



## Dr. Sheryl L. Mitchell

City Administrator

City of Lathrup Village

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### MEMO

**FR:** Sheryl L. Mitchell, City Administrator  
**TO:** Mayor and Council Members  
**DA:** May 18, 2020 - **Updated**  
**RE:** **FISCAL YEAR 2020/2021 BUDGET – PUBLIC HEARING**

The City of Lathrup Village's adopted Mission Statements reflects "Providing high quality public services for a better Lathrup Village. Our Mission Statement is based on the principles of high quality and continuous improvement. The following core values guide the actions of the City Council and Administration, as well as, the budgetary decisions making process:

- Transparent, Open and Honest Government
- Dedication to Service
- Fiscal Responsibility
- Personal Honesty and Integrity
- Excellence
- Teamwork
- A Human and Diverse Organization

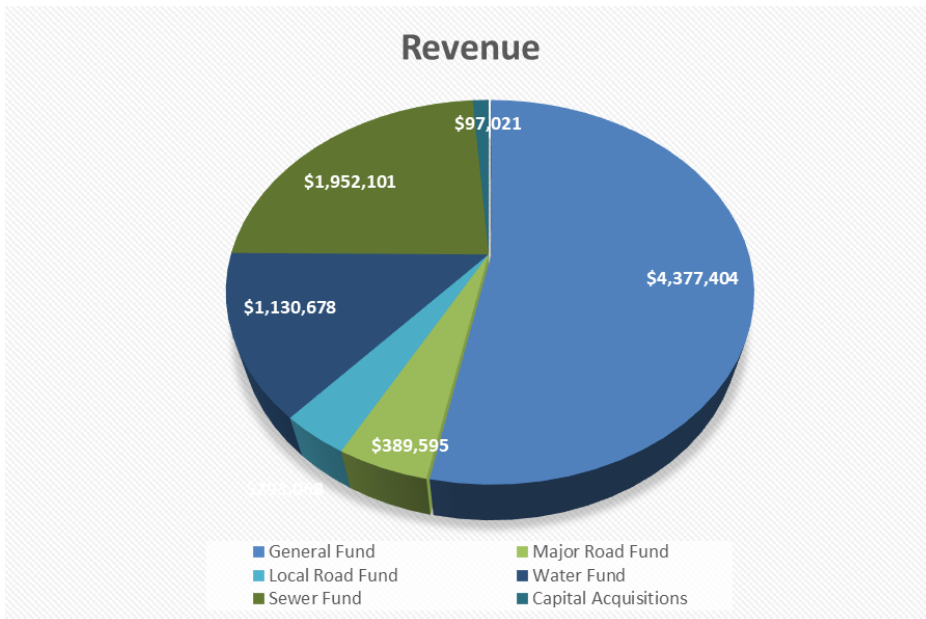
The recommended budget anticipates that there might be future budget amendments that take into consideration the potential negative effects of the COVID-19 pandemic, such as reduced revenue sharing, reduced Act 51 road funding, and future decreases in property values. Presently, these projections are relatively flat.

### FY 2020-2021 PROPOSED

The complete proposed SUMMARY OF REVENUES and EXPENDITURES are summarized as follows:

FUND	FY 2020/2021 REVENUES	FY 2020/2021 EXPENDITURES	FUND BALANCE IMPACT	ENDING FUND BALANCE	Fund Balance As % of Expenditures
General Operating Fund	\$4,377,404	\$4,602,501	(\$ 225,097)	\$ 1,326,711	28.8%
Major Streets	\$ 389,595	\$ 169,156	\$ 220,439	\$ 445,332	263.2%
Local Streets	\$ 293,068	\$ 393,816	(\$ 100,748)	\$ 246,141	62.5%
Water	\$1,130,678	\$ 1,185,230	(\$ 54,552)		
Sewer	\$1,952,101	\$ 1,878,610	\$ 73,491	\$ 6,903,682	
Debt Service		\$ 124,002			
Capital Acquisitions	\$ 97,021	\$ 96,621	\$ 400	\$ 28,690	29.7%
<b>TOTAL ALL OPERATING FUNDS</b>	<b>\$8,239,868</b>	<b>\$ 8,449,936</b>			
DDA	\$ 297,443	\$ 226,970	\$ 70,473	\$1,410,523	621.4%
<b>TOTAL ALL FUNDS</b>	<b>\$8,537,311</b>	<b>\$ 8,676,906</b>			

