

Highlights & Changes of Note: 2011-2012 Budget

BUDGET:

- **Property tax values continuing to drop, estimated at -7.55% (-\$17.5M in TV)**
We hope to receive \$504,800 in State Revenues (Act 51, State Trunkline & Revenue Sharing) up slightly from \$499,239 last year +\$5,561 (+1.1%), but the condition of the State of Michigan financially is a big question.
- Capital spending projects totaling \$3.01 Million, down from \$3.3 Million
- **Millage rate remains the same at 12.1528 mills before any Headlee adjustment**

TAXES:

- Operating millage is 9.05 mills - unchanged
- Infrastructure mills 2.1028 (could be changed further by Headlee)
- Millage for trash & rubbish pickup proposed at 1 mill (same as last year)
- estimated taxable value (TV) inflation increase of 1.7% (last year -.3%) but this will not be recognized
- no additional TV added for new construction
- Equalization estimates overall reduction of TV of **7.55%** = \$213,868,535 (was \$231,346,034 in 2010) due to falling property values and foreclosures
- Total change in tax bill for unimproved properties**
Net tax amount change to a household with no improvements - (-6.51%)
which is -\$215.52/yr for TV of \$79,000
\$79,000 is the current average taxable value in the City.
Average City portion of the tax bill = \$960.07 (\$78 less)

Note that this tax calculation may be rolled back by Headlee and this rollback is not accounted for in the 2011-12 budget. Final taxable value totals will not be available until May 29, 2011.

STATE OF MICHIGAN:

- State Revenue - The budget assumes no change in State Revenues in the General Fund and be approximately the same for Gas & Weight taxes in the Major & Local Street funds. We could also lose funding due to the census in the 2012-13 budget in General Fund, Major & Local Street

GENERAL FUND:

- -\$107,300 decrease in Proposed Budget revenue vs 2010-11 Budgeted Revenue
The majority of the decrease is from property taxes (-6.56% overall, -\$142,700)
- -.6% in General Fund Expense (-\$19,500) (Proposed Budget compared to 10-11 Budget)
- Largest reductions in spending are from: Public Works, General Government and Ambulance
- Our new recreation director will be assessing all operations for efficiencies and costs savings

OTHER CHANGES:

- Fringe benefit rates for permanent, full time employees was increased by 1% to 75% to insure that costs can be paid by that fund for fringe benefits and create enough reserve in the fund to cover the liability for vacation and sick leave due employees upon termination. The part-time employee rate was increased by 1% from 13% to 14% to help cover unemployment costs.
- Electric Fund advance to Airport \$100,000 to fund Option 3

DEBT REDUCTION:

- DDA bonds and Act 99 payments to be paid off in 2014/2015 for Bridge Park
- Act 99 Airport terminal loan to be paid off in 2015, while the State airport loan runs until 2014.
- LTGO Marina Bonds are a 20 year issue through 2026.
- Water fund loan for groomer purchase totals approximately \$85,000 as of this budget.
- Only interest is proposed to be paid on the Electric fund advance to Marina Fund for \$700,000 used to complete East Park & the Marina Project.

MAJOR CAPITAL SPENDING:

- **Total major capital expenditures for the following projects:**
(Over \$50,000)

Motor Pool major capital purchases	\$404,500
US-31 Water main from Green to Hurlbut (infrastructure & road millage)	285,000
Meech Street infrastructure improvements (and road millage)	284,900
Street resurfacing from County Road millage (Meech, US31 Water main, Stover Rd)	223,000
12 kv 3 phase construction - Electric Department	100,000
City phone system replacement **	73,700
Engineering for capital projects - Electric & Infrastructure	60,000

** Carry over from last 2 years

Total Major Capital Projects: \$1,431,100

- Wage/Benefit increases 4/1/2011

Unit	Salary increase	Notes
Police/Fire	1.00%	Estimated - POLC contract in negotiations
Non-union Full-time	1.00%	
Non-union Part-time	1.00%	
Communication Workers	2.25%	Per CWA contract

EFB rate increase to .75 for full time .14 part-time	1.37%	all funds effected - to keep fund in black with proper reserve
--	-------	--

Change in Fringe Benefits

	Current	
Current caps on health care costs: <i>(per CWA contract) effective 10/1/2011</i>	\$496/Month	Single contract
	\$1,077/Month	Double contract
	\$1,389/Month	Family contract
	\$312/Month	Opt out - CWA

Increase of the cap on health care costs: <i>(POLC)</i> <i>All effective 9/1/10 (In negotiations)</i>	\$480/Month	Single contract
	\$980/Month	Double contract
	\$1,225/Month	Family contract hired after 4-1-2004
	\$1,370/Month	Family contract
	\$291.67/Month	Opt out - POLC

Increase of the cap on health care costs: <i>(non-union)</i> <i>All effective 10/1/11</i>	\$496/Month	Single contract
	\$1,077/Month	Double contract
	\$1,389/Month	Family contract
	\$312.00/month	Opt out - non union

Proposed Rate changes 4/1/2011

Sewer	6.00%	Ave City residential user rate increase = \$2.01/month or \$24.12/year
Water	4.00%	Ave City residential user rate increase = \$1.04/month or \$12.36/year
Electric	0.00%	
Total Increase		In City residential rate ave user = \$3.05/month , \$36.48/year

Cemetery		
Replacement deeds	\$10	new fee
Deed transfers	Up \$5/transfer	new rate is \$20
Marina docking rates	% increase varies	new Waterways rates now 3 tiers, we have proposed to charge the top tier, increases vary by boat size. Waterways has ok'd this rate.
Airport rates - fee changes and additions		additional fees due to change in management by the City
NSF ACH transactions		increase to \$45 (bank is now charging us more - was \$35)
Golf - season passes increased by \$4 to \$10	2 - 5%	
- Resident fee for punchcards down \$10 in summer	-\$10	to encourage more participation and to compete
Skating rink - skate rental increase	to \$2	\$1 increase (implemented December 2010)
Other recreation rate changes		lowered picnic pavilion non-resident, shows recently changed ski hill rates with differentials for non-residents
Ski Hill - daily fee + \$1/day	to \$13 & \$16	\$1 increase for resident & non-resident (effective December 2010)
season passes up 5%	\$10 to \$40 increase	
Mileage rate for travel costs	.51/mile (current)	Same as the IRS, changes with their rate, current was effective 1/1/11

- Personnel Changes

Move HR position to the General Fund under City Mgr	+32600	Position was in the Fringe Benefit Fund but under the State Chart of Accounts this should be shown in the General Fund.
Increase lifeguards to cover all three beaches	\$10,000	Contribution from the Shuiling Trust Grant
Adding 2 apprentices - Electric transmission & distribution		Assumes one retirement, 2 current apprentices move to journeyman
Change airport Manager to full time, add 1 additional	+ \$197,000	wages and fringe benefit increases