

CITY of NOVI CITY COUNCIL

**Agenda Item 1
May 17, 2010**

SUBJECT: Adoption of 2010 Millage Rates and 2010-11 Budget Resolution.

SUBMITTING DEPARTMENT: City Manager/Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Attached for your consideration are the adopting resolutions for the 2010 millage rates and the 2010-2011 budget.

The budget resolution includes the actions taken by City Council through the Special Budget meeting held on April 10, 2010. The resolution also includes:

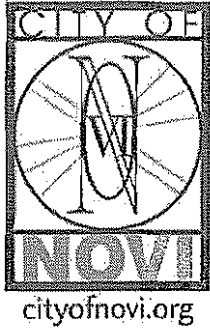
- The first tier of City Manager recommended reductions/adjustments.
- The workers compensation rates, received this week, resulted in savings which are reflected throughout the personal services categories in all funds.
- The special assessment funds, are required to be included in the adopted budget of the related special revenue fund. As requested, the proposed budget does not include these for ease of the reader to evaluate the special revenue fund independently.

An alternative proposal for the older adult transportation program is also attached for City Council consideration. If the alternative is adopted the related changes to the Parks, Recreation and Cultural Services Fund would be made prior to the City Clerk signing the final resolution for the budget document (revenue will increase by \$1,000 and expenditures will increase by \$11,000). Another option would be to amend the budget later in the 2010-11 fiscal year once the costs were known.

RECOMMENDED ACTION: Adoption of 2010 Millage Rates and 2010-11 Budget Resolution.

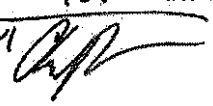
	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gaff				
Council Member Crawford				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				



MEMORANDUM

TO: CLAY PEARSON, CITY MANAGER
FROM: RANDY AULER, CPRP, DIRECTOR
PARKS, RECREATION AND CULTURAL SERVICES
SUBJECT: OLDER ADULT TRANSPORTATION
DATE: MAY 5, 2010

5/6/10
To: Mayor & City
Council Member
FYI 

The older adult transportation program consists of two components - the Van Program and the Subsidized Cab Program.

VAN PROGRAM

The Van Program is currently available Monday - Friday, 8AM to 4:30PM, and Saturday, 9AM to 2PM, for Novi residents, age 55+ and those that are physically/developmentally challenged. The program transports users anywhere within the City limits for a cost of \$3 per one way trip or outside the City limits for medical appointments within a ten (10) mile radius for a cost of \$5 per one way trip. The Van Program is a "scheduled" service in that users contact the Senior Center 48 hours prior to use to schedule a time to utilize the service. The 48 hour notice enables staff to plan the most efficient (time/cost) routes; however, staff accommodates users whenever possible if a ride is scheduled in a timeframe that is less than 48 hours before pick-up. In FY08/09, the Van Program provided 11,333 one-way rides to 350 users. In the current year through April (FY09/10), the Van Program has provided 10,320 one-way rides to 381 users. The program is funded utilizing Suburban Mobility Authority for Regional Transportation (SMART), Community Development Block Grant (CDBG), Parks, Recreation and Cultural Services funds and user fees. In addition to the previous mentioned funding, a resident may apply to the Novi Parks Foundation Scholarship Program to request funds to utilize towards the program if income requirements are met. //x

SUBSIDIZED CAB PROGRAM

The Subsidized Cab Program is currently available 24 hours per day for Novi residents, ages 55+ and residents that are physically/developmentally challenged. The program transports users anywhere within the City limits for a cost of \$9 (\$4 paid by the user and \$5 paid by the City). The program is an "on-demand" service in that the user contacts the cab company to request service and the use occurs. "On-demand" service provides user convenience because the trip does not have to be scheduled and the user has the sole use of the ride. In FY08/09, the Cab Program provided 3,434 one-way rides to 45 users. In the current year through April (FY09/10), the Cab Program has provided approximately 2,620 one-way rides to 51 users. The program is funded utilizing SMART funds.

FY10/11 BUDGET PROPOSAL

The FY10/11 budget includes a proposal to expand the operation hours of the Van Program and eliminate the Cab Program. The proposal was developed to provide a similar level of service and achieve increased cost efficiency for the program.

