



CITY OF OAK PARK

ANNUAL BUDGET

EXECUTIVE SUMMARY

Fiscal Year 2018-19



A MESSAGE FROM THE CITY MANAGER



I am pleased to present the Financial Summary of the Annual Budget for Fiscal Year 2017-18 and the FY 2018-19 and FY 2019-20 Projected Budgets. Each year I am given the honor of providing a recommended budget for the upcoming Fiscal Year. In addition, this is the third year that we are offering residents a simpler and clearer option in which to view the City's budget; the Executive Summary. In this easy-to-read summary, residents and business owners can view the highlights of this fiscal year's budget.

As such, I am happy to report that, due to the City's conservative budgeting, we are projecting to enter FY 2018-19 in a better position than we anticipated. The City originally projected the General Fund to break even in FY 2016-17, and to use \$212,750 of General Fund balance in FY 2017-18. Instead, the City ended FY 2016-17 with a General Fund surplus of \$175,000 and we are projecting to end FY 2017-18 with a \$307,000 surplus. While this will be the third year in a row we have passed a three year balanced budget, we are

projecting to use General Fund balance in FY 2019-20. Within this document I have highlighted some of the challenges the City is facing, as well as some of the cost saving initiatives we have identified to assist in overcoming these challenges. I hope you enjoy this easy-to-read summary, and by the end, I hope you share my excitement for what the future holds for our great city!

Erik Tungate,
City Manager

CITY COUNCIL STRATEGIC PLAN



In 2013, City Council adopted a Strategic Plan that consists of six priority areas of focus, each with measurable objectives intended to guide the City through 2019. The priorities of the Plan are summarized within three main tenets: Community, Culture, and Commerce. Each year the recommended budget reflects our dedication to accomplishing these goals and objectives.

COMMUNITY

Strengthen community by providing the highest possible quality of life, and becoming a regional leader in rebuilding the urban environment and public realm

CULTURE

Enhance culture by providing the highest quality programs and services while encouraging collaboration among community members and maintaining the City's unique cultural diversity

COMMERCE

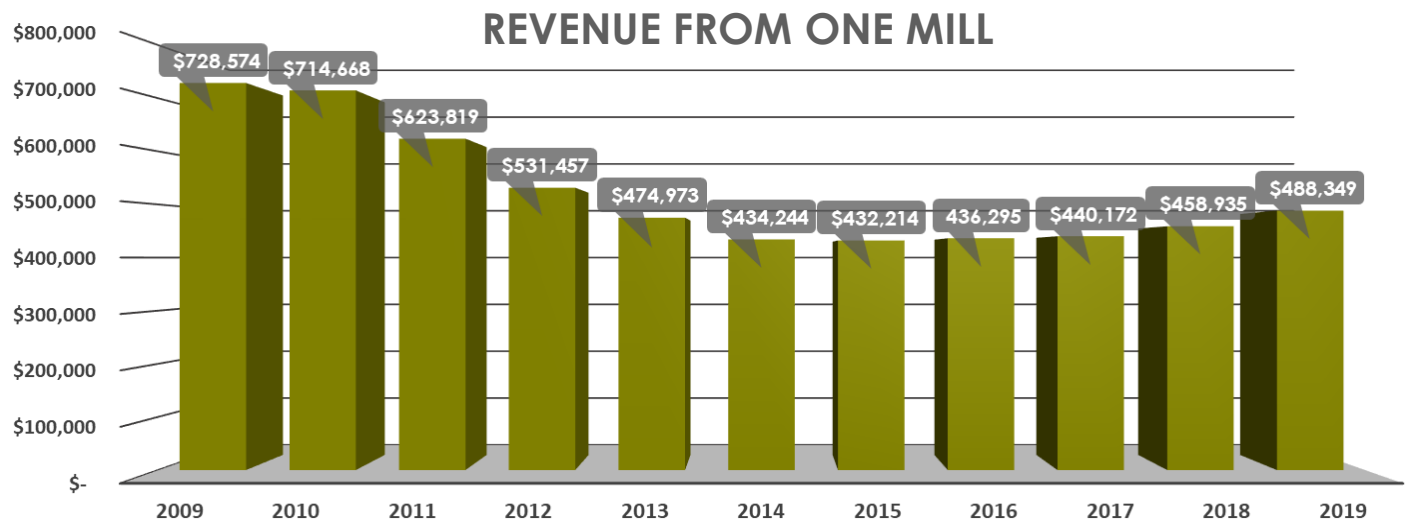
Stimulate commerce by encouraging business growth and innovation, while establishing a vibrant city center and thriving activity nodes, and ultimately maximizing Oak Park's competitiveness in the region



