



CITY OF OAK PARK
ANNUAL BUDGET
EXECUTIVE SUMMARY
Fiscal Year 2019-20



A MESSAGE FROM THE CITY MANAGER



I am proud to present the enclosed Financial Summary of the Annual Budget for fiscal year 2019-20, as well as the projected budgets for FY 2020-21 and FY 2021-22.

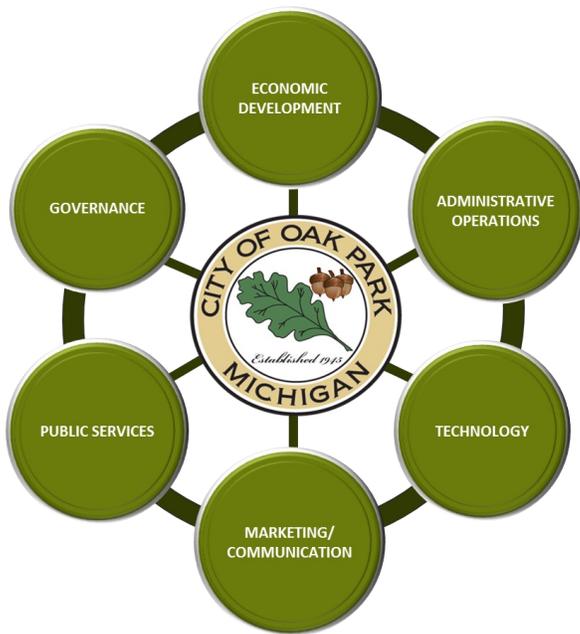
Each year, I am required by City Charter to provide a recommended budget for the upcoming fiscal year. As such, I am happy to report that we have passed a three-year balanced budget that puts our community on solid ground for the foreseeable future.

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.

Enclosed you will find a clear summary of the City's budget. As always, thank you for your support.

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. As 2019 is quickly coming to an end, we are pleased to announce that we have completed many of the objectives outlined in 2013. City Council is in the process of assessing and setting the City's goals and objectives to guide our progress for the next five years.