SIMILAR LEVEL OF SERVICE

A review of the cab users indicates that a majority of the uses occur during the hours of 7AM to 6PM during the week. The expansion of the Van Program operation hours to 6:30AM until 6PM would serve the majority of the cab users. In addition, it would increase Van Program revenue through the additional user fee revenue. *

COST EFFICIENCIES

The left side of the chart below outlines the current Van Program utilizing FY08/09 statistics. The right side of the chart combines the Van Program and Cab Program FY08/09 statistics, with the SMART funding that currently goes to the Cab Program added into the Van Program, modeling the effect of eliminating the Cab Program. The expansion of the Van Program would increase operation costs by an estimated \$7,800 (labor, fuel, vehicle maintenance); however, an additional \$10,000 would be realized through user fees (estimated additional one-way rides 3,434 x \$3 fare). In addition, the \$18,000 SMART Funds currently paid to the cab company would be re-allocated to the Van Program, decreasing the City cost per ride from \$4 to \$1.71. The financial analysis includes the assumption that the van program already has certain fixed/sunk costs (i.e., equipment, scheduler, drivers, etc.). By increasing the number of rides as a result of absorbing some or all of the cab transports, the cost per ride will decline (utilizing available capacity in the current van program), thereby generating savings for the transportation program in total.

Current Van Program		Expanded Van Program (Cab eliminated) *	
\$ 122,400	Total Expense of Program	\$ 130,200	Total Expense of Program
\$ 26,713	SMART Monies	\$ 44,713	SMART Monies
\$ 25,000	CDBG	\$ 25,000	CDBG
\$ 25,238	Fare Box Revenue	\$ 35,238	Fare Box Revenue
\$ 76,951	Total Revenue	\$ 104,951	Total Revenue
\$ 45,449	PRCS Program Subsidy	\$ 25,249	PRCS Program Subsidy
11,333	One Way Rides	14,767	One Way Rides
\$4.01	Subsidy Per Ride (PRCS Subsidy / Rides)	\$1.71	Subsidy Per Ride (PRCS Subsidy / Rides)

ALTERNATE PROPOSAL

The cab company and users of the cab program have expressed their desire for the service to remain as it is currently offered. Since the distribution of the budget, staff has developed an alternate proposal that would create some efficiencies and maintain some level of the "on-demand" service provided by the cab program. The alternate proposal is to maintain the Van Program at the current service level Monday - Friday, 8AM to 4:30PM and Saturday 9AM to 2PM. The Cab Program would be available only during the hours when the Van Program is not in operation, and would lower the City subsidy per ride from \$5 to \$4 per ride. An annual decrease in cab rides has been experienced from FY06/07 through FY08/09 by 300 to 400 rides each year. A majority of the cab rides (an estimated 70%) currently take place during the City's van hours. Assuming this trend continues, the City can experience a savings of between \$6,000 and \$10,000 by offering the Cab Program outside of normal Van Program hours. *

Resolution of Adoption for 2010 Millage Rates

WHEREAS, the City Council has agreed to maintain the City's total millage rate at 10.5416 mils, which has been maintained for the last eleven years, and

WHEREAS, a public hearing was held on May 3, 2010 on the proposed millage rates and proposed budget,

NOW, THEREFORE, BE IT RESOLVED, that to finance the level of services established for the 2010-2011 fiscal year, and to meet specific debt obligations of the City that the following millages are authorized to be spread:

General Operating	5.0182
Municipal Street	0.7719
Police and Fire	1.4282
Parks and Recreation	0.3857
Drain Revenue	0.0885
Library	0.7719
2010 Refunding Debt	0.0629
2000 Street Debt	0.2254
2002 Street & Refunding Debt	1.2990
2003 Refunding Bonds	0.2891
2008 Library Debt	<u>0.2008</u>
	<u>10.5416</u>

I certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Novi at a regular Meeting held on this 17th day of May 2010.