OVERCOMING CHALLENGES

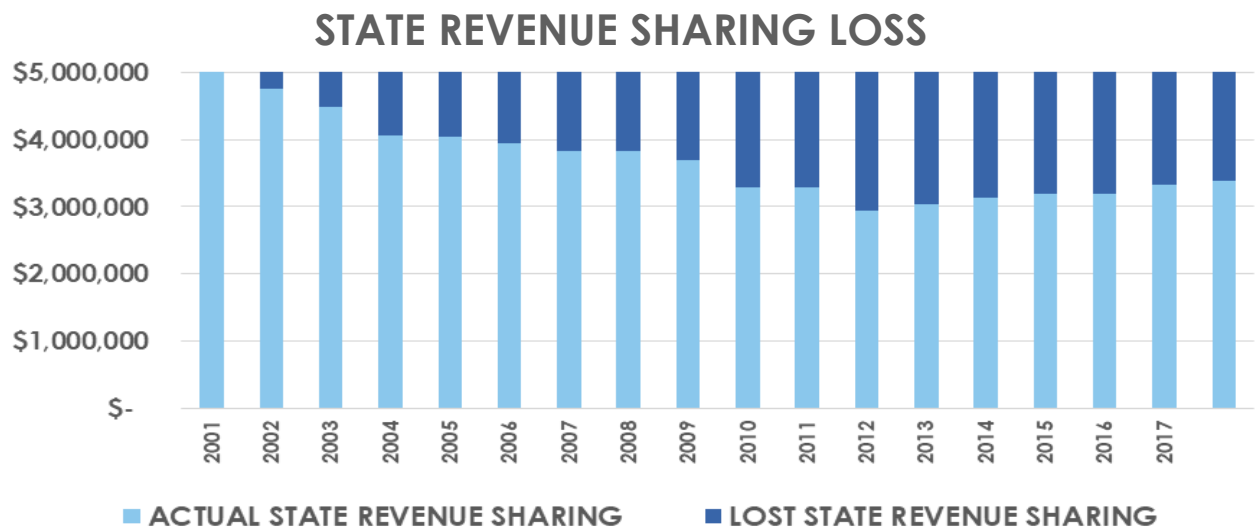
RESTRICTED TAX REVENUE GROWTH

Over half of the City's revenue comes in the form of property taxes. The amount of property tax revenue the City receives is directly related to the taxable value of all properties located within the City. Taxable value of property experienced a significant decline during the Great Recession (*total taxable value for the City decreased by 40% between 2009 and 2014*). When the City's total taxable value dropped, so did the amount of revenue generated from one mill. The decrease in the value of one mill resulted in a decrease received from property taxes to fund essential services. The value of one mill has fallen significantly, from \$728,000 in 2008 to its lowest point of \$432,000 in FY 2014-15. While property market values are rising, the State limits the amount of revenue growth realized by the City. The Headlee Amendment and Proposal A limit the growth of the taxable value of existing property to the rate of inflation or five percent, whichever is less. Even as property values rise, the taxable value of a property is significantly limited.



