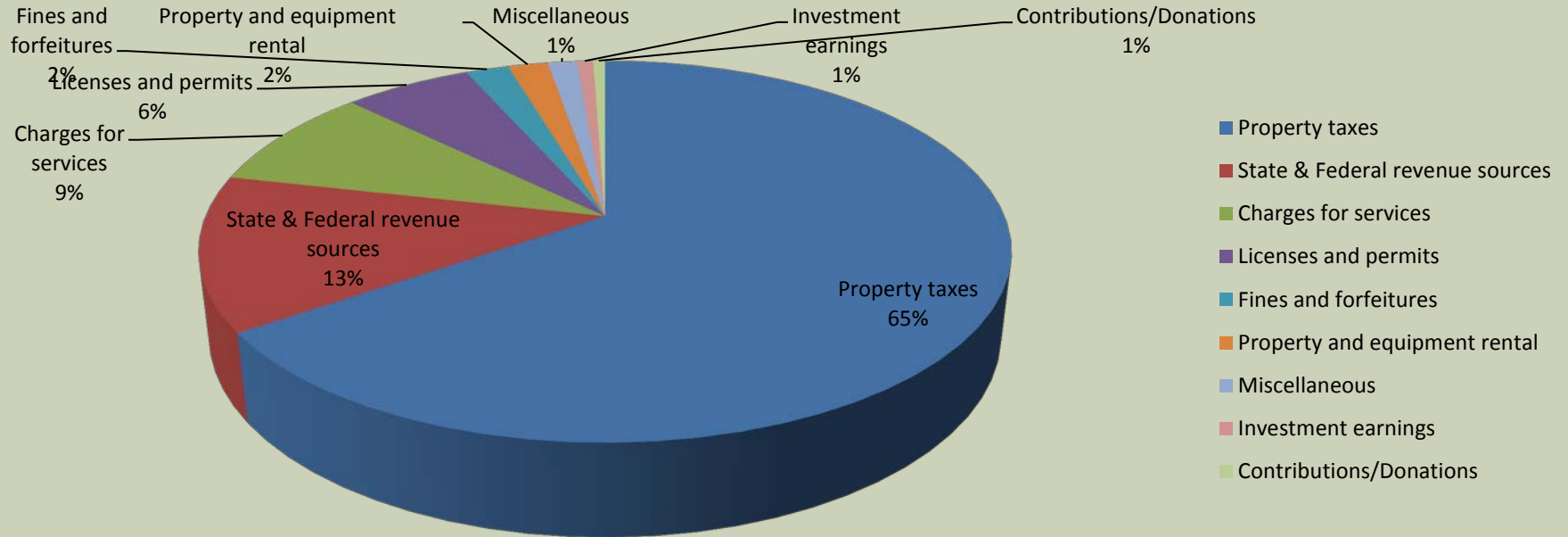
With the new millage for Capital Improvements for Roads of 1.9612 mills added as a new millage levy, the average City tax amount will increase \$175.97

GENERAL FUND REVENUES-BY TYPE

General Fund Revenue Type	Projected Amount	Percentage of Total General Fund Revenue
Property taxes	\$ 7,860,149	65.37%
State & Federal revenue sources	1,580,191	13.14%
Charges for services	1,050,567	8.74%
Licenses and permits	731,550	6.08%
Fines and forfeitures	245,500	2.04%
Property and equipment rental	228,814	1.90%
Miscellaneous	167,500	1.39%
Investment earnings	92,000	0.77%
Contributions/Donations	67,400	0.56%
Total Estimated Revenues	\$ 12,023,671	100.00%

The budgeted revenue increase is \$810,762 from the 2018-2019 budget and is due primarily to property tax increases of over \$527,996

GENERAL FUND REVENUES-BY TYPE



GENERAL FUND PROPERTY TAXES-REVENUE

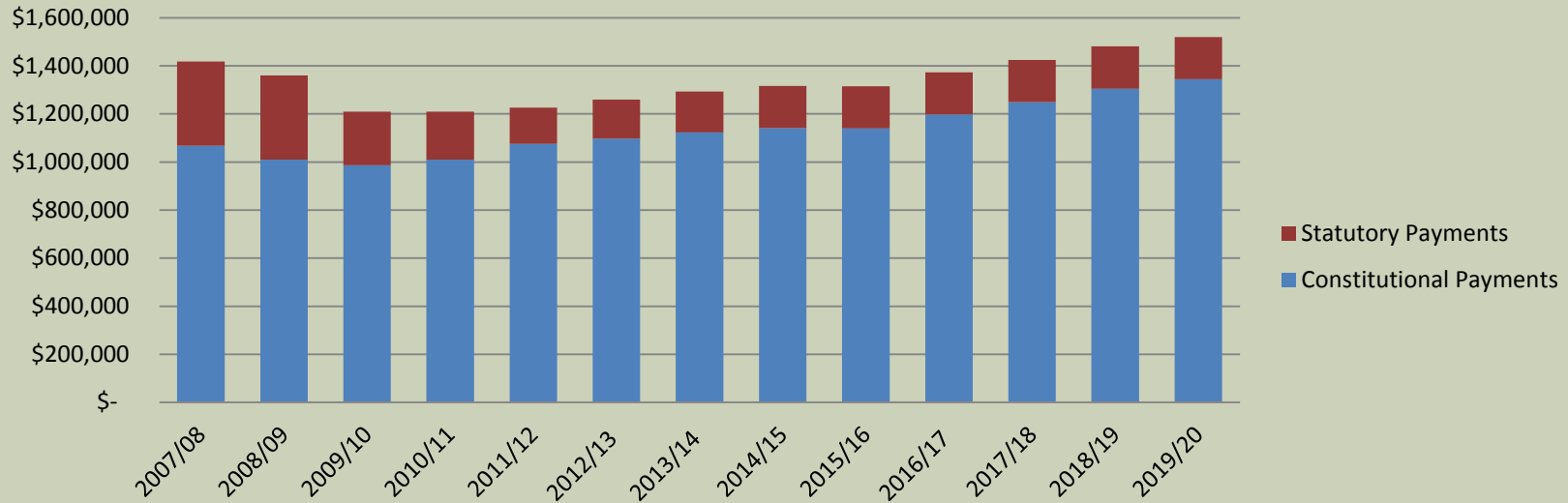
Property Tax Revenue Forecast FY 2019-20

Millage Type	Rate	Revenue - Net of DDA Capture
Operating	8.4034	\$ 4,993,577
Public Safety	1.7083	1,015,128
Sanitation	1.7083	1,015,128
Public Safety-Act 345	2.4975	1,484,096
Debt	0.4625	274,833
Community Promotions	0.0826	49,048
Capital Improvements (Roads)	1.9612	1,165,409
Totals	16.8238	\$ 9,997,219

GENERAL FUND STATE SHARED REVENUE

2nd Largest Source of Revenue

State Shared Revenue History



GENERAL FUND STATE SHARED REVENUE

State Shared Revenue			
Type	1999-2000	2009-2010	2019-2020
Constitutional	\$ 1,149,670	\$ 986,539	\$ 1,344,430
Statutory	\$ 800,693	\$ 223,488	\$ 175,461
Total	\$ 1,950,363	\$ 1,210,027	\$ 1,519,891

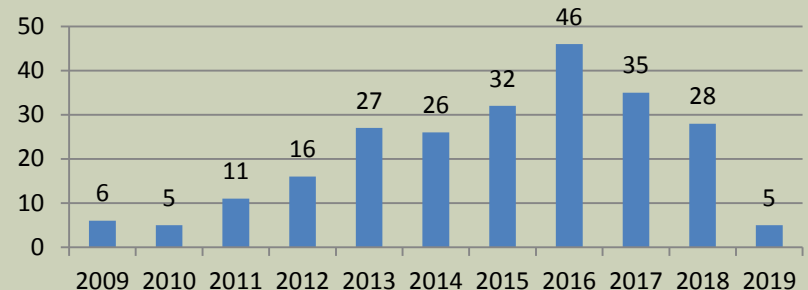
- In fiscal year **1999-2000**, Berkley received **\$1,950,363** in State Shared Revenue
- In **2009-2010** that figure dropped to **\$1,210,027**
- We are still over **\$430,400** below that amount