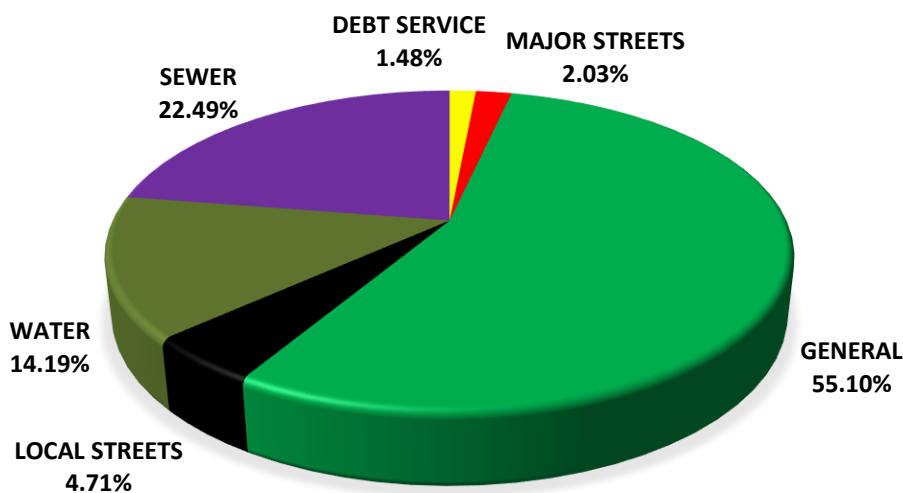
## All Revenues By Fund Type- FY 2020-21



Type	Revenue	Percentage
General Fund	\$ 4,377,404	53.12%
Major Road Fund	\$ 389,595	4.73%
Local Road Fund	\$ 293,068	3.56%
Water Fund	\$ 1,130,678	13.72%
Sewer Fund	\$ 1,952,101	23.69%
Capital Acquisitions	\$ 97,021	1.18%
<b>Total</b>	<b>8,239,868</b>	<b>100.00%</b>

## EXPENDITURES - ALL FUNDS FY 20-21

### EXPENDITURES - ALL FUNDS - FY 2020-2021



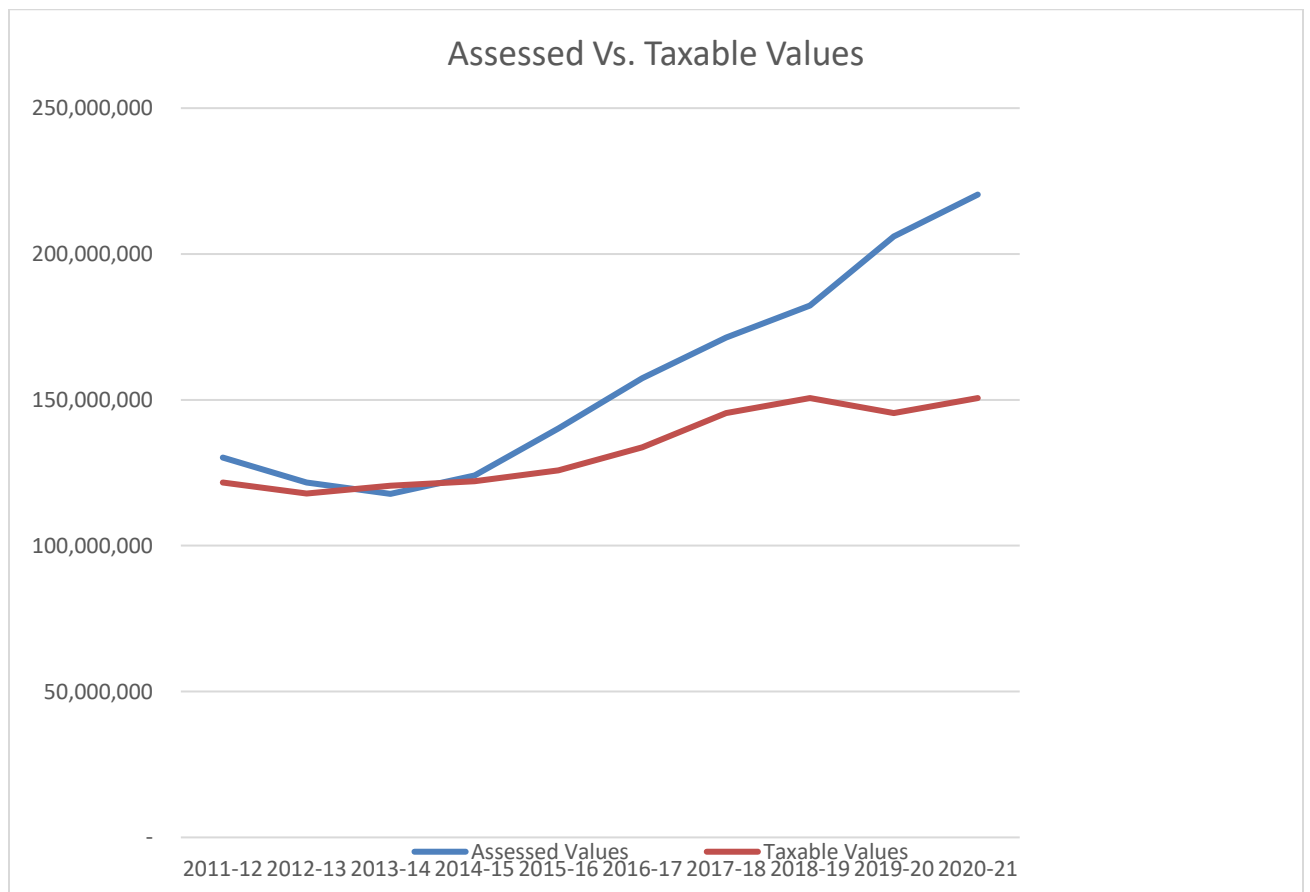
FUND	BUDGETED
DEBT SERVICE	124,002
MAJOR STREETS	169,156
GENERAL	4,602,501
LOCAL STREETS	393,816
WATER	1,185,230
SEWER	1,878,610
CAPITAL ACQUISITIONS	96,621
<b>TOTAL</b>	<b>8,449,936</b>