STATE REVENUE SHARING

The State has significantly reduced the amount of money it provides to local municipalities in revenue sharing. In 2002, Oak Park received \$5 million dollars in revenue sharing. That amount decreased to \$3.3 million in FY 2016-17. This has resulted in a considerable cumulative decrease over the years. Based on the amount of revenue sharing received in 2002, the City has experienced over a \$23 million cumulative loss of these funds through FY 2016-17.



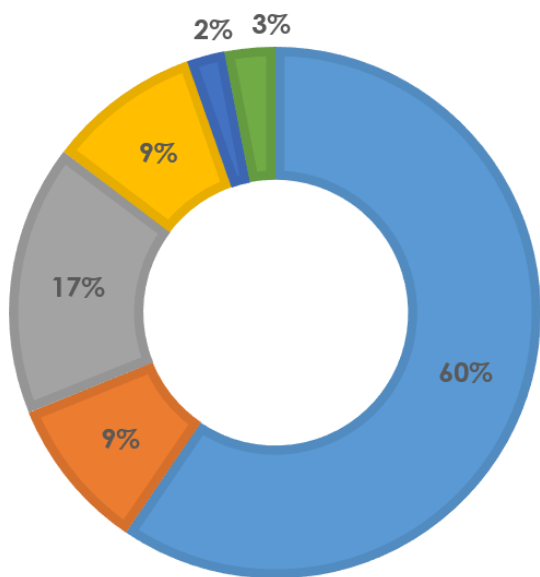
REVENUES

Projected revenue for all City funds, which include the General Fund, Special Revenue funds, Debt Service funds, Capital Project funds, Internal Service funds, Enterprise funds, and Fiduciary funds is \$61.2 million.

GENERAL FUND

The General Fund is the City's principal operating fund. It is used to account for all financial resources traditionally associated with City government. General Fund revenues are budgeted at \$21.4 million in FY 2018-19, an increase of \$327,490 from projected FY 2017-18 revenue. A majority of this increase comes from property taxes, which make up nearly 60 percent of the City's revenue. We are anticipating a three percent increase in property tax revenue in FY 2018-19.