GENERAL FUND

OTHER REVENUE HIGHLIGHTS

- Charges for Services - \$59,497 decrease from the projected 2018-2019 fiscal year end (FYE) amount
- Licenses and Permits – \$10,850 increase from the projected FYE amount
- Fines and Forfeitures - \$3,500 decrease from projected FYE
- Decrease in new builds:

Residential New Builds



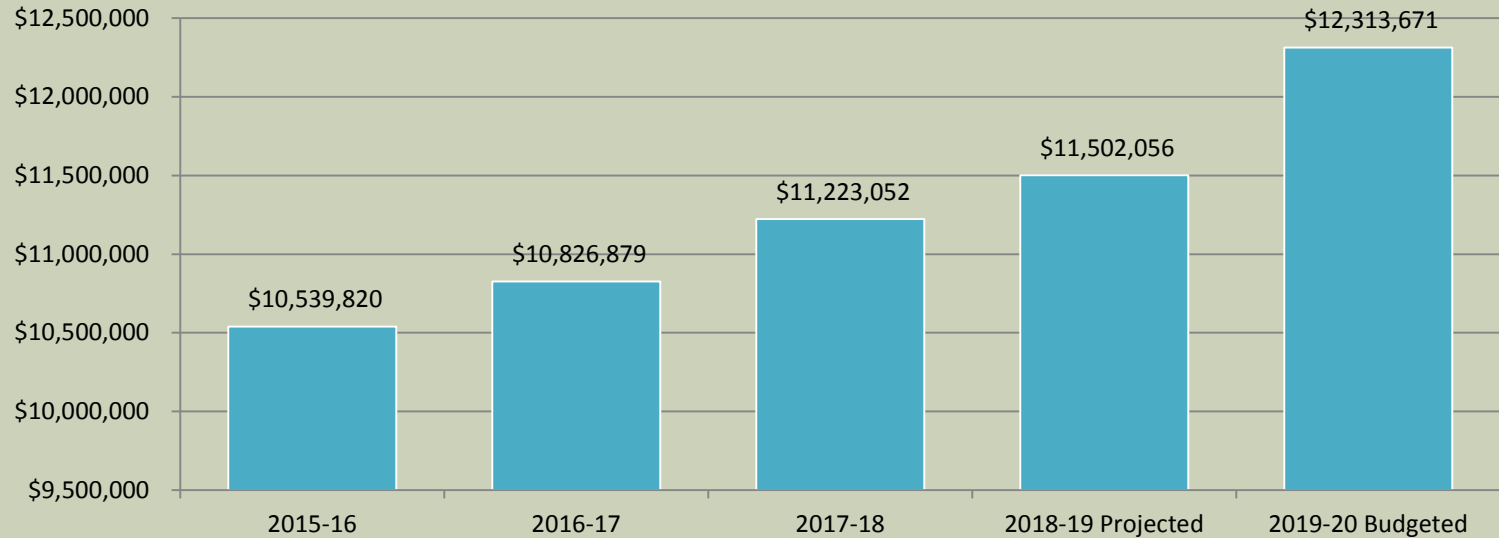
GENERAL FUND

OTHER REVENUE HIGHLIGHTS

- Property and Equipment Rental – an increase of \$5,438 from last year's budgeted amount
- Contributions and Donations, Miscellaneous, and Investment Earnings - \$42,570 increase from last year's budgeted amounts
- Transfers In - \$290,000 from the Sidewalk Fund after special assessment collections

