



**CITY OF WALLED LAKE  
REGULAR COUNCIL MEETING  
JULY 16, 2013**

The Meeting was called to order at 7:30 p.m. by Mayor Roberts.

Pledge of Allegiance led by Mayor Roberts.

Invocation led by Mayor Pro Tem Ackley.

**ROLL CALL:** Mayor Roberts, Mayor Pro Tem Ackley, Council Member Ambrose, Council Member Owsinek, Council Member Robertson, Council Member Sturgeon, Council Member Yezbick

**ABSENT:** None

There being a quorum present, the meeting was declared in session.

**OTHERS PRESENT:** City Manager Whitt, Police Chief Shakinis, Fire Chief VanSparrentak, Finance Director Coogan, City Attorney Vanerian, Deputy Treasurer Stuart, DPW Coordinator McGill and Deputy Clerk Williams

**REQUESTS FOR AGENDA CHANGES:**

Mayor Roberts requested that Item #1 under Council Reports – Presentation by Finance Director Coogan on the financial status of the City per the Direction of City Council be moved to immediate follow the approval of the minutes.

Mayor Roberts also requested that the Budget Adoption and Resolution 2013-23 be moved to Council Consideration Item #1.

**APPROVAL OF THE MINUTES:**

**CM 07-01-13 APPROVAL OF THE JUNE 18, 2013 REGULAR COUNCIL MEETING MINUTES AND THE JUNE 24, 2013 SPECIAL COUNCIL MEETING MINUTES**

Motion by Ackley, seconded by Owsinek, **CARRIED UNANIMOUSLY:** To approve the June 18, 2013 Regular Council Meeting Minutes and the June 24, 2013 Special Council Meeting Minutes.

**SPECIAL PRESENTATION:**

Finance Director Coogan presented on the financial status of the City of Walled Lake per the direction of City Council. *(Presentation attached as Appendix A to these Minutes).*

**AUDIENCE PARTICIPATION:**

1. Dita Houser, 115 North Haven, Novi – is a business owner in the City of Walled Lake and supports the Police and Fire Department and wants the City to keep them.
2. Valerie Kemp, 182 Angola – came before the City Council in support of a redevelopment liquor license. She thinks this would make Walled Lake a dining destination and would bring in revenue and commercial investments.
3. Jim Latimore, 361 W. Walled Lake – Does not support the cuts proposed to the Police and Fire Department. He thinks the administration makes too much and they should be taking the cuts. He asked about the raise recently given to the City Manager.

City Manager Whitt responded that he did not just receive a raise, it was in 2011 and he now makes \$110,000.

4. Tim Lynch, 551 Gamma – wants to point out that the employees have not done this and feels that this is the wrong message to portray. It is the employer's responsibility to choose what is given and to fulfill those promises. The Police and Fire have saved his family many times and feels that they at least deserve the respect of not blaming them for this.
5. Tom Langan, 131 Osprey – He puts the responsibility of this on the City Council and believes that while they may have gotten taken advantage of by prior administration but they must now take responsibility and it may be painful on the current employees. He will no support a millage increase and does not think that the City can base their budget on projected revenues but rather on what is in the bank to balance the books.
6. Dena Potter, 1856 Meadow Ridge – stated that the administration is taking as much as the Police and Fire and that employees will take what is given to them. The City Council should have known about this and it is not the employees fault.
7. Mary Ann Thayer, Service Coordinator at the Walled Lake Villa – feels that these budget cuts are putting the debt on the public service people and does not think it is a good idea to put the city in jeopardy by removing the Police and Fire services.
8. Dalphene Hall, 545 Winwood – doesn't understand why when all other employers were switching from a defined benefit to a defined contribution plan the City of Walled Lake did the opposite. She feels that growing the City is a good idea and supports Valerie Kemp's idea for redevelopment liquor licensing.
9. Diane Crone, 139 Welfare – she is not here to put the blame on anyone but is asking the City Council and the unions to negotiate and come to a reasonable agreement. She elected these officials to office because of their wisdom and wants all parties to set aside their differences. She wants to keep our Police and Fire services and appreciates their fast response times.