General Fund Sources of Revenue

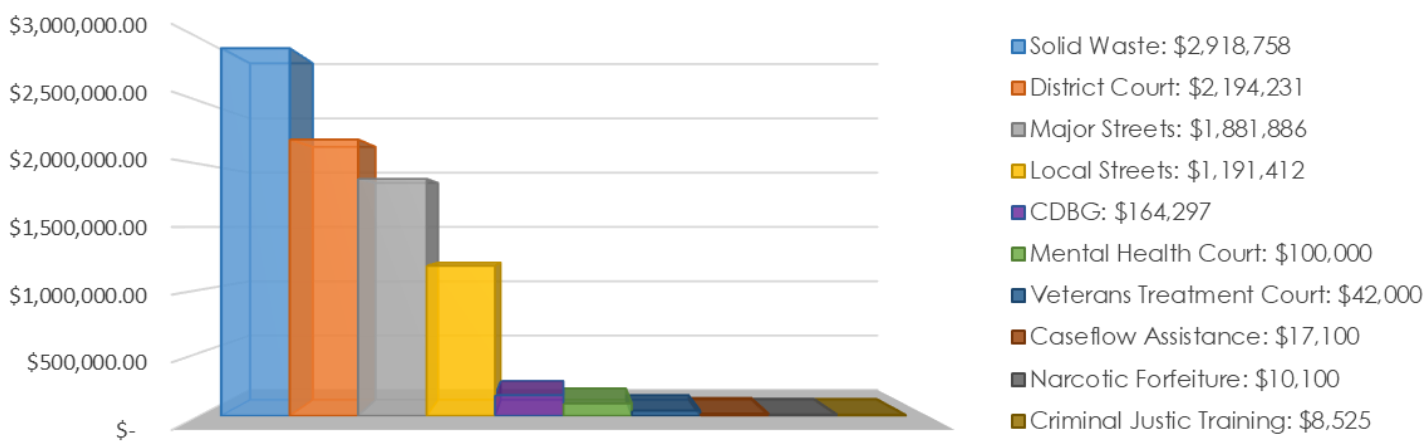


- Property Taxes:** The General Fund millage rate is 25.206 for 2018. This includes a general operating millage, a Headlee override operating millage, a public safety millage, a recreation millage, and the public safety 345 millage.
- Ordinance Fines:** Ordinance fines are generated from tickets issued by the City and adjudicated through the 45th District Court, as well as Civil Infraction fines issued by the City for blight violations.
- Intergovernmental:** Intergovernmental revenue includes constitutional and statutory revenue sharing for the State, as well as any other State grants awarded to the City.
- Investment Interest & Other:** This category includes interest gained on investments as well as other miscellaneous revenue sources.
- Licenses & Permits:** License and Permit revenue is derived from various licenses and permits issued by the City.
- Charges for Service:** This category includes various services that the City charges for, including recreation and library programs.

SPECIAL REVENUE FUNDS

The City's budget includes several Special Revenue Funds, which are defined as a fund account for the proceeds of specific revenue sources (other than special assessment, expendable trusts, or the major capital projects) that are legally restricted to expenditures for specific purposes. Total revenues for these funds are budgeted at \$8.5 million. See the chart below for a full list of the City's Special Revenue Funds, and the budgeted revenues for each.

Special Funds Revenue





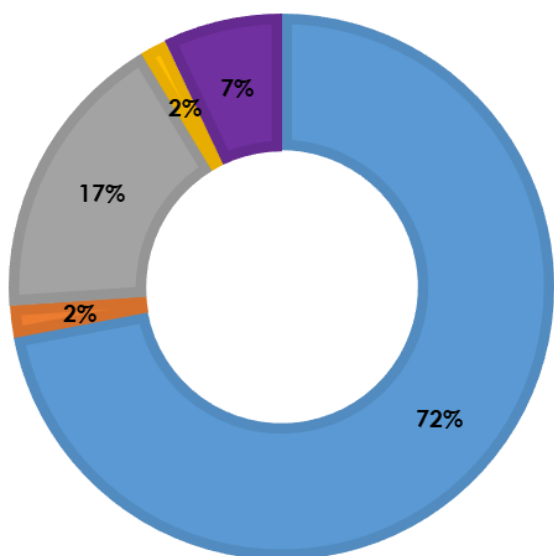
EXPEDITURES

Projected expenditures for all City funds, which include General Fund, Special Revenue funds, Debt Service funds, Capital Project funds, Internal Service funds, Enterprise funds, and Fiduciary funds is \$61.7 million.

GENERAL FUND

The General Fund is the City's principal operating fund. It is used to account for all financial resources traditionally associated with City government. General Fund expenditures are budgeted at \$20.8 million in FY 2018-19, a slight increase over the projected FY 2017-18 expenditures. While the General Fund is experiencing an increase in wages and healthcare costs, these are offset by cost saving initiatives being implemented this year.

General Fund Expenditure Categories



Personnel Services: Personnel Services include wages and fringe benefits, including health care and retirement benefits.

Capital Outlay: Capital Outlay items are typically budgeted in advance through the City's Capital Improvement Plan. Capital expenditures are items valued at \$5,000 or larger.