GENERAL FUND REVENUE - 5 YEAR TREND

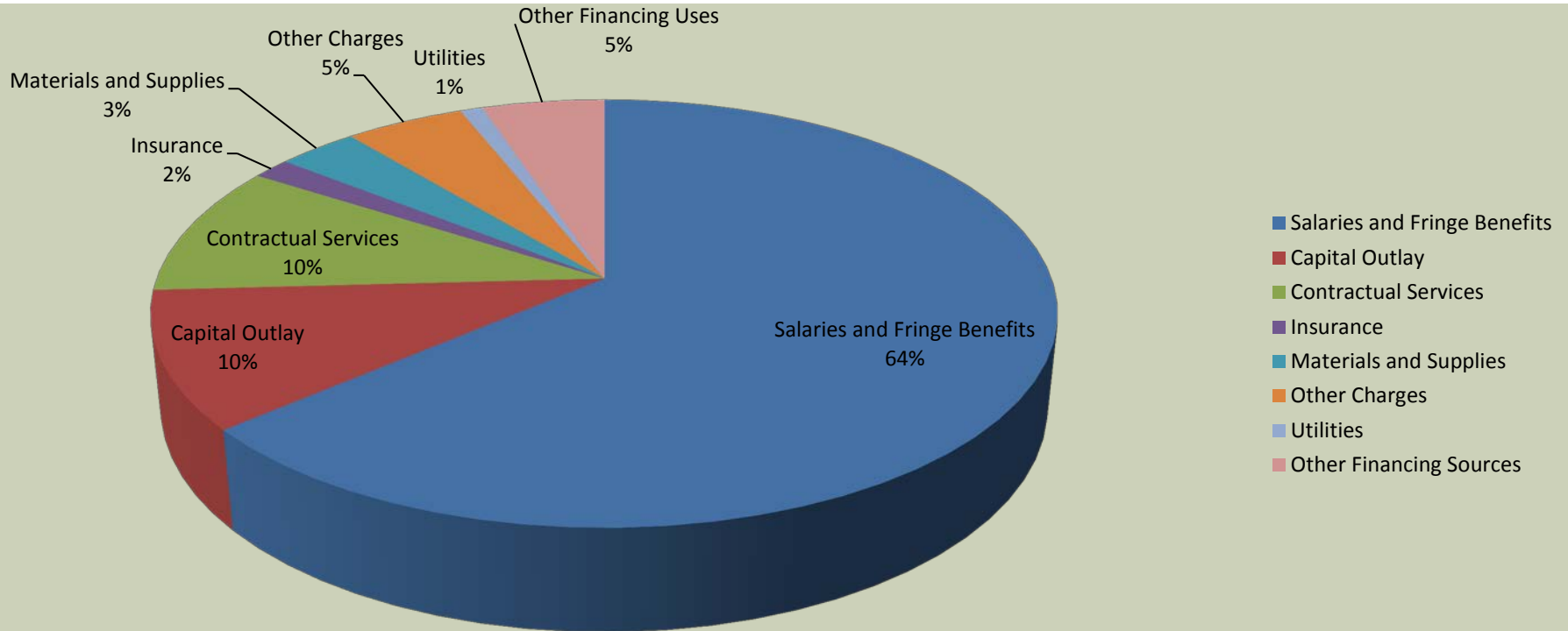
General Fund Revenues



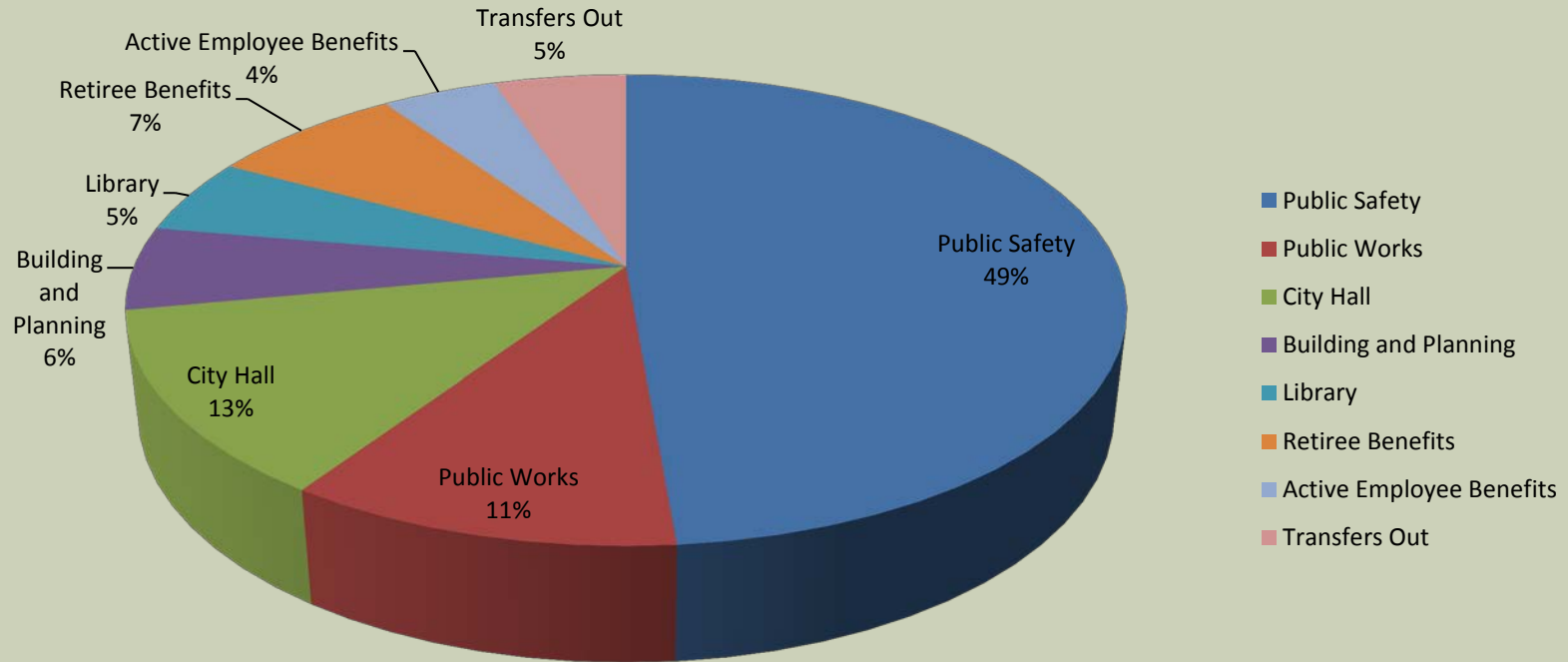
GENERAL FUND EXPENDITURES BY TYPE

General Fund Expenditure Type	Projected Amount	Percentage of Total General Fund Expenditure
Salaries and Fringe Benefits	\$ 7,975,373	63.74%
Capital Outlay	\$ 1,302,272	10.41%
Contractual Services	\$ 1,236,219	9.88%
Insurance	\$ 198,652	1.59%
Materials and Supplies	\$ 420,164	3.36%
Other Charges	\$ 621,861	4.97%
Utilities	\$ 118,367	0.95%
Other Financing Sources	\$ 640,000	5.11%
Total Estimated Expenditures	\$ 12,512,908	100.00%

GENERAL FUND EXPENDITURES BY TYPE



GENERAL FUND EXPENDITURES BY FUNCTION



GENERAL FUND

SALARIES AND FRINGE BENEFITS

- 2% wage increase for most employees
- Budgeted General Fund amount for FY 2019-2020 - \$7,975,373
- This is \$176,864 higher than FY 2018-2019
- These totals include active salary and fringe benefits as well as retiree health care costs
- These totals include Public Safety changes in Dispatch Services and the addition of one Public Safety Officer.
- Health care costs are budgeted at a 2% increase from the prior year based upon good experience with the self-funded plan for the first year

GENERAL FUND

SALARIES AND FRINGE BENEFITS

- Required pension contributions increased substantially due to assumption changes
 - MERS Pension contribution increased \$205,178
 - PSO Pension contribution increased \$238,927
- MERS is changing assumptions for a second time for contributions beginning in 2021
- Contributions to MERS will continue to increase until we reach a 100% funded level in about 20 years
- PSO Pension increases are anticipated at a lower percentage for the next 15 years until the pension reaches 100% funding

GENERAL FUND

CONTRACTUAL SERVICES

- Budget for FY 2019-2020 - \$1,236,219
- This is an increase in the annual amount of \$208,927 which is due mostly to the contracting of inspection services from McKenna
- Examples of Contractual Services:
 - Consultant Fees
 - Audit Fees
 - Legal Services
 - Actuarial Services
 - Inspections in Building Department
 - Library Co-Op
 - Assessing Services
 - Wayfinding

GENERAL FUND CAPITAL OUTLAY

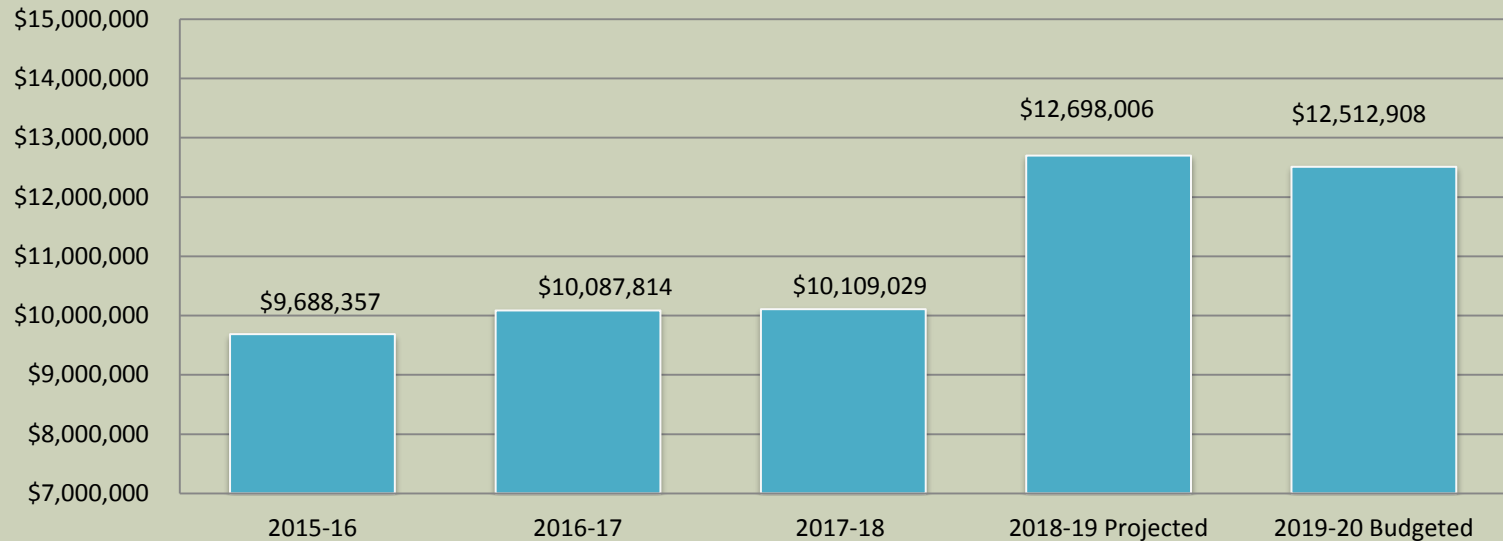
- Budgeted General Fund Capital \$1,302,272 for FY 2019-2020
- Reduced by \$1,338,105 from FY 2018-2019
 - Mostly due to fire truck purchase in 2018-2019 for \$998,000
- Public Safety FY 2019-2020
 - Completion of Fire Hall expansion from prior fiscal year
 - Replacement of 4 Public Safety Vehicles on 2 year and 4 year cycles - \$184,562
 - In Car Cameras for Police Vehicles - \$100,000
- DPW FY 2019-2020
 - Hook truck with plow/spreader - \$325,000
 - Pickup trucks – ¾ ton and 1 ton - \$90,000
 - Mowers - \$40,000
 - Gator Tool Cat - \$50,000
 - Other equipment \$47,000
- Computers FY 2019-2020 for \$40,000 on 5 year cycle

GENERAL FUND TRANSFERS OUT

- Transfers out will be \$640,000
- Transfers support the operation of the Parks & Recreation Revolving Fund \$350,000
- There is also a budgeted transfer of \$290,000 to cover the cost of the sidewalk replacement scheduled for FY 2019-2020
 - There will also be a transfer back to the General Fund for this amount once the sidewalk work is repaid from homeowners through a special assessment and billing process
 - There may be some overlap of fiscal year collections for sidewalk repairs and those will be recorded in the Sidewalk Fund

