

**FISCAL YEAR 2010-11 ANNUAL BUDGET  
EXECUTIVE SUMMARY**

**Honorable Mayor and City Council:**

I am pleased to present to you the FY 2010-11 Budget. The budget document represents the program strategies and resources formulated by City staff during the budget preparation process as well as the modifications made by the City Council during the three budget work sessions held in April.

In these challenging economic times the Administration has continued to prepare an annual city budget that is not only fiscally conservative but continues to move the City forward to achieve the Goals and Objectives of the City Council.

Department Directors submitted conservative budgets that had already been adjusted to the current times. Changes in programming and personnel have been made in order to maintain the City's sound financial status. The budget proposes no wage increases for this year. Changes have also been made to the number of positions and hours worked for many seasonal and part time staff.

Due to the challenging economic times the City Manager and City Treasurer will continue to work on the budget figures between the presentation of this Executive Summary and proposed budget and the more detailed Departmental Budget information provided to Council for the Budget Workshops later in April. Administration is continuing to seek ways to contain personnel and health care costs.

The Council Goals and Objectives are incorporated with the departmental missions to formulate a comprehensive plan for providing high quality services to the citizens of Richmond in the most cost-effective manner possible. Following are some of the highlights of the budget:

**CONSISTENCY WITH CITY MISSION  
AND GOALS**

The City of Richmond mission statement of "promoting a high quality of life for its residents by providing municipal services and addressing community issues in partnership with its citizens, businesses, and neighbors" is the guiding premise for the preparation of this budget document. While financial resources are severely constrained as a result of the current economic situation, city council and administration are committed to continuing to provide high quality, responsive services to citizens and the business community.

Several goals established by the City Council for FY 2010-11 continue to be reflected in the preparation of this budget:

- **Council Issue #1 – Promoting Industrial and Commercial Growth.** Funds have been allocated in TIFA to cover a portion of the City Planners salary in order for him to focus more of his attention on updating the Business District Master Plan and TIFA Development Plan. Administration will continue to work to develop ways to streamline permit

processing and formulate creative financing plans for industrial and commercial development, redevelopment, and business retention. The TIFA's façade improvement interest subsidy and Project Clean-Up programs are growing in interest and popularity. Changes have been made to these programs to target assistance to foreclosed properties. The city is prepared to work cooperatively to promote appropriate industrial development through the use of financial incentives such as Industrial Facilities Tax (IFT) abatements and Local Development Financing (LDFAs). Additional funding has been included to market industrial and commercial properties in St. Clair County as well as the rest of the City. This year the City will focus on the 32 acres of industrially zoned property at the end of Skinner Drive.

- **Council Issue #2 – Traffic Congestion and Parking on Main Street.** Traffic congestion and parking on Main Street are being addressed through several projects. The city will begin implementation of the new Master Transportation Plan. Council has identified maintaining parking along Main Street and providing adequate off-street parking for downtown businesses as a priority, and the TIFA has allocated \$200,000 to continue acquiring private property to expand parking areas. The city continues its aggressive Sidewalk Improvement Program to enhance pedestrian safety and the walkability of the community. The City is implementing the access management plan and ordinance for Gratiot Avenue.

- **Council Issue #3 – Streetscape Implemented.** The Muttonville Phase (IV) was completed in the spring of 2009. The Streetscape Committee has developed a list of amenities to finish the Streetscape Project that will be reviewed this year by the TIFA Board and City Council.
- **Council Issue #4 – Rails-to-Trails Funding, Maintenance, Use, and Development.** The Trailhead Park was completed in the summer of 2007. Administration continues to program the city's share of the Macomb Orchard Trail operational budget. The Macomb Orchard Trail Commission is working to correct problems associated with the construction of Phases II and III.
- **Council Issue #5 – Orientation and Training for Members of Boards and Commissions.** The FY 2010-11 Budget includes appropriations for continued training and education for City Council, Planning Commission, Board of Zoning Appeals, and Board of Review. Administration will assist the city's boards and commissions in identifying and implementing appropriate orientation and training programs.
- **Council Issue #6 – Code Enforcement.** The FY 2010-11 Budget includes appropriations for administrative assistance in the Office of the City Manager to assist in the coordination of a team oriented approach to code enforcement.

