



A HERITAGE OF GOOD LIVING

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## MEMO

**FR:** Sheryl L. Mitchell, City Administrator

**TO:** Mayor and Council Members

**DA:** April 27, 2020

**RE:** FISCAL YEAR 2020/21 BUDGET - STUDY SESSION

## FY 2020-2021 DISCUSSION TOPICS

The following is a summary of the topics for discussions to guide the budget process. The items marked as **NOTE** require additional direction from Council.

### GENERAL FUND / GOVERNMENT OPERATIONS

- The Governor's Fiscal Year 2020-21 budget proposed an increase in Constitutional Revenue Sharing payments of 1.9% (distributed on a straight per capita basis) and an increase of Statutory Revenue Sharing payments of 2.5%. However, any increase is questionable and a reduction is very likely.
- Currently, our budget remains flat relative to State Shared Revenue.
- **NOTE:** Project status quo for state revenue sharing; 2% increase; or up to 30% reduction

### GOVERNMENT SERVICES:

#### STAFFING

- The current FY 2019/20 budget reflected a 3% increase, with 2% being based on performance evaluation and 1% as a cost of living adjustment.
- For FY 2020/21 – the salary grades were initially projecting a total increase of 4%. However, with the uncertainty of revenues; 3% was originally proposed
- **NOTE:** only a **2%** increase is being recommended.
  - 2% increase = \$8,860 for administration staff
  - 3% increase = \$13,290
  - 4% increase = \$17,720
- **NOTE:** Vehicle Expense – no change is requested in City Administrator vehicle expense.

## **GENERAL FUND – ADMINISTRATION**

- Part-time Code Enforcement position is reflected in the budget.
- Salary & Wages – Part-Time is budgeted at \$31,664 for the part-time code enforcement and a few extra hours for temporary assignments.
- **NOTE:** An Assistant to the City Administrator is not currently reflected in the budget
- **NOTE:** A part-time Assistant City Administrator position at \$25/hr is about \$30,000 year
- Elections is increased due to additional elections for this year

## **GENERAL FUND – PUBLIC SERVICES**

- **NOTE: Sidewalk Program** - Council has requested to implement a Sidewalk Maintenance Program with Year 1 being for the business corridors. In past programs, property owners were requested to hire their own contractors for the repairs or given the option to have the sidewalks repaired by the City's contractor. The repayment plans could be spread over 4 years. This requires the City to pay for the Sidewalk Program up front.
- \$20,000 in revenues and expenses is included in the FY 2020/21 budget for the proposed Sidewalk Program
- In 2006, the cost for 11 Mile, 12 Mile, and Southfield Road was \$20,600. This is a placeholder for the FY 2020/21 budget.

## **LATHRUP SERVICES**

- Contractual – FY 2019/20: Lathrup Services contract reflected a 4% increase (\$13,075) and the addition of a staff person (\$56,000).
- **NOTE:** A cost of living is not currently reflected in this budget. The current total is \$395,911.15.
- **NOTE:** Originally a 3% increase was mentioned at \$11,877.33. The budget reflects a 1% increase of \$3,959. A 2% increase = \$7,918.
- The contract is divided between
  - General Fund-Public Services-Contracted Services (31.32%)
  - Local Roads (16.17%)
  - Major Roads (16.17%)
  - Water Fund (18.17%)
  - Sewer Fund (18.17%).

## **RECREATION**

- The timetable for rescheduling holding events in the Community Room and group programming is undetermined at the present time.
- Programming categories are renamed to Adult, Seniors and Children/Youth.
- Many of the senior programs can be reimbursed through CDBG funds.
- Overall, Recreation expenses are reduced by \$20,607.
- **NOTE:** The contract for several pieces of the equipment in the Fitness Center is \$5,000. It is not being recommended for renewal.

## GENERAL FUND – BUILDING & GROUNDS

- Parking Lots & Grounds reflects \$4,000 for contracting with City of Southfield for the required sweeping of the City Hall and DPW parking lots under the MS4 Permit.

## GENERAL FUND – PUBLIC SAFETY

- Creation of the Sergeant Position and 1 Full-time Officer Position in the Police Department. This was delayed from the FY 2019/20 budget.
- Also, negotiating with the police unions for the trial of a 12-hour shift to begin in July.
- **NOTE:** Option to not fill the full-time officer position and complete vacant shifts with part-time officers, until trial period is concluded and a clearer understanding of the costs are known.