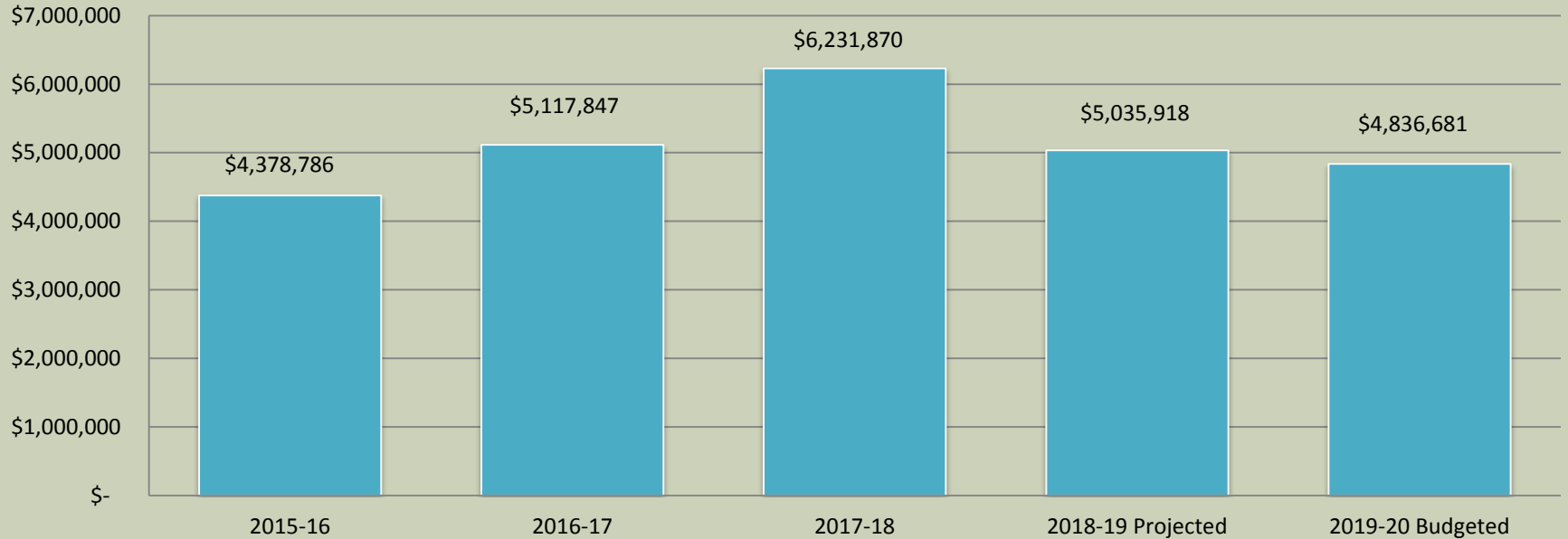
GENERAL FUND EXPENDITURES 5-YEAR TREND

General Fund Expenditures



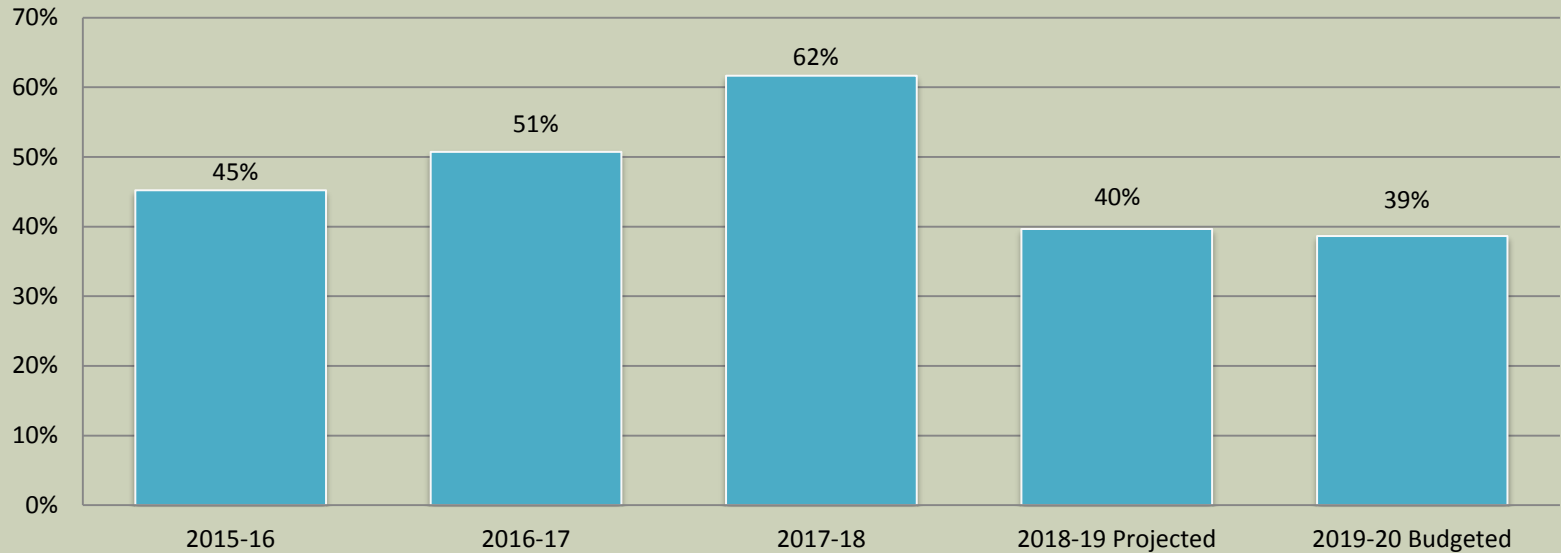
GENERAL FUND FUND BALANCE 5-YEAR TREND

General Fund - Fund Balance Amount



GENERAL FUND FUND BALANCE AS % OF EXPENDITURES

General Fund - Fund Balance %

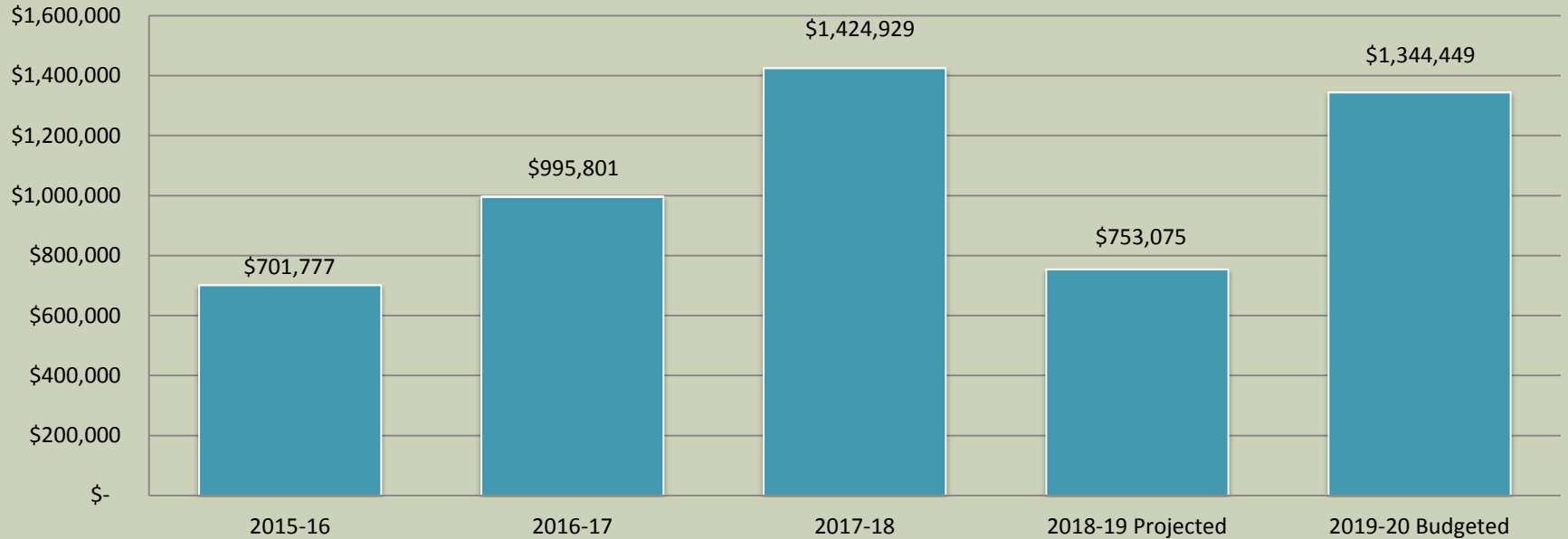


MAJOR STREETS OVERVIEW

- Act 51 Revenues are expected to increase from \$960,000 to \$1,050,000 in the 2019-2020 budget year
- Metro Act (Right-of-Way) revenues are expected to be \$43,500
 - These revenues have been used to remove diseased/blighted trees and replace them with new trees in the right-of-way
- Major Street expenditures have been consolidated into major functions and each function will have Program Supplies, Contractual Services, and Equipment Rental
- Labor is now tracked and posted completely in Street Maintenance Operations
- Benefits are posted to Department 952 Active Employee Benefits
- Construction and maintenance for roads and sidewalks planned for 2019-2020 budget year of \$544,000 in Major and Local Streets
- Tree trimming and removal by JH Hart is budgeted at \$114,900

