

CITY OF TECUMSEH  
CITY COUNCIL STUDY SESSION  
TECUMSEH CITY HALL  
COUNCIL CHAMBERS  
MONDAY, FEBRUARY 19, 2018  
6:30 P.M.

AGENDA

1. Call to order
2. Roll call
3. Approval of Agenda
4. Study Session Topics:
  - A. **Budget Preview for 2018-2019**  
City Manager to provide preview of upcoming budget
5. Council Comments
6. Public Comment Re: Items on the Agenda
7. Adjournment

*The City of Tecumseh provides for reasonable accommodations for its programs, services and meetings under Title VI of its Non-Discrimination Policy and Limited English Proficiency Policy, with an advance notice to Dan Swallow at 517 424 6555.*



# Budget Preview

## FY 2018-2019

February 19, 2018

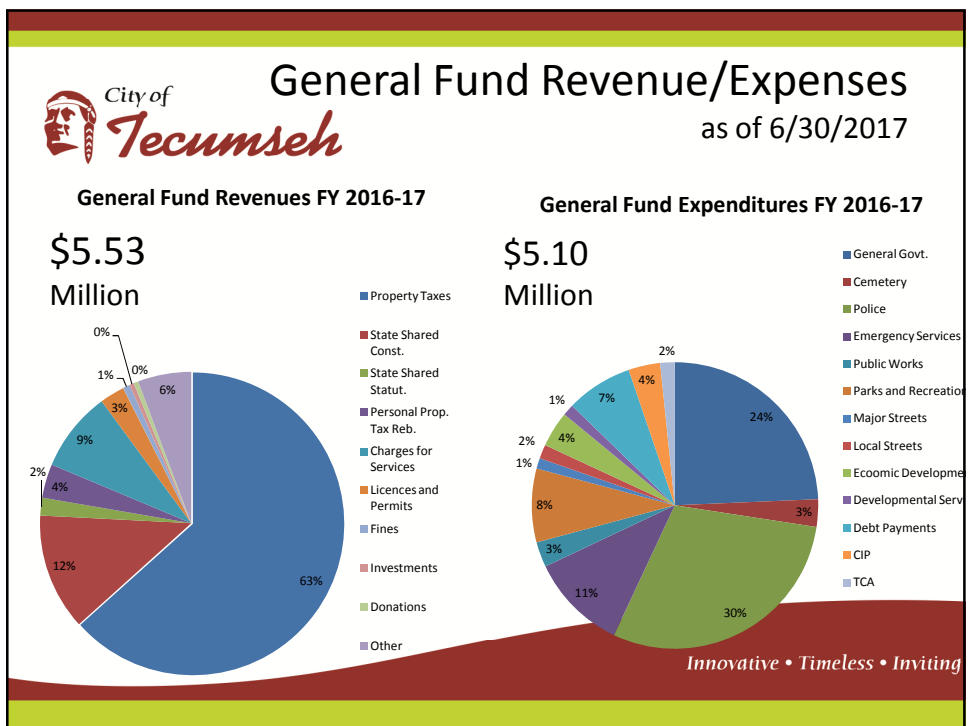
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## Overview & Terminology

- Government “Funds”
  - 31 Different Funds
  - General Fund
- Fund Balance (Gen. Fund)
  - Reserves
  - 25% of annual budget suggested
  - **Actual \$1.93 M on 6/30/2017: 35%**
- Fiscal Year July 1 – June 30
- Restricted Funds
  - Legally required purpose: Exp. Perpetual Care
- Committed Funds
  - Set aside by Council or donor for a project
- Unreserved Funds
  - Set aside for cash flow and emergencies

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## 2018-19 Projections

### General Fund

<p>– \$5.44 M Revenue</p> <ul style="list-style-type: none"> <li>• <b>Flat</b> <ul style="list-style-type: none"> <li>– Headlee Rollback</li> <li>– Taxable Values- <b>2.1%</b> increase</li> <li>– Personal Property Reimbursement? <b>-63%</b></li> <li>– Revenue Sharing                             <ul style="list-style-type: none"> <li>» Stat.: Frozen</li> <li>» Const.: Small Increase</li> </ul> </li> </ul> </li> </ul>	<p>- \$5.70 M Expenses</p> <ul style="list-style-type: none"> <li>• Employee Pay Increases (Starting Negotiations)</li> <li>• Contractual Increases (2-3%)</li> <li>• Health Insurance Outpacing Inflation (8%)</li> <li>• Deferred CIP Projects</li> <li>• Local Roads w/o Millage</li> </ul>
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## 2018-19 Challenges