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

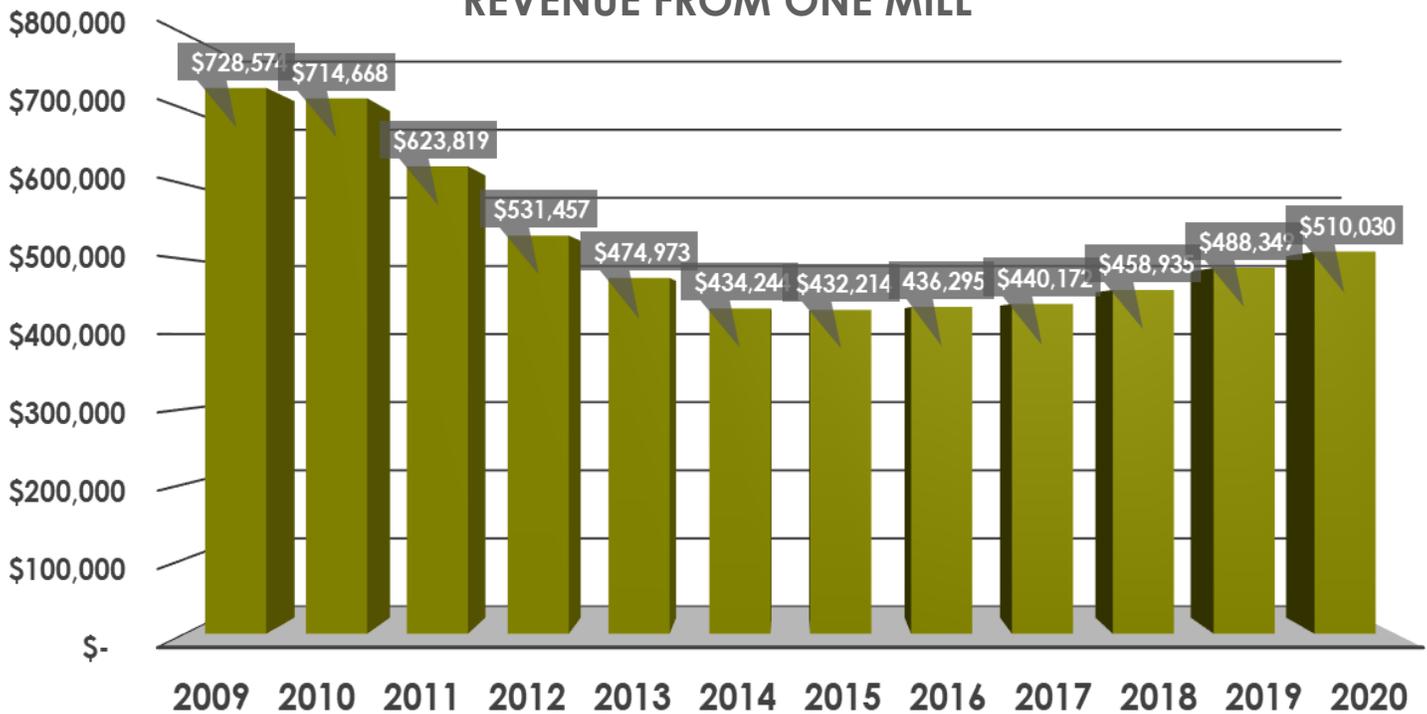


OVERCOMING CHALLENGES

RESTRICTED TAX REVENUE GROWTH

Nearly sixty percent 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, resulting in a significant decrease in revenue 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. Proposal A limits 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 until a property transfers ownership. Compounding the effect of Proposal A is the Headlee Amendment, which limits the growth of property tax revenue collected by local governments. As a result the City's tax rate is reduced by a Headlee rollback in an amount to offset increased revenue over the rate of inflation. Absent growth that results from new construction of improvements, the City can only see an increase in property tax revenue equal to the rate of inflation.

REVENUE FROM ONE MILL



STATE REVENUE SHARING

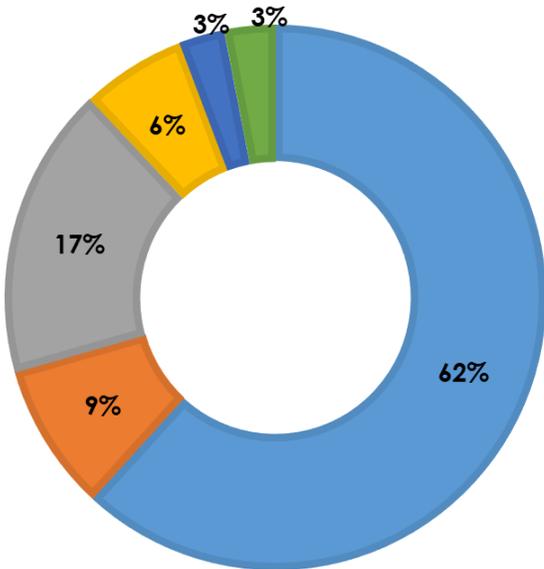
The State has significantly reduced the amount of money it provides to local municipalities in revenue sharing. In 2002, Oak Park received \$5 million dollars in revenue sharing. That amount has drastically decreased over the years, hitting a low of \$2.9 million in FY 2011-12. This has resulted in a considerable cumulative decrease over nearly two decades. Based on the amount of revenue sharing received in 2002, the City has experienced more than a \$24 million cumulative loss of these funds through FY 2018-19.

REVENUES

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 \$21.5 million in FY 2019-20, an increase of nearly \$500,000 from estimated FY 2018-19 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 2019-20.

General Fund Sources of Revenue



Property Taxes: The General Fund millage rate is 26.216 for 2019. 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 from 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.

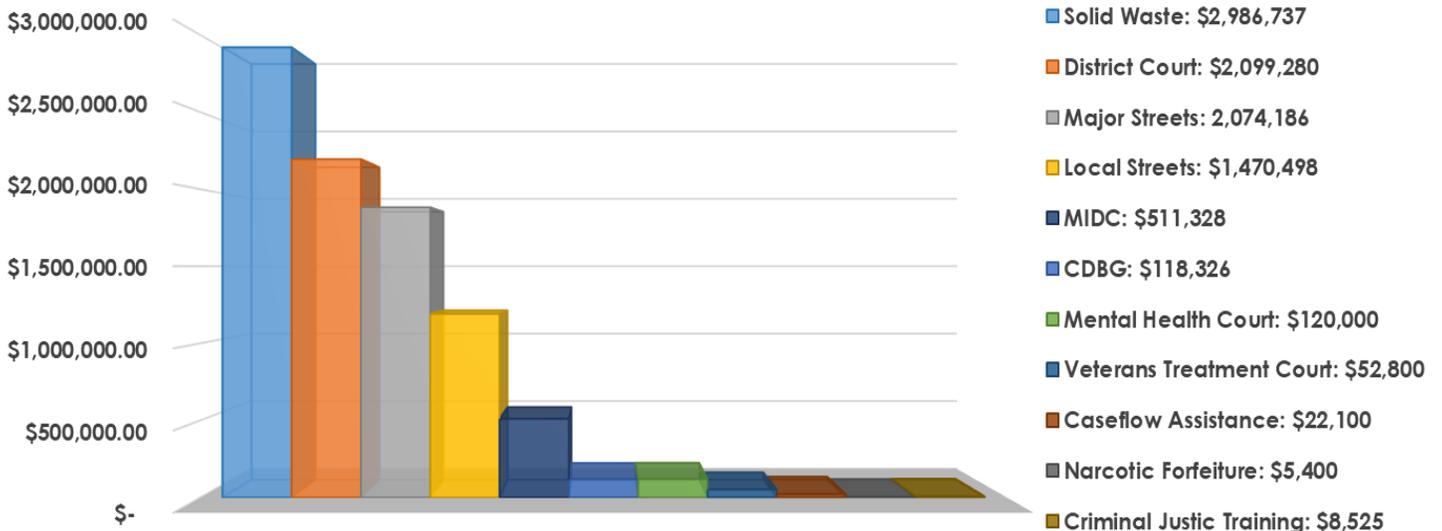
Licenses & Permits: License and Permit revenue is derived from various licenses and permits issued by the City.