Maryanne Cornelius, City Clerk

Resolution of Adoption 2010-2011 Budget

WHEREAS, the City Manager's proposed budget is based upon the goals and objectives adopted by City Council, and

WHEREAS, during a Special City Council Meeting held on April 10, 2010 City Council has made adjustments to align the City's resources consistent with the City's strategic plan, and

WHEREAS, pursuant to Section 8.3 of the Novi City Charter, a detailed revenue and expenditure plan has been presented in accordance with all applicable City, State and Federal Statutes, and

WHEREAS, a public hearing was held on May 3, 2010 on the proposed budget, and

NOW, THEREFORE, BE IT RESOLVED, that the attached budget is adopted and made a part of this resolution.

I certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Novi at a regular Meeting held on this 17th day of May 2010.

Maryanne Cornelius, City Clerk

GENERAL FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Taxes	\$ 15,787,900
Licenses, Permits and Charges for Services	1,563,120
Federal Grants	98,300
State Sources	3,019,900
Fines and Forfeitures	464,000
Interest Income	240,000
Other Revenue	595,450
Transfers from Other Funds	5,215,000
Appropriation of Fund Balance	1,164,935
	\$ 28,148,605

GENERAL FUND
APPROPRIATION

DESCRIPTION	2010-11 BUDGET
CITY COUNCIL	
Personal Services	\$ 4,625
Other Services and Charges	4,910
	\$ 9,535
 CITY MANAGER	
Personal Services	\$ 387,255
Supplies	525
Other Services and Charges	13,215
	\$ 400,995
 FINANCE DEPARTMENT	
Personal Services	\$ 753,980
Other Services and Charges	87,485
	\$ 841,465
 INFORMATION TECHNOLOGY	
Personal Services	\$ 488,785
Supplies	38,100
Other Services and Charges	143,150
	\$ 670,035
 ASSESSING	
Personal Services	\$ 564,545
Supplies	1,650
Other Services and Charges	268,565
	\$ 834,760

GENERAL FUND
APPROPRIATION (continued)

DESCRIPTION	2010-11 BUDGET
CITY ATTORNEY	
Other Services and Charges	\$ 380,000
CITY CLERK	
Personal Services	\$ 491,105
Supplies	21,000
Other Services and Charges	31,480
	<u>\$ 543,585</u>
TREASURY	
Personal Services	\$ 236,985
Supplies	14,200
Other Services and Charges	41,655
	<u>\$ 292,840</u>
FACILITY OPERATIONS	
Personal Services	\$ 263,970
Supplies	25,800
Other Services and Charges	414,590
	<u>\$ 704,360</u>
HUMAN RESOURCES	
Personal Services	\$ 420,340
Other Services and Charges	38,840
	<u>\$ 459,180</u>
NEIGHBORHOOD & BUSINESS RELATIONS GROUP	
Personal Services	\$ 377,525
Supplies	11,300
Other Services and Charges	287,470
	<u>\$ 676,295</u>
GENERAL ADMINISTRATION	
Personal Services	\$ 630,425
Supplies	62,365
Other Services and Charges	579,310
	<u>\$ 1,272,100</u>
PUBLIC SAFETY	
Personal Services	\$ 14,679,230
Supplies	311,545
Other Services and Charges	1,341,140
Capital Outlay	90,000
	<u>\$ 16,421,915</u>

GENERAL FUND
 APPROPRIATION (continued)

DESCRIPTION	2010-11 BUDGET
COMMUNITY DEVELOPMENT	
Personal Services	\$ 1,740,100
Supplies	52,900
Other Services and Charges	168,075
	\$ 1,961,075
DEPARTMENT OF PUBLIC SERVICES	
Personal Services	\$ 3,399,170
Supplies	178,025
Other Services and Charges	763,940
	4,341,135
Allocated to Other Funds	(1,956,520)
	\$ 2,384,615
PLANNING COMMISSION	
Supplies	\$ 400
Other Services and Charges	12,800
	\$ 13,200
TRANSFERS TO OTHER FUNDS	\$ 232,650
CONTINGENCIES	50,000
	\$ 28,148,605

MAJOR STREET FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Special Assessments Levied	\$ 107,000
Gas and Weight Tax	1,978,800
Interest Income	21,440
Transfer from Other Funds	450,000
Appropriation of Fund Balance	302,780
	\$ 2,860,020