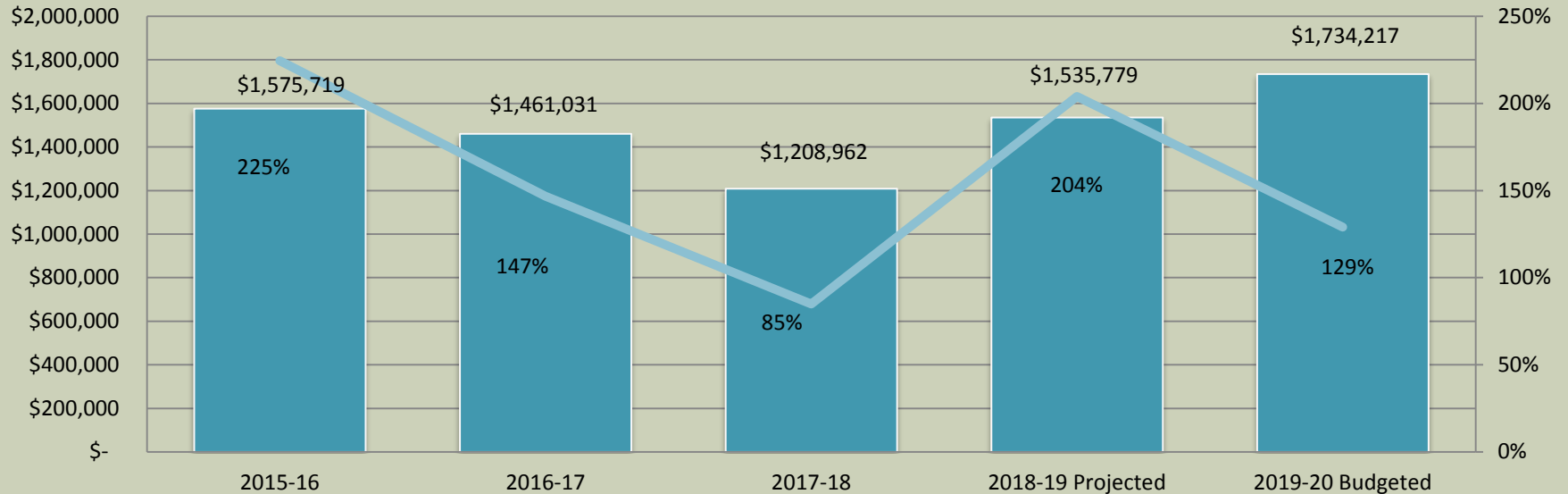
MAJOR STREETS EXPENDITURES 5-YEAR TREND

Major Street Expenditures



MAJOR STREETS FUND BALANCE 5-YEAR TREND

**Major Street Fund Balance
Amount and % of Annual Expenditures**

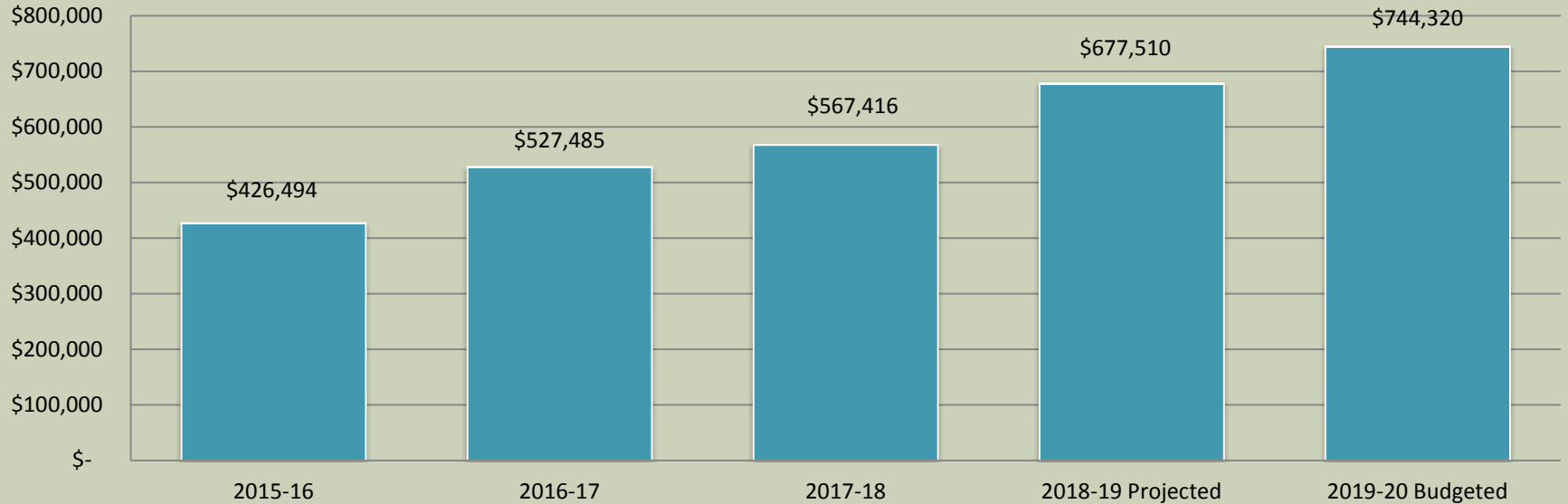


LOCAL STREETS OVERVIEW

- Act 51 Revenues are expected to increase from \$368,000 to \$420,000 in the 2019-2020 budget year
- Local Street expenditures have been consolidated into major functions and each function will have Program Supplies, Contractual Services, and Equipment Rental
- Labor is now tracked and posted completely in Street Maintenance Operations
- Benefits are posted to Department 952 Active Employee Benefits
- Additional Contractual Services estimated at \$268,100 will be performed by JH Hart to trim and remove trees along local streets