*The things we need to address...*

<ul style="list-style-type: none"> <li>– <b><u>Deferred Capital Projects</u></b> <ul style="list-style-type: none"> <li>• Aging Building/Facility Systems (Exp. HVAC, Roofs)</li> <li>• Standish Pond Dam / Spillway</li> <li>• Deteriorating Parking Lots</li> </ul> </li> <li>– <b><u>Healthcare Costs</u></b> <ul style="list-style-type: none"> <li>• Continually Outpacing Inflation</li> </ul> </li> <li>– <b><u>Quality of Life</u></b> <ul style="list-style-type: none"> <li>• Park Buildings &amp; Equip.</li> <li>• Matching Funds for Grants</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>– <b><u>Equipment Replacement</u></b> <ul style="list-style-type: none"> <li>– Public Safety Equipment                             <ul style="list-style-type: none"> <li>• Vehicles &amp; Safety Equip.</li> </ul> </li> <li>– General Equipment Fund                             <ul style="list-style-type: none"> <li>• DPW Major Equipment</li> <li>• Vehicles</li> </ul> </li> <li>– Technology Updates                             <ul style="list-style-type: none"> <li>• Electronic Records Archive</li> <li>• Phone System</li> </ul> </li> </ul> </li> </ul>
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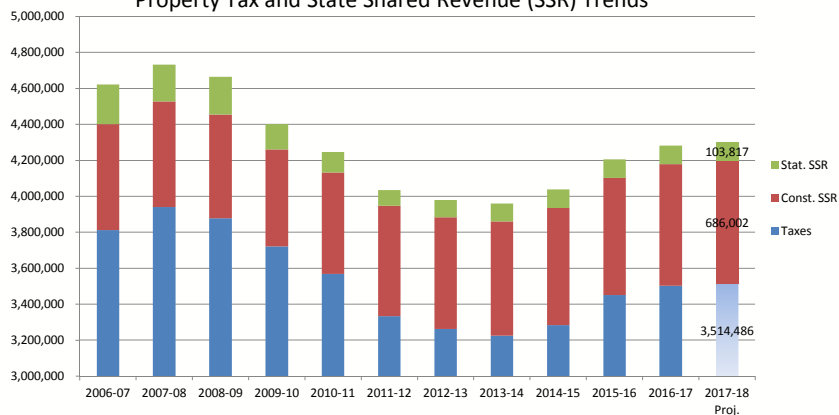
# Trends

- **Assumptions/Projections (3-5 years)**
  - Flat Revenues (1.0% - 1.5% Increases) - *Why?*
    - Headlee & Proposal A: **Low** Inflation Measures (2018: 2.1%)
    - Uncertain Personal Property Tax Reimbursement
    - Increase in Property Tax Appeals, Lenient Tax Tribunal
    - Anticipated Incentives for New Development
    - Limited Increases in State Shared Revenue
  - Expenses Continue to Increase at ~3%/year
    - Collective Bargaining Agreements (Negotiations Starting)
    - Health Insurance (6-8%)
    - Easier Cuts Have Already Occurred