#### GENERAL FUND REVENUES

The FY 2010-11 Budget maintains a general operating ad valorem property tax levy of

16.6526 mills for general operating purposes. The City Council has adopted a policy of setting aside two mills for the Municipal Street Fund for street improvements, a practice started in FY 2001-02. This year due to a contribution of the City's Tax Increment Finance Authority the contribution to the Division Road Project, the transfer to the Municipal Street Fund from the General Fund has been reduced to \$158,557. The City's operating millage rate has been the same since FY2005-06. The City will also continue to levy a 1% administration fee on all tax collections as permitted by State law. The tax collection fee charged to school districts was eliminated in FY 2001-02 as a result of levying the administration fee. The City's taxable value has decreased this year by \$18.4 million to \$177,007,452 (**Source: March 2010 Board of Review**). The Richmond Tax Increment Finance Authority will capture \$31,636,153 of the taxable value. One mill for general operating purposes is equal to \$145,718 after TIFA capture. (Last year on mill was equal to \$159,984) The City will realize \$2,426,591 in property tax revenues with a tax levy of 16.6526 mills and an additional \$66,000 from the administration fee.

Residential property represents \$122,398,057 or 69% of the City's total taxable value a decrease of more than \$18.68 million over last year; commercial property represents \$40,286,419 or 22.7% an increase of \$72,205; industrial property represents \$4,862,926 or 2.7% an increase of \$392,771\*; developmental property represents \$269,751 or .2%; and personal property represents \$9,537,550 or 5.4% an increase of \$129,875. \*The industrial increase is due to the retiring of an IFT.

Proposal "A" enacted by a vote of the people in 1994 and effective beginning in 1995 continues to erode municipal revenues. As Council is aware, Proposal "A" established

the concept of *taxable value* as the means for determining tax assessments and capped annual assessment increases at 5% or the rate of inflation, whichever is less. While the State Equalized Value (SEV) of the City is \$184,334,650 for FY 2010-11 (Source: March 2010 Board of Review), the value of property which can be taxed will be \$177,007,452. The FY2010-11 loss of tax revenue from Proposal "A", based on a 16.6526 mill tax levy, will be \$122,017. Proposal "A" forces many municipalities to levy higher property tax millages than would otherwise be necessary, and those persons recently purchasing a home are disparately affected by property taxes with the uncapping of assessments.

Meanwhile, State revenue sharing from sales tax will decrease considerably from the FY 2001-02 Budget of \$684,707 to \$398,645 in FY 2010-11, a decrease of more than \$286,062 or 42 percent, which would be the equivalent of 1.5 general operating mills. This reduction in State revenue sharing will prevent the City from providing a more substantial general operating tax millage reduction for our citizens in FY 2010-11. Sales Tax revenue sharing fluctuates, sometimes dramatically, with changes in the economy, making it a very unstable revenue source. It must also be remembered that during the previous few years, the State legislature has eliminated the income tax, single business tax, and inventory tax revenue sharing payments to municipalities. It should be noted that the Michigan legislature continues to look at revenue sharing and personal property tax changes that could impact General Fund operating revenues.

The budget calls for a June 30, 2011, ending fund balance of \$688,207. The budget also proposes a contingency of \$8,000.

## GENERAL FUND EXPENSES

**CITY COUNCIL.** The FY 2010-11 Budget provides for compensation for the Mayor at \$60.00 per regular meeting attended and for councilors at \$50.00 per regular meeting attended. The budget is unable to continue the Annual Recognition Dinner. The budget provides for continued membership in the Michigan Municipal League, Michigan Municipal League Legal Defense Fund, Southeast Michigan Council of Governments, Traffic Safety Association of Macomb County, and Richmond Area Chamber of Commerce. The Budget also provides funds for Council members to attend training sessions and committee meetings put on by these organizations. The printing and publishing provided for in this department puts out the City Calendar. The City will need to utilize new technology to distribute the quarterly newsletters.

**CABLE TELEVISION SERVICES.** The budget includes an appropriation to provide for Cable TV production through a part-time coordinator. The City withdrew from NEMC in July 2004 and to begin broadcasting its programming through Channel 12 and 900. The Cable Budget does provide for additional hours for the Cable Coordinator in order to provide him time to work on the cable channel six issue. The position will remain part-time. Due to changes in Comcast policies the cable budget also includes \$1,500 to reimburse the Cable Commission for a portion of their cable bills.

**CITY MANAGER.** The City Manager's budget provides funding for full-time administrative assistance to the City Manager. The conferences and workshops budget incorporates funds to permit attendance at MLGMA winter institute and MML workshops. The budget includes an appropriation for the City Manager's membership in the Michigan Local Government Management

Association and the Michigan Society of Planning.