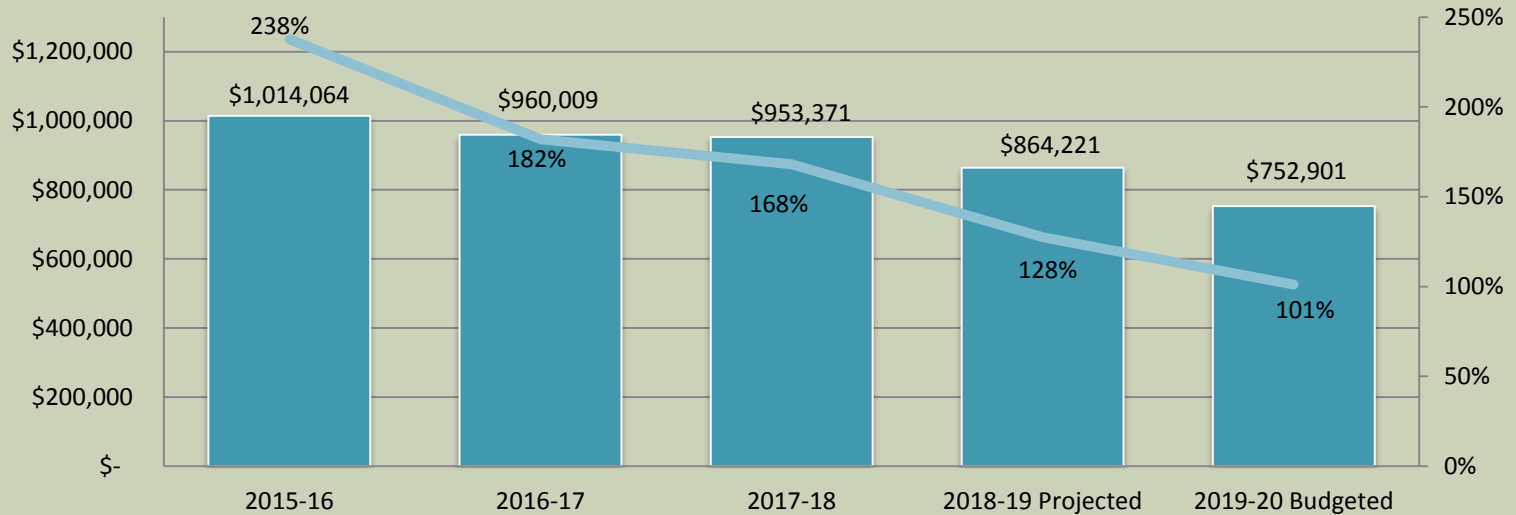
LOCAL STREETS EXPENDITURES 5-YEAR TREND

Local Street Expenditures



LOCAL STREETS FUND BALANCE 5-YEAR TREND

**Local Street Fund Balance
Amount and % of Annual Expenditures**

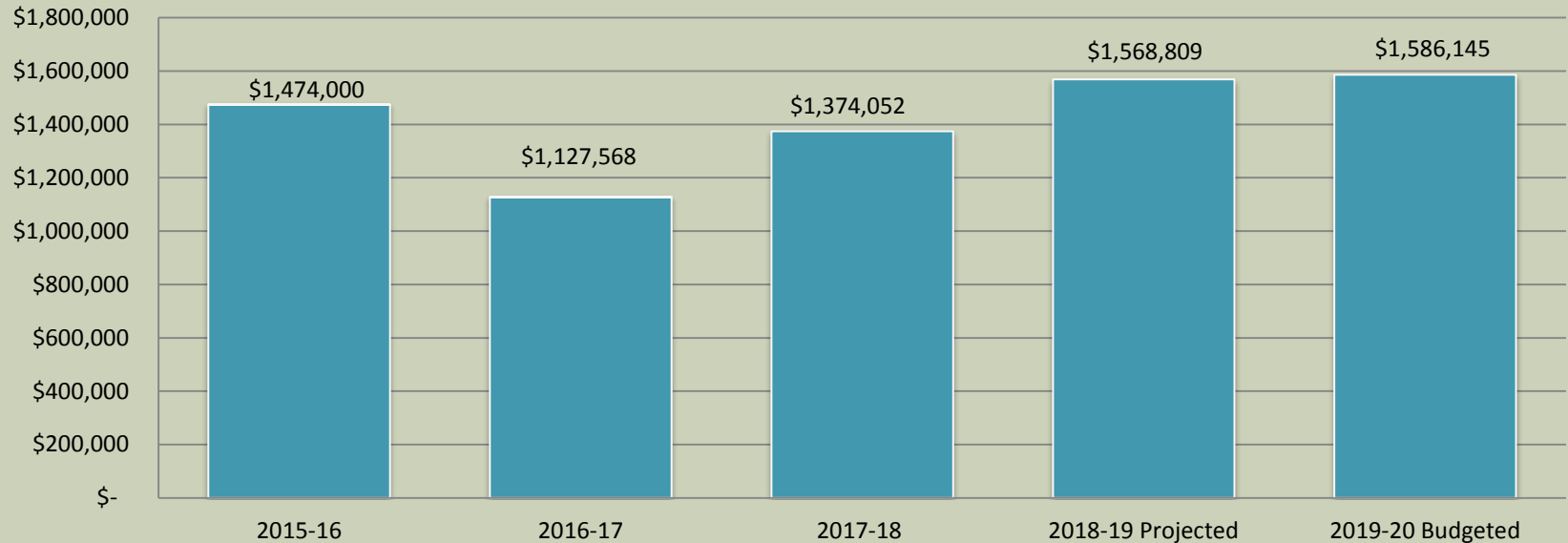


SOLID WASTE FUND OVERVIEW

- Total budgeted revenue for 2019-2020 is \$1,458,208
- Property tax revenue is estimated at \$1,015,128 net of DDA capture and additional residential and commercial charges are expected to generate \$424,180 of revenue
- Total solid waste expenditures, including SOCRRA disposal charges for curbside waste, yard-waste, and recycling is budgeted at \$1,586,145
- The budgeted annual deficit is \$127,937
- The remaining fund balance will be \$162,455 after the 2019-2020 fiscal year ends.