10. Sue Helke, 1361 Shaw – feels that blame is being placed on former City Council but some of them have been on this Council for a long time. She questioned some of the financial related decisions that this council has made.

**COUNCIL CONSIDERATION:**

**1. Resolution 2013-23 Adopting the 2013-2014 Operating and Capital Budget Appropriation of Funds and Levy of Taxes**

City Manager Whitt gave the City Council a substitute resolution with his recommended staffing levels and asked the City Council to review this and to make a decision on the budget tonight, as we are already into the 2013-2014 fiscal year. He noted that they have come to a tentative agreement with the Department of Public Works and are close to one with the Fire Department. He is still working on the Police and Clerical unions. He agreed with some of the audience comments that the employees are not to blame but we must adjust to deal with the financial situation we are in now.

Mayor Pro Tem Ackley requested that this resolution be read into the record and noted that she appreciated the presentation done by Finance Director Coogan. She feels the pain as part of the prior administration and wants to go forward working with administration and employees to get the best outcome for this city.

Deputy Clerk Williams read the following substitute Resolution 2013-23 into the record:

WHEREAS because of serious budget short falls, the City Manager was instructed by this Council to develop recommendations for the restructure of city departments, divisions and activities, with such plans to set forth minimum and maximum staffing needs and to issue layoff notices and develop recall provisions; and

WHEREAS, this Council has reviewed information and heard testimony from city administration, city residents and city employees; and

WHEREAS, this Council, desirous of providing negotiating teams with additional time to reach an agreement, as such agreement could significantly impact the structural deficit, did twice defer the adoption of the fiscal year July 1, 2013 to June 30, 2014 budget under authority granted to it by Section 2.1 and 2.4 of the City Charter within the constraints of the laws of the State of Michigan; and

WHEREAS, it is the prerogative of City Council to determine the size and scope of City operations including services it will provide within the constraints of limited funding; and

WHEREAS, the appropriate City Officers have submitted to the City Manager an itemized estimate of expenditures for Fiscal Year 2013-2014 for their respective departments and/or activities; and

WHEREAS, the City Manager and Finance Director have prepared a complete itemized budget proposal for Fiscal 2013-2014 including General Fund Income and Expenditures, and

have submitted the same to the City Council pursuant to Chapter 8, Section 8.1 of the City Charter; and

WHEREAS, pursuant to Chapter 8, Section 8.2 of the City Charter, a Public Hearing was held on the proposed budget for the Fiscal Year 2013-2014 on Monday, June 10, 2013 and Monday June 24, 2013; and

WHEREAS, all the necessary proceedings have been taken by the City of Walled Lake, Oakland County, Michigan, in accordance with its City Charter, City Codes and Ordinances, and the laws of the State of Michigan; and

NOW, THEREFORE BE IT RESOLVED, that the City Council finds that it is the prerogative of Council to determine the size and scope of City operations including services it will provide within the constraints of limited funding.

NOW, THEREFORE BE IT FURTHER RESOLVED, that the City Council finds that the size and scope of operations of the government and its activities for the fiscal year beginning July 1, 2013 and ending June 30, 2014, shall be at the following staffing levels and the City Manager is hereby directed to implement as soon as practical and adhere to said staffing levels as follows:

Fire Department. Staff levels will require the retention of the current four (4) full-time employees to staff a single 24 hour shift. Any reduction caused by retirement, resignations or other form of attrition will not be filled and the shifts will be supplemented with professional on call and part-time as needed.

Police Department. Staff levels for the patrol function will require the retention of the current five (5) full-time Patrol Officers with the highest seniority at the patrol rank to staff a single 24 hour shift. Any reduction in staff caused by retirement, resignations or other form of attrition will not be filled and the shifts will be supplemented with professional part-time officers as needed. The staffing level for the classification of Drug Enforcement Administration Task Force Officer established in prior budgets, which has a revenue stream sufficient to equal the cost of that employee's salary and benefits, will require the retention of the current sworn officer dedicated to federal drug enforcement programs and not assigned to patrol the city. Any vacancy in this classification caused by retirement, resignations or other form of attrition will not be filled and the program shall be terminated, notwithstanding the loss of the revenue stream.