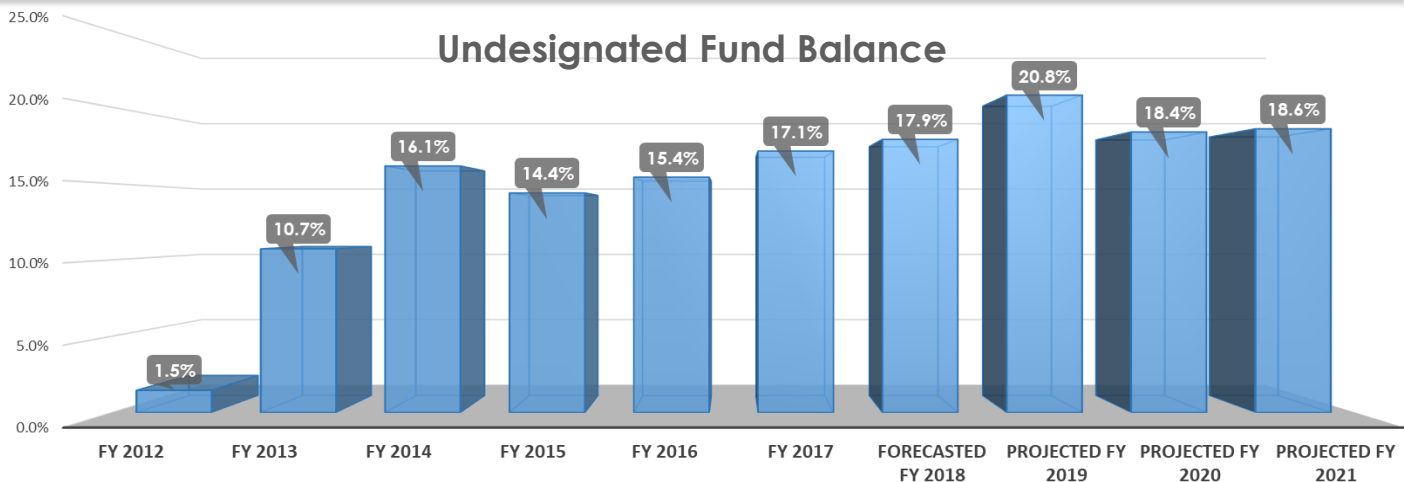
Other Expenditures: This category includes various expenditures, including: conferences and workshops, membership dues, education and training, printing, transfers to other funds, and other miscellaneous expenses.

Supplies: Supplies include the General Fund supply budget for each department.

Professional Services: This category includes all professional and contractual services budgeted within the General Fund. These range from the City's legal expenses to contracts with instructors for recreational programs.

GENERAL FUND BALANCE

It is important that the City maintain a healthy General Fund balance or "rainy day fund," in order to provide for necessary emergency expenditures. A "healthy" fund balance is an adequate amount of cash to maintain costs until property taxes and other revenues are received, and to avoid short-term borrowing. It is City policy to maintain a General Fund balance of 8.33 percent of expenditures. The General Fund balance has been maintained at above that requirement since FY 2012-13. We are projecting to add \$608,194 to the General Fund balance in FY 2018-19, bringing it to 20.8 percent of expenditures.





CAPITAL IMPROVEMENT PROJECTS

The City has a well-thought-out and calculated plan for reinvestment in our assets to ensure that taxpayer money is being spent in the most efficient way possible. In an effort to do so, and also provide exceptional public facilities, infrastructure, and overall public services, this budget includes consistent and strategic reinvestments in our equipment and infrastructure. In FY 2018-19 there are \$4.79 million in capital projects budgeted among various City funds, including Major and Local Streets, General Fund, Water and Sewer Fund, Solid Waste Fund, and the Public Improvement Fund.

ROAD PROJECTS

There are over \$1.1 million in road projects planned for Fiscal Year 2018-19 alone. This includes the annual joint and crack sealing program, as well as the annual miscellaneous concrete repair and replacement program. In addition, there is continued funding for the City's grant match for the 9 Mile Road redesign, and the Coolidge bridge improvements. A majority of the budgeted funds for these projects come from the Major and Local Street funds, which are provided by the State of Michigan to the City as our share of gas and weight taxes.

BUILDINGS & PROPERTY

It is a top priority of the City to ensure we maintain the facilities and amenities provided to Oak Park residents. In the FY 2018-19 budget there is over \$1.5 million dedicated to this priority. This includes renovations to the 45th District Court, roof repairs to the Library and Community Center, swimming pool renovations, repairs and improvements to the Public Works building, and a grant match for the City's capital costs for participation in MOGO, a regional bike sharing program with surrounding communities.