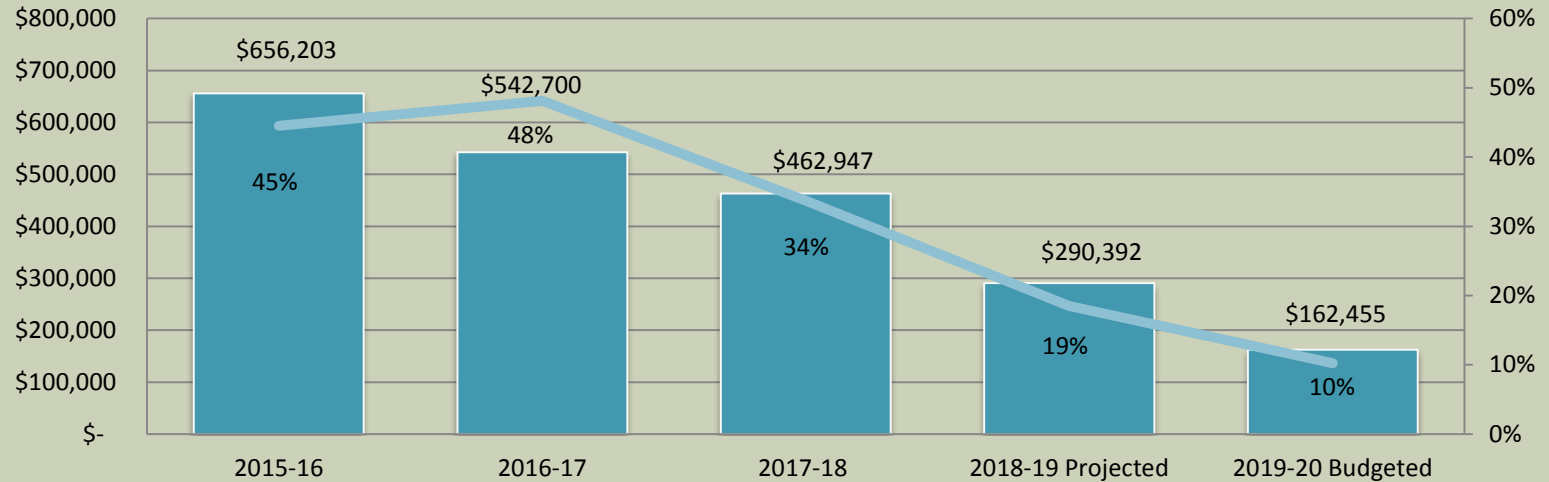
SOLID WASTE FUND EXPENDITURES 5-YEAR TREND

Solid Waste Fund - Expenditures



SOLID WASTE FUND FUND BALANCE 5-YEAR TREND

Solid Waste Fund - Fund Balance



CDBG FUND OVERVIEW

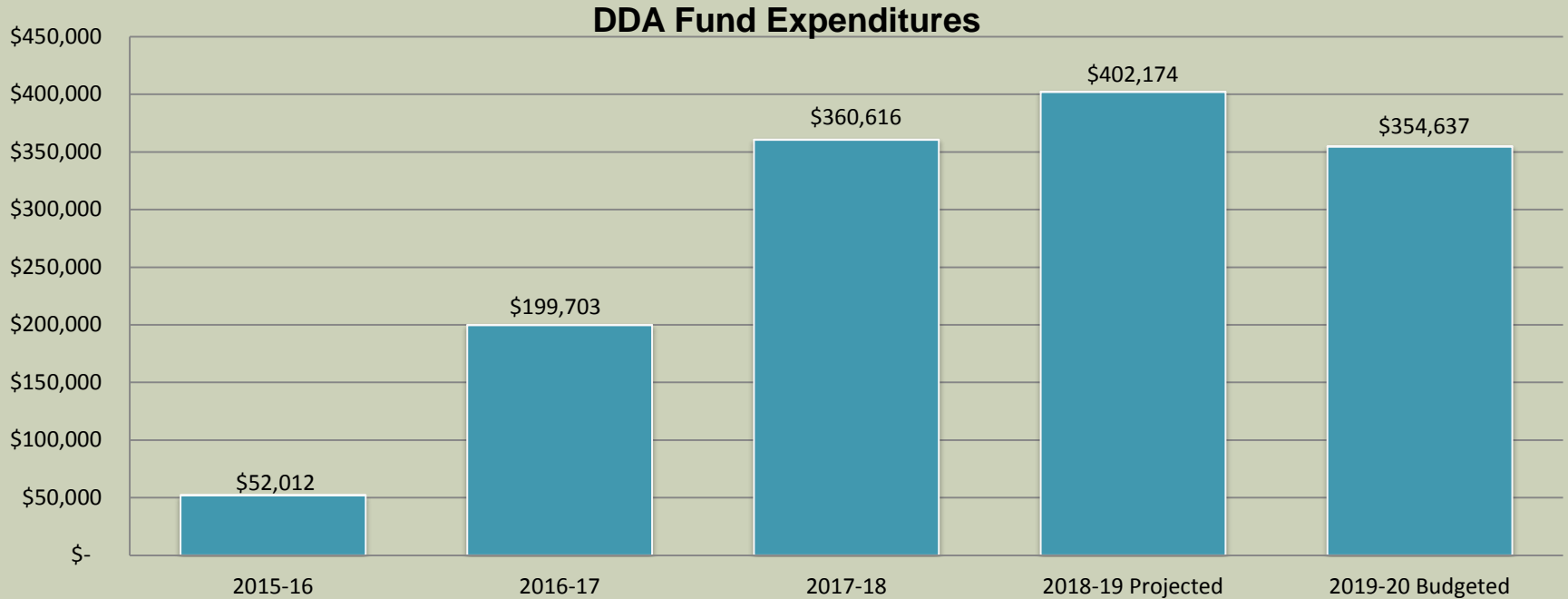
- The current and ongoing CDBG programs include:
- Anticipated revenue of **\$33,419** for 2019 Program Year (PY)
 - ADA Sidewalk Ramps
 - Reprogrammed \$7,817 from 2016 PY
 - Programmed \$37,100 from 2017 PY
 - Programmed \$23,394 for 2019 PY
 - ADA Entry Doors for Public Safety Building
 - **2018 PY \$23,393** - Likely to be reprogrammed in 2019 for sidewalks to be completed in 2020
 - HAVEN Shelter Services for battered and abused spouses - **2018 PY \$3,226 – reimbursed - 2019 PY \$3,500** funding pending federal approval in 2019
 - Large Print Books for Library – **2018 PY - \$3,300** funding available – **2019 PY \$3,025** funding pending federal approval in 2019
 - Yard Services – Snow removal for seniors **2018 PY \$3,500** – submitted and awaiting reimbursement - **2019 PY \$3,500** funding pending federal approval in 2019

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) OVERVIEW

- Total Revenue is budgeted in 2019-2020 to be \$346,665
 - Property Tax Revenues, 2 mil levy rolled back to 1.8776 mills, \$38,823
 - Tax Increment Financing (TIF) capture, \$259,002
 - LCSA-State Reimbursement – PPT, \$26,340
 - Contributions/Donations, \$19,000
- Total Expenditures are budgeted at \$354,637
 - Administration Costs \$76,300
 - Operations Cost \$12,812
 - Special Events \$35,700
 - Advertising/Marketing \$38,500
 - Streetscape and Design Improvements \$38,985
 - Façade Grants \$25,000
 - Business Development \$9,200
 - Wayfinding \$115,000

DDA

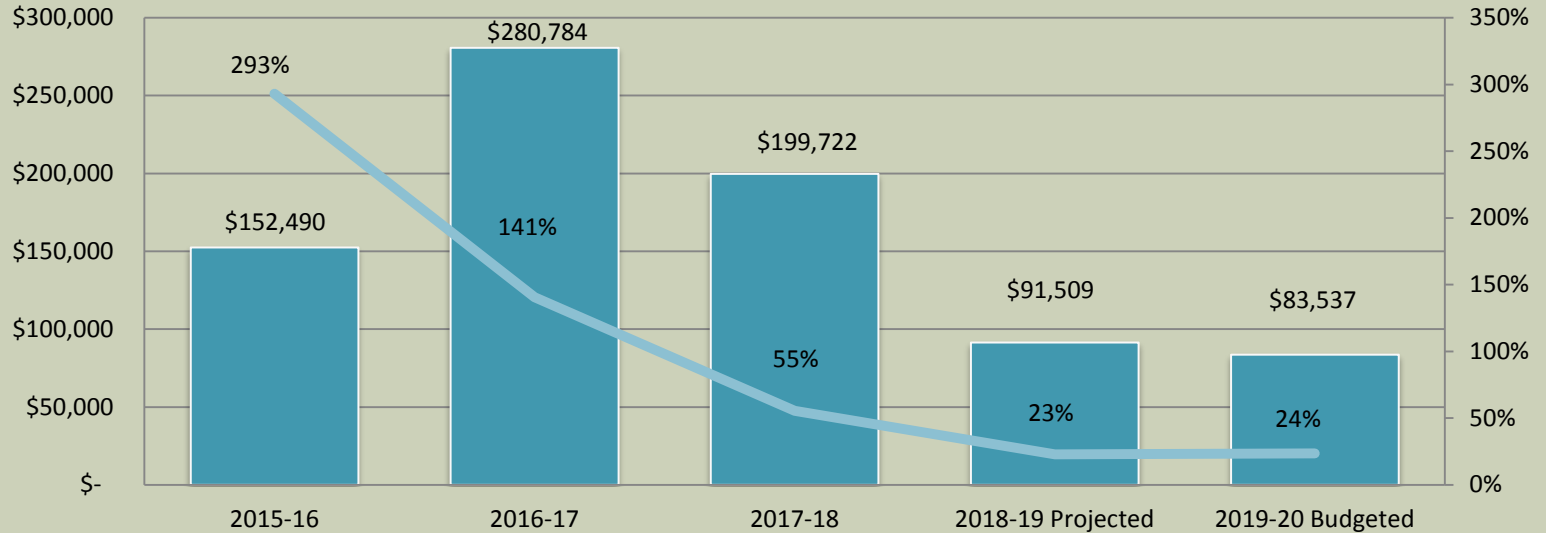
EXPENDITURES 5-YEAR TREND



DDA

FUND BALANCE 5-YEAR TREND

DDA Fund - Fund Balance



CAPITAL PROJECT FUNDS OVERVIEW

■ Court Building Fund

- A \$300,000 transfer out to the Arena Fund is scheduled for demolition of the Ice Arena
- Remaining fund balance will be \$438,259

■ Sidewalk Fund

- A \$290,000 transfer will be made from the General Fund to pay the costs of the sidewalk program beginning in the summer or fall
- A transfer back to the General Fund will be made once special assessments are received from residents or businesses
- Residents will be billed based upon the number of slabs which are replaced along their property lines

■ Capital Improvement-Roads Fund

- Voters approved a Capital Improvement millage for road improvements for 2 mills. That millage has already been rolled back to 1.9612 mills
- Estimated property tax revenue for 2019-2020 is \$1,165,409
- Since tax collection is not completed until late 2019, local road repair and replacement projects will be bid in the winter of 2019-2020 to take advantage of off-season pricing and the early-season scheduling of contractors and road work will begin in spring 2020

DEBT SERVICE FUNDS OVERVIEW

- There is currently one outstanding general debt fund for Berkley
- The 11-Mile Road Bond Project with bond debt issued in November 2005
- The balance of the debt remaining is \$575,000
- Principal payment due for the 2019-2020 budget year is \$275,000 and interest is \$17,500
- This will leave one remaining payment for the 2020-2021 budget year of \$300,000 and interest of \$6,000
- Property tax millage to levy on 2019 summer taxes for this debt payment is .4625, which is a drop of .0302 from the 2018 millage rate of .4927