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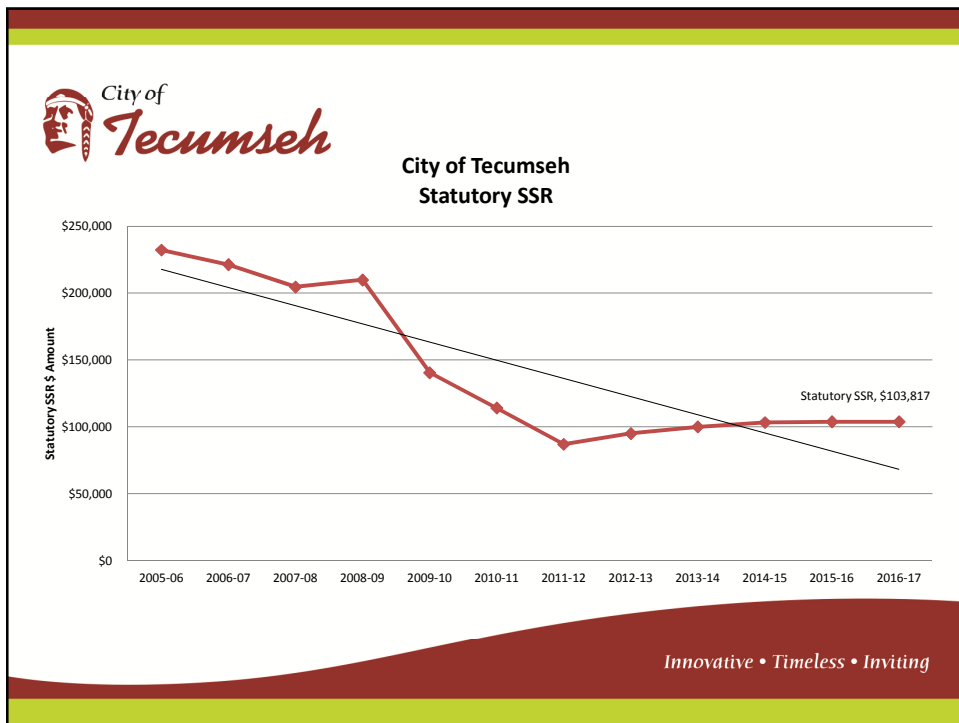
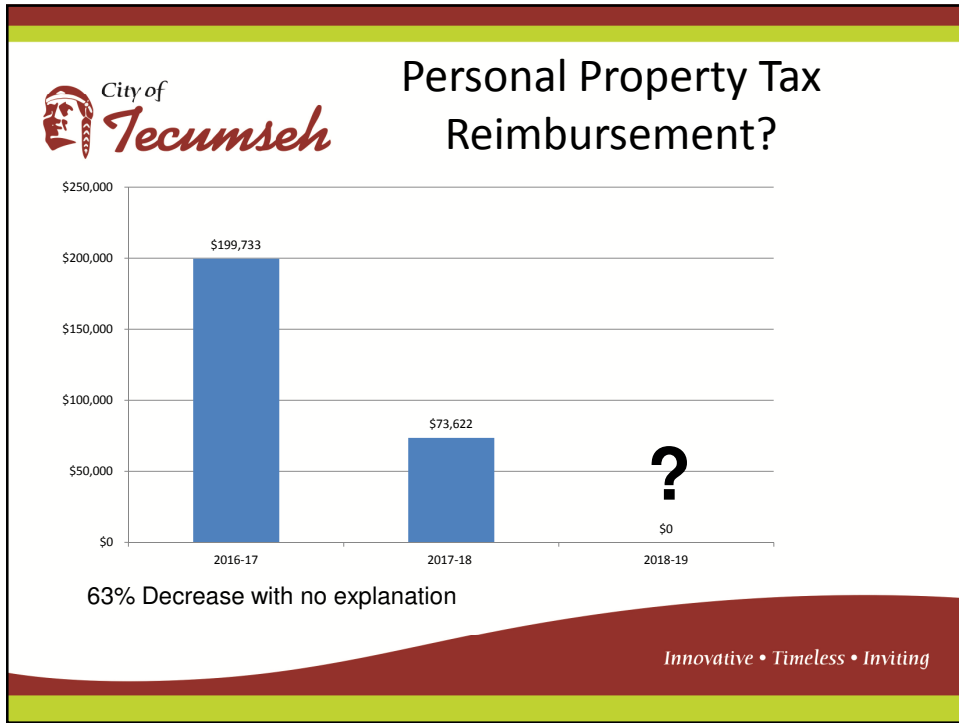


Property Tax and State Shared Revenue (SSR) Trends



Note: Y-axis starts at \$3 M

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• How Do We Address Challenges?

– Flat Expenditures: *Practical Cuts Have Already Been Made*

- How do we replace critical equipment?
- Difficult collective bargaining discussions
- Changes to personnel or services likely
  - What Areas are Reductions in Service (Personnel) Acceptable?

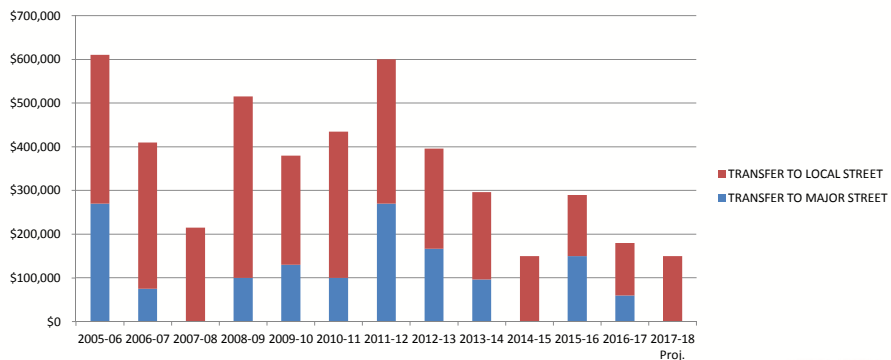
**OR** Revenue Enhancements: *To Sustain Current Level of Service*

- New Fees for Service (Exp. Admin. Fees, Cost Recovery Fees)
- *Future?:* Public Safety Equipment Replacement Fund? (Special Assessment)

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Other Challenges:  
General Fund Transfers to  
Maintain Street Funding



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## Next Steps

- Draft Budget – 2/28/2018
- Budget Workshop – 3/12/2018
- Budget Recommendation – 4/16/2018
- Budget Approval – 5/7/2018

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