**ELECTIONS.** The budget for elections provides the resources necessary to conduct the Primary Election in August 2010, the General Election in November 2010, the potential Special Election in February 2011, and the School Election in May 2011. The potential Special Election in February may be necessary due to a State Constitutional Convention. The increase in the number of elections has caused this budget to increase.

**ASSESSING.** The budget provides for the salary and wages for the Assessor and part-time help in the summer to measure houses. The budget also includes an appropriation for annual software support for the Equalizer tax administration software and the purchase of ArcView software and computer hardware upgrades.

**LEGAL SERVICES.** The cost for legal services has declined dramatically over the several years since we began tracking these expenses in one department from more than \$90,000 in FY 2000-01 to a proposed appropriation of \$25,550.

**CITY CLERK.** The budget provides for an appropriation for 80% of the City Clerk's salary and benefits and 37.5% of the clerk secretary/receptionist wages and benefits. Remaining percentages are charged to the Water Fund and Sewer Fund. Appropriations are also provided for contractual services for printing of ordinance supplements to the city code; printing and publishing for legal notices; memberships in the Macomb County Clerks Association, International Institute of Municipal Clerks, and the Michigan Association of Municipal Clerks.

**BOARD OF REVIEW.** There are no significant changes proposed for the Board of Review budget.

**CITY TREASURER.** The budget provides for 65% of the salary and benefits of the Treasurer position, with the remaining percentages allocated to the Major Streets, Local Streets, Water, and Sewer funds. The Treasurer's budget includes service contracts for the FundBalance, BS&A software and audit services.

**CITY HALL BUILDINGS AND GROUNDS.** The budget includes appropriations for wages and benefits for DPW maintenance services at City Hall; building equipment maintenance to continue the annual inspection and servicing of the heating/cooling system; contractual services for computer maintenance, engineering, janitorial, high speed internet, and website domain and hosting services; office equipment maintenance for the postage scale and scale software, mailing machine, computers, and copier; equipment rental for the postage meter, post office box, and safe deposit box.

**POLICE - BUILDINGS AND GROUNDS.** The budget includes appropriations for the wages and benefits for part-time janitorial services, and for building maintenance contracts such as lawn maintenance, snow removal, and mechanical systems and fire suppression system annual inspections. The Police Chief and Public Service Director will continue to work to complete repairs to the Police Post. There are no major building improvements this year. Funding is included to replace some of the window blinds on the Richmond Police side. The city leases 60% of the police post to the Michigan State Police, and the lease agreement contains provisions establishing responsibility for the city to perform certain routine maintenance for the facility.

**POLICE.** The wage and benefits accounts include appropriations to continue the following programs: (1) traffic patrol coverage;

(2) Drug Abuse Resistance Education; (3) bike patrols and community policing; (4) code enforcement activities; and (5) special event police coverage. This year the Department will keep the three police vehicles that were in the final year of a three year lease last fiscal year. No new police vehicles will be leased.

**TRAFFIC AND SAFETY.** The budget includes appropriations for wages and benefits to provide crossing guards at key street intersections for school children.

**COMMUNICATIONS.** The only significant increase in the budget is due to increases in salary and benefits costs for police and fire dispatching services. The communicators are the only employees with a budgeted salary increase, which is due to this being the final year of their contract. The Fire Fund reimburses the General Fund for 10% of the costs of communications services.

**CODE ENFORCEMENT.** Due to limited funds, the city will continue to handle code enforcement functions primarily through the Police Department rather than establishing a separate code enforcement officer position. However, the City Manager's office is working to coordinate a team approach to code enforcement. All code complaints will be funneled through this person, and the complaints sent to the department most equipped to handle the situation.

**BUILDING DEPARTMENT.** The Building Fund expenses are offset by permit fees, and the City is required by State law to hold excess building revenues in reserve. The city employs a full-time secretary/receptionist and a part-time Building Official and contracts with others for electrical, mechanical, and plumbing inspection services. Beginning in 2001-02, the city began tracking revenue surpluses in the Build-

ing Fund in accordance with applicable law, and there is currently no surplus for the Building Department.

**PLANNING.** The budget reflects the salary and benefits costs for the full-time Planning and Zoning Administrator position. This year 15% of the salary and benefits costs will be provided through TIFA. The budget also provides for the continuation of in-house training programs for the Planning Commission.

**BOARD OF ZONING APPEALS.** The budget provides for the continuation of in-house training programs for the Board of Zoning Appeals and for printing and publishing of public hearing notices.