WATER & SEWER FUND OVERVIEW

- Budgeted Revenue for the 2019-2020 budget is \$7,732,877
- Consumption Charge Revenue is budgeted at \$4,423,156
- Ready to Serve Charge Revenue is budgeted at \$671,764
- Storm Water Charge Revenue is budgeted at \$2,356,462
- An overall rate increase of 5.5% is budgeted for 2019-2020
 - Based on 1,500 cu/ft of water usage per quarter, that would amount to a \$44.93 increase annually for a residential consumer
 - Berkley still has the second lowest overall rate of the ten SOCWA communities based on 4,000 cu/ft of water consumption at \$396.59

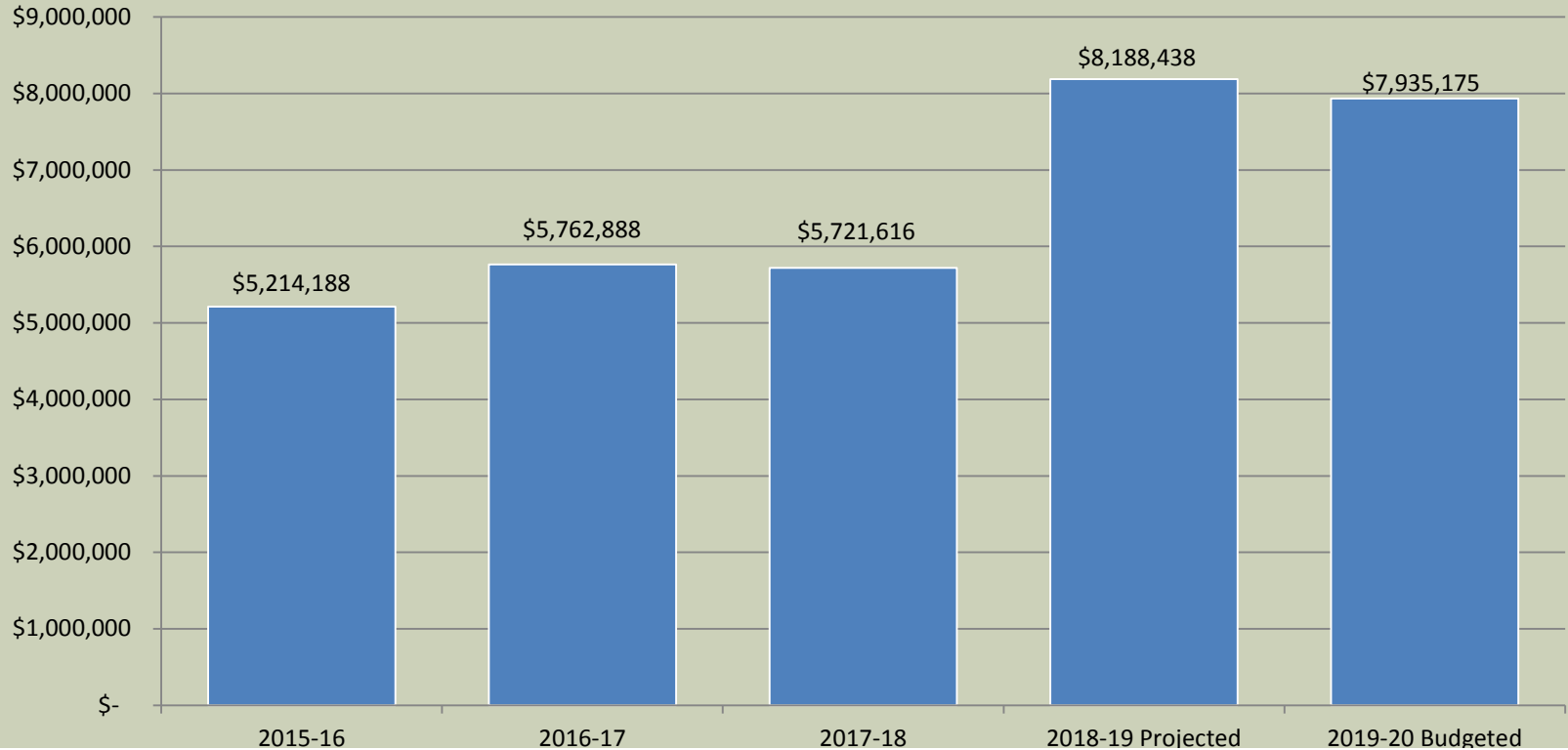
SOCWA 2019 Rate Study		
Rank	Municipality	Quarterly Bill*
1	Huntington Woods	\$ 531.80
2	Lathrup Village	\$ 487.25
3	Southfield	\$ 485.63
4	Royal Oak	\$ 464.85
5	Clawson	\$ 445.70
6	Pleasant Ridge	\$ 431.29
7	Birmingham	\$ 425.71
8	Beverly Hills	\$ 408.04
9	Berkley	\$ 396.59
10	Bingham Farms	\$ 205.65

*Assumes 4,000 Units Used

WATER & SEWER FUND OVERVIEW

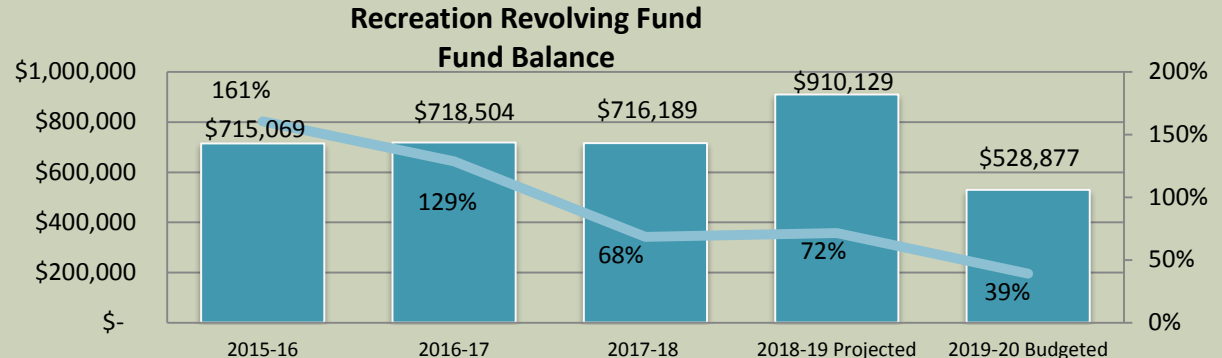
- Plante Moran complete a Water Rate Forecast in March of 2017 to sustainably fund needed repairs and replacement of Berkley's aging water and sewer lines.
- The rate forecast recommended that consumption rate increases should be continued in an amount to complete \$2.2 million of water and sewer infrastructure upgrades annually.
- Fund should also maintain a working capital amount between \$3 million and \$4 million (current working capital estimate is near \$4 million)
- As projected, rate model is on target to allow \$2.2 million worth of water and sewer repairs during the 2019-2020 fiscal year.

WATER AND SEWER EXPENSES 5-YEAR TREND



PARKS & RECREATION REVOLVING FUND OVERVIEW

- The 2019-2020 Budget is projecting revenues at \$1,202,200 and a deficit of \$381,252
- The projected fund balance on 6/30/2019 will be \$910,129
- Budgeted Capital Improvements are \$608,600 for building improvements and multiple park improvements
- Fund Balance will be reduced to \$528,877 by 6/30/2020 and then further reduced to \$34,107 in the 2020-2021 budget
- The General Fund will transfer \$350,000 and the Senior Activities Fund will transfer in \$100,000



SENIOR ACTIVITIES FUND OVERVIEW

- Senior Activities Revenues are budgeted at \$86,086 for the 2019-2020 budget
- The Fund Balance is budgeted to be reduced to \$14,833 by the end of fiscal year 2019-2020
- A transfer of \$100,000 will be made to the Parks and Recreation Revolving Fund to help fund Parks & Rec operations
- It is anticipated that the \$100,000 transfer will not be made in 2020-2021 due to depletion of the fund balance