

**FISCAL YEAR 2009-10 ANNUAL BUDGET
EXECUTIVE SUMMARY**

Honorable Mayor and City Council:

I am pleased to present to you the FY 2009-10 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.

Administration and the City Council have worked to put together a budget that takes into account the difficult economic times that Michigan's state and municipal governments are facing. The FY 2009-10 Budget incorporates the goals and objectives of the City Council with those of department directors 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 2009-10 continue to be reflected in the preparation of this budget:

- **Council Issue #1 – Promoting Industrial and Commercial Growth.** Administration will continue to work on updating the Business District Master Plan and Economic Development Strategic Plan as needed; 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. The EDC is revising the Project Clean-Up Program to allow for larger multi-year projects. 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 Authorities (LDFAs). Additional funding has been included to market industrial and commercial properties in St. Clair County as well as the rest of the City. TIFA and EDC are working with the property owner of 32 acres of industrially zoned property to market and develop an industrial park at the end of Skinner Drive. Funds are allocated in this budget year to reconstruct Division Road

east of Forest Street. This project will make it safer to access the commercial and industrial properties along this stretch of Division Road as well as improving the water and sewer infrastructure for future commercial and industrial development.

- **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. Parking improvements should be completed in the summer of 2009 on the two properties on Forest Street purchased in the summer of 2005. The city continues its Sidewalk Improvement Program to enhance pedestrian safety and the walkability of the community.
- **Council Issue #3 – Streetscape Implemented.** The Muttonville Phase (IV) should be completed in the summer of 2009. The Streetscape Committee is developing a list of amenities to finish the Streetscape Project. These amenities will be presented to the City Council and TIFA in FY2009-10.
- **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 2009-10 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 2009-10 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 2009-10 Budget maintains a general operating ad valorem property tax levy of 16.6526 mills, of which 14.6526 mills will be used for general operating purposes and 2 mills will be placed in the Municipal Street Fund for street improvements, a practice started in FY 2001-02. This 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 \$8.5 million to \$195,442,480 (Source: March 2009 Board of Review). The Richmond Tax

Increment Finance Authority will capture \$35,457,794 of the taxable value. One mill for general operating purposes is equal to \$159,984 after TIFA capture and IFT exemption. The City will realize \$2,664,160 in property tax revenues with a tax levy of 16.6526 mils and an additional \$72,000 from the administration fee.

Residential property represents \$141,079,869 or 72.2% of the City's total taxable value a decrease of more than \$8.9 million over last year; commercial property represents \$40,214,214 or 20.5% an increase of \$1,012,583; industrial property represents \$4,470,155 or 2.2% a decrease of \$1,114,289; developmental property represents \$270,567 or .1%; and personal property represents \$9,407,675 or 5% an increase of \$563,776.

This year the City is retiring the street bond debt of 1.78 mils. This was a voted bond issue from the mid 1990s that provided for street improvements throughout the community. Since the City Council sets aside two mils out of the general operating millage for the street improvement program, the City will not have to replace this bond debt leading to a 1.78 millage reduction for property owners.

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 \$208,815,975 for FY 2009-10 (Source: March 2009 Board of Review), the value of property which can be taxed will be \$195,442,480. The FY2009-10 loss of tax revenue from Proposal "A", based on a 16.6526 mill tax levy, will be \$141,397.

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 \$470,333 in FY 2009-10, a decrease of more than \$214,373 or 31.3 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 2009-10. 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, 2010, ending fund balance of \$682,219. The budget also proposes a contingency of \$10,000.

GENERAL FUND EXPENSES

CITY COUNCIL. The FY 2009-10 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 continues the Annual Recognition Dinner and 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 printing and publishing provided for in this department puts out the City Calendar and 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 began 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 General Election in November 2009, and the School Election in May 2010, and one potential special election.

ASSESSING. The budget provides for the salary and wages for the Assessor and summer help. 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 \$29,050.