## TAXABLE VALUE

### PROJECTIONS FOR F.Y. 2020-21

Based on the figures submitted from the Oakland County Equalization Department the total increase in the taxable value for all categories is 3.55%. The figures listed represent the post-Board of Review figures. For Budget calculations I have used a taxable value of \$149,200,000

TV TYPE	2019	2020	% INC.
RESIDENTIAL	112,218,000	117,324,450	4.550%
COMMERCIAL	28,450,920	28,944,370	1.734%
PERSONAL	4,770,620	4,346,490	-8.890%
TOTAL	145,439,540	150,615,310	3.559%



## **MILLAGE RATE**

- The FY 2020-21 millage rate is projected at **20.9198**
- This is a **decrease of 0.3749 mills**
- Taxable value is \$149,200.

<b>Maximum Millage Rate</b>					
<b>FY</b>	<b>General Operating</b>	<b>Refuse</b>	<b>MRF</b>	<b>Taxable Value</b>	<b>Cost to City</b>
2013	20.0000	3.0000	1.0000	\$ 121,626.47	N/A
2014	20.0000	3.0000	1.0000	\$ 117,882.63	N/A
2015	20.0000	3.0000	1.0000	\$ 120,560.08	N/A
2016	19.8320	2.9748	0.9916	\$ 122,069.08	\$ 23,583.75
2017	19.7269	2.9590	0.9947	\$ 125,854.28	\$ 39,527.81
2018	18.5172	2.7775	0.9801	\$ 133,716.30	\$ 228,026.41
2019	18.5172	2.7131	0.9768	\$ 145,439.54	\$ 257,389.88
2020	18.1912	2.6653	0.9824	<b>\$ 149,200.00</b>	<b>\$ 319,808.39</b>