Department of Public Works. Staff levels will require the retention of four (4) full-time crew members to service City roads, parks, water and other public works functions during the hours of 7:00 a.m. to 4:00 p.m. Any reduction caused by retirement, resignations or other form of attrition will not be filled and the shifts will be supplemented with part-time staff as needed.

General Government. Staff levels will require the retention of the current two (2) full-time employees with the highest seniority to staff the office during the hours of 8:00 a.m. to 5:00 p.m. to be supplemented with part-time employees and managerial personnel.

NOW, THEREFORE BE IT FURTHER RESOLVED, the City Manager is authorized to fill management and contracted service positions as outlined in the budget document proposed to Council for the June 10<sup>th</sup> and June 24<sup>th</sup> budget hearing, both budgets being the same; and

NOW, THEREFORE BE IT FURTHER RESOLVED, the City Manager is directed to compile and publish a revised budget document based staffing changes directed by this Council in this resolution; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that for the expenses of the City government and its activities for the fiscal year, beginning July 1, 2013 and ending June 30, 2014, the following amounts are hereby appropriated:

Section 1. Out of the General Fund the following:

Legislative	12,135
General Government Services	961,649
Public Safety	2,433,878
Public Works	367,488
Capital Outlay	80,000

for a total of appropriation of \$3,855,150 for which an ad valorem property millage of 15.9526 is levied with estimated tax collections of \$2,294,400.

Section 2. Out of the Drug Forfeiture Fund the amount of \$275,500, which includes a levy of zero (0) mills for operating purposes and is funded by the Police Department's participation in the Federal Organized Crime Drug Enforcement and State Organized Crime Drug Enforcement.

Section 3. Out of the Major Streets Fund the amount of \$276,885 which includes a levy of zero (0) mills for operating purposes and is funded by a proportion of revenues collected by the State of Michigan under Public Act 51 of 1951.

Section 4. Out of the Local Streets Fund the amount of \$221,085 which includes a levy of zero (0) mills for operating purposes and is funded by a proportion of revenues collected by the State of Michigan under Public Act 51 of 1951.

Section 5. Out of the Debt Service Fund the amount of \$206,400 which includes a levy of zero (0) mills and is fully funded by transfers in from other funds.

Section 6. Out of the Retiree Health Care Fund the amount of \$115,100 which includes a levy of zero (0) mills and is funded by transfers in from funds with personnel activities.

Section 7. Out of the Transportation Fund, the amount of \$123,495 which includes a levy of zero (0) mills and is funded by an allocation from the Suburban Mobility Authority for Regional Transportation (SMART).

Section 8. Out of the Water/Sewer Fund the amount of \$2,741,034 which includes a levy of zero (0) mills for operating purposes and is funded by user fees.

Section 9. Out of the Refuse Fund the amount of \$314,300 which includes a levy of zero (0) mills for operating purposes and is funded by user fees.

Section 10. Out of the Library Fund the amount of \$296,559 for which an ad valorem millage of 1.7821 is levied with estimated tax collections of \$285,000.

Section 11. Out of the Downtown Development Fund, the amount of \$490,250 which includes a total levy of zero (0) mills for operating purposes and is funded by the capture of certain taxes assessed by the City of Walled Lake for General and Library (1963 levy) Operations, SMART Operations, Oakland County (OC) General Operations, OC Parks and Recreation, OC HCMA and Oakland Community College.

For Fiscal Year 2013-2014 a total appropriation from all funds in the amount of \$8,915,758 and a total levy of 17.7347 mills for Fiscal Year 2013-2014.

**CM 07-02-13            APPROVE RESOLUTION 2013-23 ADOPTING THE 2013-2014  
OPERATING AND CAPITAL BUDGET APPROPRIATION OF  
FUNDS AND LEVY OF TAXES**

Motion by Owsinek, seconded by Ackley, CARRIED UNANIMOUSLY: To approve Resolution 2013-23 adopting the 2013-2014 Operating and Capital Budget Appropriation of Funds and Levy of Taxes.