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Construction	\$ 792,430
Routine & Capital Preventitive Maintenance	750,000
Traffic Services	229,100
Winter Maintenance	272,000
Administration	500
Transfer to Other Funds	612,840
Debt Service	203,150
	\$ 2,860,020

LOCAL STREET FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Gas and Weight Tax	\$ 708,920
Interest Income	1,900
Transfer from Other Funds	1,139,700
Appropriation of Fund Balance	39,590
	\$ 1,890,110

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Construction	\$ 1,049,410
Routine & Capital Preventitive Maintenance	450,000
Traffic Services	145,200
Winter Maintenance	245,000
Administration	500
	\$ 1,890,110

MUNICIPAL STREET FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Special Assessments Levied	\$ 1,396,900
Taxes	2,400,000
Interest Income	632,810
Other Revenue	93,390
Appropriation of Fund Balance	793,865
	\$ 5,316,965

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Construction	\$ 1,701,890
Maintenance	515,000
Administration	1,700
Street Lighting	17,000
Transfer to Other Funds	1,095,000
Bike Trails & Sidewalks	202,500
Debt Service	1,783,875
	\$ 5,316,965

POLICE AND FIRE FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Taxes	\$ 4,441,000
Interest Income	41,300
Appropriation of Fund Balance	457,700
	\$ 4,940,000

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Transfer to General Fund	\$ 4,940,000

PARKS, RECREATION & CULTURAL SERVICES FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Taxes	\$ 1,199,000
Grants	134,150
Program Revenue	957,515
Older Adults Program Revenue	157,975
Interest Income	6,300
Other Revenue	10,200
Appropriation to Fund Balance	(71,545)
	\$ 2,393,595

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Personal Services	\$ 796,085
Supplies	52,425
Other Services and Charges	1,156,885
Capital Outlay	388,200
	\$ 2,393,595

TREE FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Interest Income	\$ 11,300
Tree Fund Revenue	50,000
Tree Fund Maintenance Revenue	500
Appropriation of Fund Balance	188,450
	\$ 250,250

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Tree Plantings and Maintenance	\$ 250,250

DRAIN REVENUE FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Taxes	\$ 275,000
Interest Income	84,720
Appropriation of Fund Balance	554,775
	\$ 914,495

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Construction	\$ 240,895
Maintenance	673,600
	\$ 914,495

DRAIN PERPETUAL MAINTENANCE FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Interest Income	\$ 77,500
Appropriation to Fund Balance	(77,500)
	\$ -

SPECIAL ASSESSMENT REVOLVING FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Interest Income	\$ 34,500
Appropriation to Fund Balance	(34,500)
	\$ -

JUDGMENT TRUST FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Interest Income	\$ 900
Appropriation of Fund Balance	374,100
	\$ 375,000

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Settlements and Insurance Claims	\$ 375,000
	\$ 375,000

CONTRIBUTIONS AND DONATIONS FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Interest Income	\$ 325
Donations	1,000
Appropriation to Fund Balance	(325)
	\$ 1,000

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Transfer to Other Funds	\$ 1,000
	\$ 1,000

FORFEITURE FUNDS
REVENUE

DESCRIPTION	2010-11 BUDGET
State Forfeiture Funds	\$ 6,500
Local Forfeiture Funds	3,500
Interest Income	2,900
Appropriation of Fund Balance	248,170
	\$ 261,070

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Supplies	\$ 26,300
Other Services & Charges	6,000
Capital Outlay	228,770
	\$ 261,070

LIBRARY
REVENUE

REVENUE	2010-11 BUDGET
Taxes	\$ 2,396,900
State Sources	15,000
Fines	100,000
Interest Income	10,100
Other Revenue	30,500
Appropriation of Fund Balance	261,425
	\$ 2,813,925

APPROPRIATIONS

DESCRIPTION	2010-11 BUDGET
Personal Services	\$ 1,811,750
Supplies	524,250
Other Services and Charges	467,925
Contingencies	10,000
	\$ 2,813,925

WALKER LIBRARY FUND
REVENUE

DESCRIPTION	2010-11 BUDGET
Interest Income	\$ 23,100
Appropriation to Fund Balance	(23,100)
	\$ -