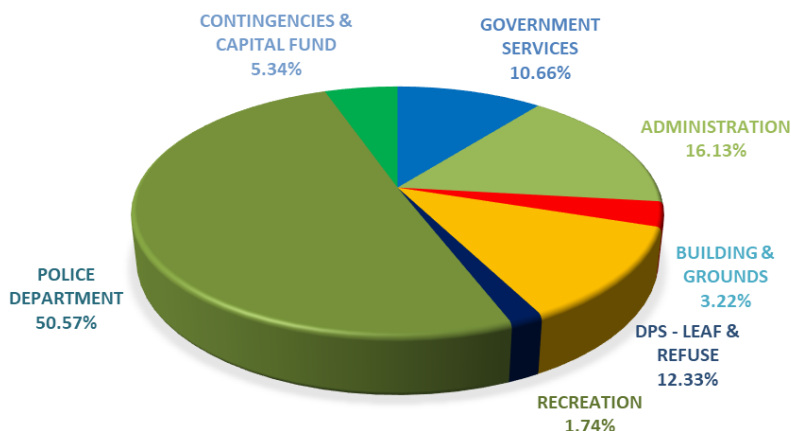
## **MILLAGE RATE BREAKDOWN AND RESULTING REVENUES - 20-21**

<b>MILLAGE TYPE</b>	<b>AUTHORIZED MAXIMUM</b>	<b>19-20 HEADLEE MAXIMUM</b>	<b>20-21 HEADLEE MAXIMUM</b>	<b>F.Y. 19-20</b>	<b>F.Y. 20-21</b>	<b>REVENUE PRODUCED</b>
General Operating	20.0000	18.5172	18.5172	18.5172	18.1912	2,714,127
Refuse	3.0000	2.7775	2.7775	2.7775	2.7286	407,107
Debt Service	N/A	N/A	N/A	0.0000	0.0000	0
<b>TOTALS</b>	<b>23.0000</b>	21.2947	21.2947	<b>21.2947</b>	<b>20.9198</b>	<b>3,121,234</b>
					Taxable Value Calculation:	

## **GENERAL FUND / GOVERNMENT OPERATIONS**

- Projecting a net decrease in GF revenues of \$65,083 and increase in expenses of \$149,555.
- Currently, our budget remains flat relative to State Shared Revenue.
- **Government Services/Staffing & Administration**
  - A 2% increase salary increase is being reflected.
  - Salary & Wages – Part-Time is budgeted at \$31,664 for the part-time code enforcement and a few extra hours for temporary assignments.
  - A part-time Assistant City Administrator position at \$25/hr is included at \$15,000 year. It is anticipated that the position would not be filled before January 2021, when revenue projections can be more clearly determined.
  - Elections is increased due to additional elections for this year
- **Public Services**
  - Sidewalk Program: \$10,000 in revenues and \$30,000 in expenses is included in the FY 2020/21 budget for the proposed Sidewalk Program
- **Lathrup Services**
  - The budget reflects a 1% increase of \$3,959.
- **Recreation**
  - Overall, Recreation expenses are reduced by \$20,607.
  - The contract for several pieces of the equipment in the Fitness Center is \$5,000 annually for 3 years. It is not included in the budget.
- **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 (Municipal Separate Storm Sewer System (MS4 Permit), as part of the National Pollutant Discharge Elimination System (NPDES) to protect and improve the state's water resources. Pollution Prevention requires that sweeping is conducted on city-owned parking lots. The City has an agreement with the City of Southfield for this service.
  - Additional \$25,000 is added to Salary & Wages – Temporary for building sanitization services.
- **Public Safety**
  - Negotiating with the police unions for the trial of a 12-hour shift. The trial period is to begin in July to October 2020.
  - Budget includes creating a full-time officer position. The position will not be filled until the 12-hour shift trial period is concluded and a clearer understanding of the costs are known.

## **GENERAL FUND EXPENDITURES BY DEPARTMENT**



## **F. EXPENDITURES - FY 19-20 TO FY 20-21**

FY 2019-2020 TO FY 2020-2021

DEPARTMENT	FY 19-20	FY 20-21
GOVERNMENT SERVICES	509,738	490,750
ADMINISTRATION	711,060	742,524
BUILDING & GROUNDS	124,428	148,428
DPS - LEAF & REFUSE COLLECTION	525,249	567,507
RECREATION	100,713	80,106
POLICE DEPARTMENT	2,174,996	2,327,364
CONTINGENCIES & CAPITAL FUND	306,762	245,821
<b>Total - General Fund</b>	<b>4,452,946</b>	<b>4,602,501</b>

## WATER & SEWER FUND

- The water rate increase is 8.78% and Sewer Rate increase of 0.30%.
- FY 20/21 - Combined Rate \$126.07 - Water: 43.48, Sewer: 82.59)
- FY 19/20 – Combined Rate: \$122.31 - Water: \$39.97, Sewer: \$82.34