**EMERGENCY PREPAREDNESS.** The City Manager currently serves as Emergency Management Coordinator. Administration continues its work on preparing a new Emergency Management Program and Emergency Operations Plan for Council approval and is active in fire department and other emergency management training programs.

**PUBLIC SERVICE DIRECTOR.** The budget provides for 42.5% of the Public Service Director's salary and benefits, with the remaining percentages allocated to the Major Streets, Local Streets, Water, and Sewer funds. The budget also includes resources for 10% of the cost of a part-time secretarial position for the department, with the remaining costs to be charged to the Water Fund and Sewer Fund.

**PUBLIC WORKS.** The budget provides for portions of the wages and benefits of public works personnel which are attributable to General Fund functions or which cannot be properly allocated to other funds. The percentages allocated to General Fund and the other funds are based upon historical data

trends for each position. The budget also includes appropriations for continuation of the tree maintenance programs; city clock maintenance; and equipment maintenance. This year a significant cut has been made to the urban forestry tree planting program from a normal annual expenditure of \$10,000 down to \$3,000.

**STREET LIGHTING.** The budget includes appropriations for the continuation of the general street lighting program. The TIFA fund is being asked to cover the lighting costs of the ornamental street lights that have been installed from Howard Street north to Park Street. The ornamental lights were installed by TIFA to provide an aesthetic improvement in our downtown districts. These lights are closer together and at a higher rate than the average street lights normally installed by the City.

**CAPITAL IMPROVEMENTS.** The Muttonville Streetscape Project was completed in the spring of 2009. The Budget includes an appropriation for the removal of the cobra style streetlights in the Muttonville area. These lights are no longer necessary in this area and removing them will lower the monthly utility bill.

**REFUSE COLLECTION AND DISPOSAL.** In 2006, the city awarded a new five year contract to Waste Management, Inc. The current contract expires June 30, 2012. The 2010-11 expected charge for waste collection, yard waste collection, and curbside recycling services will be \$14.18 per household per month. Property owners pay the fee with their summer taxes together with a \$5.00 annual administration fee.

**EMERGENCY MEDICAL SERVICES.** EMS services are provided through contract with Richmond-Lenox EMS (RLEMS). The City of Richmond pays a stipend to help offset the costs of service to residents. RLEMS

requested a decrease in the City's contribution to EMS services from \$31,000 in 2009-10 to \$29,450 in 2010-11.

**COMMUNITY TRANSIT.** Community Transit services for senior citizens and the handicapped are provided through Suburban Mobility Authority for Regional Transportation (SMART) bus credit funds provided by the State to communities within urban counties and through contract with RLEMS. The City also uses some of its SMART bus credit allocations to provide recreational trips for seniors, handicapped individuals, and the general public on a first-come, first-served basis. The SMART bus credit allocation is expected to remain the same.

The city has opted to allocate SMART bus credits for this purpose for the FY 2010-11 Budget to reduce the impact on the General Fund.

**ECONOMIC DEVELOPMENT.** The budget provides allocations for conferences and workshops for EDC members to attend Macomb County's Commercial Development Initiative meetings and SEMCOG's University Workshops for downtown revitalization. Allocations are provided for community promotion to formulate and disseminate informational packets to commercial and industrial developers and owners.

**LOIS WAGNER MEMORIAL LIBRARY.** The budget provides allocations for salaries, wages, and benefits for full-time Library Director, Systems Manager, Children's Programmer, and Library Technician; and part-time Library Clerk, two pages, and substitute library workers. The budget also provides funding for the continued membership in the Suburban Library Cooperative of Macomb, including utilization of the cooperative's SIRSI/i-Bistro cataloguing system.

The budget allocates \$10,000 for library book purchases, and \$800 for other types of media. There are no major building improvements included in this budget

**CONTINGENCY.** The budget provides an allocation for General Fund contingencies in the amount of \$8,000 in accordance with the provisions of the city charter.

**DEBT SERVICE.** The only General Fund debt obligation is the payment to Lenox Township for the Muttonville Urban Cooperation Act Agreement, which will decrease to \$138,733. The City pays 3.6 mils annually in September to Lenox Township under the agreement based upon the current taxable value of the properties in the Muttonville district. The agreement expires in 2018.

**TRANSFERS OUT.** The **Police Post Contributing Capital Fund** provides a reserve for building improvements, with the city contributing \$10,000 to the fund annually.