## MAJOR STREETS

- FY 2018/19, \$90,000 was budgeted in Major & Local Roads for the purchase of a dump truck for DPS. For FY 19/20 \$80,000 is budgeted to outfit the truck. There is not a large purchase for FY 2020/21, so the Capital Expenditures reflects a \$40,000 reduction.
- **NOTE:** Will need to determine what, if any, funds from Major Street Fund will be transferred to the Local Street Fund. There is a need to set aside funding for the upcoming reconstruction of the next sections of 11 Mile Road.
- **NOTE:** Presently, \$110,000 is being transferred to Local Streets.
- This would leave the Major Street Fund with a projected fund balance of \$334,499
- An estimated \$1.3 million will be needed for the upcoming 11 Mile construction project.

FY 2020/21	Revenues	Expenses	Ending Fund Balance
	389,595	278,989	334,499

## LOCAL STREETS

- FY 2020/21 – Road Maintenance is budgeted at \$250,000 for the reconstruction of Santa Barbara (from San Jose to LaCrosse). The original budget was \$180,000. This is being increased to reflect increased bid costs and the amount of work required.
- FY 2018/19, \$90,000 was budgeted in Major & Local Roads for the purchase of a dump truck for DPS. For FY 19/20 \$80,000 is budgeted to outfit the truck. There is not a large purchase for FY 2020/21, so the Capital Expenditures reflects a \$40,000 reduction.
- The Capital Expenditure of \$13,300 reflects a portion of the TAP grant match for the Complete Streets Project. The balance of the match is in the DDA Budget for the installation of the bike kiosk.
- **NOTE:** Budget reflects \$110,000 is being transferred from Major Streets.
- **NOTE:** Budget reflects \$149,200 is being transferred from the General Fund = 1 Mill

FY 2020/21	Revenues	Expenses	Ending Fund Balance
	403,068	393,649	363,058

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## WATER FUND

- **NOTE:** Increase in Water Purchase Rates is 3.5%
- **NOTE:** It is necessary to increase the Water Rate in order to pay for the Water Main Projects and Water System Maintenance
- Water System Maintenance is increased \$20,000 to address assessment and initial replacements of Lead and Copper water lines.
- Water Main Capital Improvement Program is \$387,000 for the Santa Barbara Water Main Project (from LaCrosse to Roseland and Roseland to Bloomfield to 12 Mile, starting in July 2020).

## SEWER FUND

- **Sewer System Maintenance** is increased \$11,000 for the Rummell Relief Drain Project. This segment is beneath the 13 Mile Road Project scheduled for Summer 2020 construction. The maintenance will extend the useful life of the pipe 20 years, matching the improved roadway life. OCWRC is looking to perform this maintenance prior to, or concurrent with, the road closure. The current estimate is the maintenance will cost \$100,000. Spread at the apportionment, it will be assessed by the Drainage Board to the entities as follows:
- **Sewer System Maintenance** also includes:
  - \$100,000 to clean and televise approximately 25,000 lft of sewers located north of I-696, which have not been recently assessed.
  - \$20,000 to comply with the design/modeling/reporting requirements under the EGLE Administrative Consent Order (ACO).
- **Capital Expenditure** of \$160,000 is for the Evergreen Farmington Sewer Disposal District's Long-Term Corrective Action Project. Total project cost is \$80 million. Lathrup Village's share of the project cost is 3.06%, which equates to an estimated payment of \$2,448,000. The Oakland County Water Resource Commission is planning to finance the project over 20 years using bonds. The assumption is an interest rate of 2.5%. The annual payment for Lathrup Village is \$160,000.

## CAPITAL IMPROVEMENTS

- Capital Improvements Plan recommended by the Planning Commission is \$96,621.

FY 2020-2021		
ACCOUNT/FUND	EXPENDITURE	COST
Administration	Monitors	\$ 14,171.00
Public Safety	Tasers	\$ 4,450.00
Public Services	New Parking Lot - DPW	\$ 60,000.00
Recreation	Park Investment Package	\$ 10,000.00
Recreation	Community Vegetable Garden	\$ 8,000.00
Water		
Sewer		
Major Streets		
Local Streets		
<b>TOTAL</b>		<b>\$ 96,621.00</b>