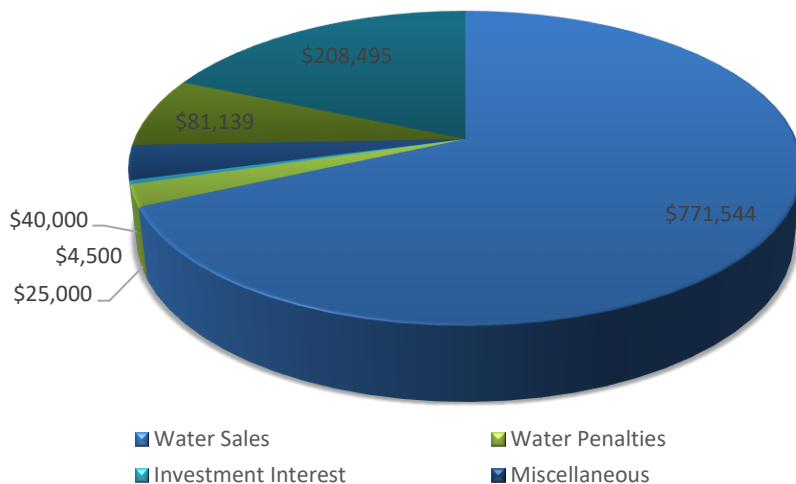
## WATER

- Increase in Water Purchase Rates from \$15.67 to \$17.73; an 8.78% increase.
- 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).

### WATER RATE REVIEW

WATER	DETROIT	SOCWA	CITY	CAPITAL	TOTAL
WATER RATE - 19-20	0.00	15.67	15.80	8.50	39.97
WATER RATE - 20-21	0.00	17.73	16.50	9.25	43.48
INC./(DEC.) IN \$	0.00	2.06	0.70	0.75	3.51
INC./(DEC.) IN %	#DIV/0!	13.15%	4.43%	8.82%	8.78%

### Water Revenue by Source



WATER FUND	PROJECTED FY 20-21
Water Sales	\$ 771,544
Water Penalties	\$ 25,000
Investment Interest	\$ 4,500
Miscellaneous	\$ 40,000
Meter Charge	\$ 81,139
Replacement Reserve Rev	\$ 208,495

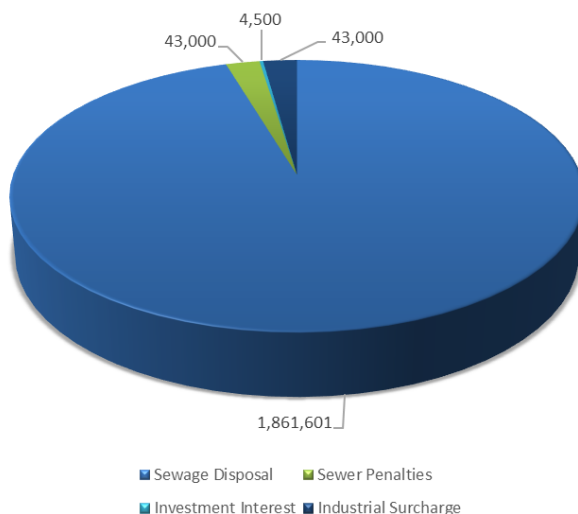
## SEWER

- **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.
- The quarterly rate from Oakland County Water Resources Commissioner for the operation and maintenance of the Sanitary Retention Tank is \$18,750.

### SEWER RATE REVIEW

CALCULATION FORMULA	FY 19-20	FY 20-21	\$ INC.	% INC.
DETROIT/EVERGREEN FARM.	55.60	56.85	1.25	2.25%
LOOK BACK ADJUSTMENT	0.00	0.00	0.00	0.00%
EXCESS FLOW CHARGE	0.00	0.00	0.00	0.00%
OPERATIONS & MAINTENANCE	12.80	11.80	(1.00)	-7.81%
DEBT SERVICE	7.69	7.69	0.00	0.00%
CITY	6.25	6.25	0.00	0.00%
<b>TOTAL</b>	<b>82.34</b>	<b>82.59</b>	<b>0.25</b>	<b>0.305%</b>

Sewer Revenue by Source



SEWER FUND	20-21
Sewage Disposal	1,861,601
Sewer Penalties	43,000
Investment Interest	4,500
Industrial Surcharge	43,000

## **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.
- Council recommendation is NOT transfer \$110,000 from Major Streets to Local Streets.
- This would leave the Major Street Fund with a projected fund balance of \$445,332
- An estimated \$1.3 million will be needed for the upcoming 11 Mile construction project.

## **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.
- Budget does NOT reflect a transfer from Major Streets.
- Budget reflects \$149,200 is being transferred from the General Fund = 1 Mill

## **CAPITAL IMPROVEMENTS**

- Capital Improvements FY 2020/21 Budget 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		
TOTAL		\$ 96,621.00