The **Fire Department** is funded through contracts with the townships of Casco, Columbus, and Richmond as well as a city contribution. The budget reflects the city's share of the contribution toward operating and equipment replacement costs. Under the contracts, the operating expenses of the Fire Department cannot increase by more than 10% annually.

The **Street Improvement Fund** provides a set-aside equal to 2 mils general operating tax levy to provide a perpetual street improvement program. Currently, a 20-year capital plan for street improvements is in place which requires \$355,000 annually to complete. Due to a recent downturn in the economy, the city has not reached \$355,000. TIFA is being asked to fund a couple of road projects in the upcoming fiscal years, to account for this. TIFA is also providing a con-

tribution to the Street Improvement Fund that will lower the General Fund contribution. A total transfer of \$158,557 is being made to the Street Improvement Fund this year.

## **OTHER FUNDS**

**MAJOR STREETS.** The FY 2010-2011 budget has \$651,895 appropriated for work on Division Road as part of the Phase II Sewer Interceptor Project. This project will be spread out of the FY 2009-2010 and FY 2010-2011 Budgets. The budget also includes normal maintenance.

**LOCAL STREETS.** The reconstruction of Richwood Lane from South Forest to Joe Wood Drive is scheduled for this budget in the amount of \$447,897. The budget includes normal maintenance.

**FIRE.** The Fire Department is operated utilizing volunteer firefighters and chief who are paid \$12.00 per run. The budget also includes appropriations for medical screening of all Fire Department personnel, five firefighter turn-out gear; SCBA fit test screenings as required by MIOSHA; additional funds to provide for maintenance for the new aerial truck; fire officer training, ladder maintenance training, and other training. The budget includes a transfer out to General Fund to reimburse the City for 10% of dispatching costs.

**CEMETERY.** The Cemetery Budget maintains the seasonal part-time help for cemetery maintenance. No capital improvements are schedule this year.

**MAUSOLEUM.** There are no substantial changes to the Mausoleum budget. The Cemetery Perpetual Care Fund was eliminated by ordinance in 2004, and a portion of

the assets were transferred to the Mausoleum Fund.

**COMMUNITY DEVELOPMENT BLOCK GRANT.** The budget includes appropriations to purchase the Community Center from TIFA over the next fourteen years.

**WWTP EQUIPMENT REPLACEMENT.** The budget includes an appropriation of \$4,400 to replace an Orion Meter at the Wastewater Treatment Plant.

**DPW VEHICLE & EQUIPMENT REPLACEMENT.** No equipment is scheduled to be replaced this year. The current balance in the DPW Vehicle & Equipment Replacement Fund allows the general fund to skip a contribution this year.

**SANITARY SEWER CONTRIBUTING CAPITAL.** There is no transfer this year.

**WATER CONTRIBUTING CAPITAL.** There is no transfer this year.

**RECREATION.** The budget includes appropriations for Recreation Department salaries and wages. The budget also includes appropriations for staffing the community center, park property and equipment maintenance, seasonal programs, Camp Richmond, golf and tennis lessons, the city's share of the Macomb Orchard Trail Commission operation expense, and recreation equipment acquisition and swimming pool operations, staffing, and maintenance. Both Camp Richmond and the Community Pool will see a reduction in staffing this year. The pool hours will be restructured to reduce personnel costs.

**SANITARY SEWER.** The budget includes an appropriation \$471,576 for the continuation of Phase II of the sewer interceptor project. The sewer budget includes

\$236,248 for principal and interest payments on the State Revolving Loan Fund bond debt. The budget includes appropriations for normal operations

**WATER.** The budget includes an appropriation for normal operations, but there are no capital improvement projects in the water fund this year.

**33 MILE ROAD SPECIAL ASSESSMENTS.** FY 2010-11 will be the last year of a ten-year special assessment to pay for the City's portion of the 33 Mile Road Paving Project which was completed in summer 2001. Property owners within the City along 33 Mile Road participate in the assessment. The project was bonded, and payments are due May 1 of each year.

**SIDEWALK CONSTRUCTION.** No projects are scheduled for this year.

## SUMMARY

The FY 2010-11 Budget is formulated conservatively with the top priority being establishing sound fiscal planning for operations and capital needs in a time of significant financial constraints.

The City continues to face significant challenges as a result of the diminished economic situation of recent years. In light of the current economic climate, the city must continue to be conservative in planning its revenues and expenditures.

Sincerely,

Jon Moore, City Manager  
May 19, 2010