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, including 2% salary and wage adjustments. 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, including a 2% salary adjustment, 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 and BS&A software.

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. This year City Hall will only be cleaned once per week.

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. The major building improvements this year include repairs to the parking areas of the parking lot. 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 budget includes a 2% increase to the salary and wage line item in accordance with the union contract. 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. The budget also includes appropriations for equipment rental to continue the lease programs for police patrol vehicles.

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 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 Building 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, including a 2% salary adjustment. 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, including a 2% salary adjustment, 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 urban forestry tree planting and tree maintenance programs; continuation of the mosquito control program; city clock maintenance; and equipment maintenance.

STREET LIGHTING. The budget includes appropriations for the continuation of the general street lighting program. Two years ago the City Council removed the perpetual special assessment lighting programs for Pinehurst, Rabbit Run, and Richmond Forest subdivisions. These assessments are now handled through the general fund.

CAPITAL IMPROVEMENTS. The Muttonville Streetscape Project will be completed in the FY 2008-2009 budget. No capital improvement projects are budgeted in the general fund for FY 2009-10.

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 2009-10 expected charge for waste collection, yard waste collection, and curbside recycling services will be \$13.77 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 proposed a decrease in the City's contribution to EMS services from \$32,000 in 2008-09 to \$31,000 in 2009-10.

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 2009-10 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 dis-

seminate 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, janitorial worker, and substitute library workers, including 2% salary and wage adjustment for the director. 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 maintains the total allocation for library book purchases in the amount of \$18,000.

CONTINGENCY. The budget provides an allocation for General Fund contingencies in the amount of \$10,000 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 \$144,462. 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 **DPW Vehicle & Equipment Replacement Fund** provides for a set-aside of 35% of equipment rental fees for replacement of capital equipment, but the goal is to continue to increase the set-aside percentage to 50% over the next few years.

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.

OTHER FUNDS

MAJOR STREETS. The budget includes \$704,700 to reconstruct and widen Division Road from the Forest Street intersection east to Howard Street and to reconstruct Forest Street from Main Street to Division.

LOCAL STREETS. There are no major capital improvements scheduled for the Local Street Fund. 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 aerial truck; fire officer training, ladder main-

tenance 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 additional seasonal part-time help for cemetery maintenance hired last year, an allocation to pave the new roadways in this fiscal year has been removed.

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.

STREET IMPROVEMENT DEBT SERVICE. The street debt millage of 1.78 mills will be retired this year providing for a reduction in the total taxes levied by the City of Richmond.

WWTP EQUIPMENT REPLACEMENT. The budget includes an appropriation of \$2,000 to replace equipment at the Wastewater Treatment Plant.

DPW VEHICLE & EQUIPMENT REPLACEMENT. The budget includes an appropriation for a new skidster.

SANITARY SEWER CONTRIBUTING CAPITAL. The budget includes \$75,000 for partial funding of Phase II of the sewer interceptor project.

WATER CONTRIBUTING CAPITAL. There is no transfer this year.

RECREATION. The budget includes appropriations for Recreation Department salaries and wages, including 2% salary and wage adjustments for most positions. 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 (tennis court nets and balls, volleyball nets), and swimming pool operations, staffing, and maintenance.

SANITARY SEWER. The budget includes \$1.3 million for Phase II of the sewer interceptor project.

WATER. The budget includes an appropriation to replace the water main on Forest Street from Bartell to Division.

33 MILE ROAD SPECIAL ASSESSMENTS. FY 2009-10 will be the ninth 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. The budget includes an appropriation to provide for \$35,000 in sidewalk repair and replacement. Due to the use of monies in the Sidewalk Construction Fund Balance, no money will need to be contributed from the General Fund.

SUMMARY

The FY 2009-10 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 the last two years. However, these challenges are mitigated to some degree by the current growth and development being experienced in the northeast Macomb County area and in the City in par-

ticular. 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 20, 2009