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.

SPECIAL REVENUE FUNDS



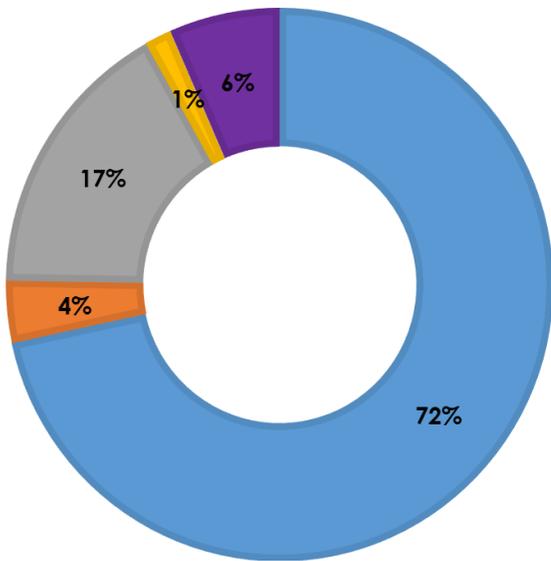


EXPENDITURES

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 \$21.5 million in FY 2019-20, a slight increase over the projected FY 2018-19 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.

GENERAL FUND BALANCE





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, while continuing to provide exceptional public facilities, infrastructure, and overall public services. In FY 2019-20 there are \$4 million in capital projects budgeted among various City funds.

ROAD PROJECTS

There are \$750,000 in road projects planned for Fiscal Year 2019-20 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 funding allocated to the new pedestrian islands on 10 Mile Road. 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 2019-20 budget there is over \$1 million dedicated to this priority. This includes continued funding towards amenities on the 9 Mile corridor including the 9 Mile linear park, community center renovations, swimming pool repairs, repairs and improvements to the Public Works building, renovations to current park restrooms, as well as the addition of restrooms to Shepherd Park.

WATER & SEWER RATES

In FY 2015-16, the City hired Plante Moran to conduct a water and sewer rate study to assist in determining an adequate water and sewer 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. Due to the consistent increase in water and sewer costs, combined with the necessary maintenance of our water and sewer infrastructure, City Council passed a blended rate increase of 7.57% in FY 2019-20.

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 2019-20 includes almost \$1.5 million in water and sewer maintenance and repair projects. These include a water main replacement on Kenosha, the Private Water Assistance Program, the Remote Water Meter replacement, the 8 Mile Pump Station and Lift Station pump replacements, and annual sewer lining and repairs.



The City is working with Yeshiva Beth Yehudah Schools to apply for a Safe Routes to School Program grant to fund new and improved pedestrian facilities in several areas throughout the City. The proposed infrastructure improvements include: a new mid-block pedestrian crosswalk on 10 Mile Road near Harding Avenue, improved pedestrian crossings at Lincoln Avenue and Briar Drive, adding a new left turn signal phase at 10 Mile Road and Church Street, multiple ADA ramp improvements, and a larger pedestrian refugee island at Greenfield and 10 Mile Roads. These infrastructure improvements will provide a safer environment for pedestrians, including children walking to and from school.



FISCAL YEAR 2018-19 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.



Animal Licenses
445



New Businesses
60



Rental Units Certified
1,385



Total Building Permits
530



Calls for Police Action
14,743



Code Enforcement Cases Initiated
6,639



Trees Planted
125



Recycling Collected (in tons)
1,468



Recreation Programs
370



Library Program Attendance
3,112

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.

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