WATER & SEWER RATES

Due to the consistent increase in water and sewer costs, combined with the necessary maintenance of our water and sewer infrastructure, the City must continue to increase water and sewer rates for the next three years. In FY 2015-16, the City hired Plante Moran to conduct a water and sewer rate study to assist in determining an adequate rate structure. The study recommended a seven percent blended rate increase passed on to residents for the first four years. City Council, in an effort to relieve the cost burden borne by residents, only passed on a six percent blended rate increase for FY 2017-18. The less than recommended rate resulted in the City using fund balance from the Water and Sewer fund to cover operating costs for FY 2017-18. In an attempt to cover the increasing costs of water and sewer services, while responsibly maintaining our infrastructure and preserving a fund balance to safeguard against unforeseen circumstances, City Council passed a blended rate increase of 14.65% in FY 2018-19.



An example of one of the MOGO bike stations residents can expect to see in Oak Park in the future. The City, along with the cities of Detroit, Ferndale, Royal Oak, Huntington Woods, and Berkley, was awarded a grant that provides a majority of the capital costs for the participating communities to purchase bike stations. These new stations will connect to the existing MOGO system in the City of Detroit, and will provide transportation options for residents to travel within the participating communities.

WATER & SEWER PROJECTS

In order to reduce the risk of catastrophic failures in our water and sewer system, the City follows a strategic program of reinvestment in our infrastructure. The budget for Fiscal Year 2018-19 includes almost \$1.2 million in water and sewer maintenance and repair projects. These include a water main replacement on Kenosha, the Private Water Assistance Program, the 8 Mile Pump Station pump replacement, the Lift Station pump replacement, and annual sewer lining and repairs.



FISCAL YEAR 2017-18 IN NUMBERS

While the focus of this summary is the budget City Council passed for the upcoming fiscal year, it is important to look back at our accomplishments from last year. Each year as the administration works to prepare a budget for City Council we are constantly reflecting on how we performed the prior year in order to set our path for the future, and establish new objectives to meet in the upcoming year.



DID YOU KNOW?

All residents who own a dog or cat must obtain a license from the Records Division of the Department of Public Safety. Residents may choose a 1 year license (\$7 if your animal is spayed/neutered, \$16 if it is not), or a 3 year license (\$15 if your animal is spayed/neutered, \$30 if it is not). You may contact the Records Division at (248) 691-7526 for more information.

Landlords must register all of their properties with the City. Properties must be inspected by Code Enforcement every two years or when an occupancy change has occurred. You can find more information on the City's website or by calling the Technical & Planning Department at (248) 681-7450. If you believe a landlord has not obtained a Rental Certificate, please contact the Technical & Planning Department.

The Oak Park Public Safety Department offers a free Home Watch program to provide residents added peace of mind when they are away from home for extended periods of time. Residents can sign up for the program by visiting the Public Safety Department at 13800 Oak Park Blvd.



DID YOU KNOW?

Have you ever wondered if you or your neighbor is in violation of a City Ordinance? You can easily view all of the City's Ordinances via the City website (through the "Government" tab), where you can search ordinances by keyword. You may also call our Technical and Planning Department at (248) 691-7450.

The City of Oak Park has been recognized as a Tree City USA by the National Arbor Foundation every year for decades. The Department of Public Works takes care of the more than 15,000 trees that are located on public properties. Tasks include mulching, removing damaged and diseased trees, stump removal, and planting additional and replacement trees.

The Recreation Department offers something for all ages. From yoga and softball to senior lunch trips, and swimming, there is a program or activity for everyone to enjoy! You can find a list of all upcoming programs and events in the quarterly City Magazine and Recreation Program Guide. The publication is sent to every household in the City, and can also be found in City facilities.



CITY COUNCIL

Marian McClellan, Mayor
Solomon Radner, Mayor Pro Tem
Carolyn Burns, Council Member
Ken Rich, Council Member
Regina Weiss, Council Member

CITY ADMINISTRATION

Erik Tungate, City Manager
Kevin Yee, Assistant City Manager