Roll Call Vote:

Yes:            Ackley, Ambrose, Owsinek, Robertson, Sturgeon, Yezbick, Roberts  
No:            None  
Absent:        None

**2. Banner Request from Walled Lake Western Warriors for Warriors for four signs  
from September 2 – 20, 2013**

**CM 07-03-13            APPROVE THE BANNER REQUEST FOR WALLED LAKE  
WARRIORS FOR WARRIORS WITH COORDINATION OF  
DETAILS BY ADMINISTRATION**

Motion by Sturgeon, seconded by Ackley, CARRIED UNANIMOUSLY: To approve the banner request for Walled Lake Warriors for Warriors with coordination of details by administration.

**3. Request to Enter into Executive Session to Report on Labor Negotiations for Police**

**CM 07-04-13            APPROVE THE REQUEST TO ENTER INTO EXECUTIVE  
SESSION TO REPORT ON LABOR NEGOTIATIONS FOR  
POLICE**

Motion by Sturgeon, seconded by Ackley, CARRIED UNANIMOUSLY: To approve the request to enter into Executive Session to report on labor negotiations for Police.

Yes: Ambrose, Owsinek, Robertson, Sturgeon, Yezbick, Roberts, Ackley  
No: None  
Absent: None

**4. Request to Enter into Executive Session to Report on Labor Negotiations for Fire**

**CM 07-05-13 APPROVE THE REQUEST TO ENTER INTO EXECUTIVE SESSION TO REPORT ON LABOR NEGOTIATIONS FOR FIRE**

Motion by Ackley, seconded by Owsinek, CARRIED UNANIMOUSLY: To approve the request to enter into Executive Session to report on labor negotiations for Fire.

Roll Call Vote:

Yes: Owsinek, Robertson, Sturgeon, Yezbick, Roberts, Ackley, Ambrose  
No: None  
Absent: None

**5. Request to Enter into Executive Session to Report on Labor Negotiations for Public Works**

**CM 07-06-13 APPROVE THE REQUEST TO ENTER INTO EXECUTIVE SESSION TO REPORT ON LABOR NEGOTIATIONS FOR PUBLIC WORKS**

Motion by Owsinek, seconded by Robertson, CARRIED UNANIMOUSLY: To approve the request to enter into Executive Session to report on labor negotiations for Public Works.

Roll Call Vote:

Yes: Robertson, Sturgeon, Yezbick, Roberts, Ackley, Ambrose, Owsinek  
No: None  
Absent: None

**6. Request to Enter into Executive Session to Report on Labor Negotiations for Clerical**

**CM 07-07-13 APPROVE THE REQUEST TO ENTER INTO EXECUTIVE SESSION TO REPORT ON LABOR NEGOTIATIONS FOR CLERICAL**

Motion by Ackley, seconded by Robertson, CARRIED UNANIMOUSLY: To approve the request to enter into Executive Session to report on labor negotiations for Clerical.

Roll Call Vote:

Yes: Sturgeon, Yezbick, Roberts, Ackley, Ambrose, Owsinek, Robertson  
No: None  
Absent: None

**MAYOR'S REPORT:**

Mayor Roberts apologized for missing the last meeting as he was recovering from hip surgery. All went well and the recovery is coming along. He thanked all who expressed concern.

**COUNCIL REPORT:** None

**MANAGER'S REPORT:**

**CM 07-08-13 MOTION TO RECEIVE DEPARTMENTAL STATISTICAL REPORTS**

Motion by Owsinek, seconded by Robertson, **CARRIED UNANIMOUSLY:** To receive the monthly departmental statistical reports.

City Manager Whitt requested DPW Coordinator McGill give an update regarding the street lighting.

**CORRESPONDENCE:**

A letter was received from Thomas Zoner, Commerce Township Supervisor.

**ATTORNEY'S REPORT:**

**CM 07-09-13 APPROVE THE REQUEST TO ENTER INTO EXECUTIVE SESSION TO DISCUSS PENDING LITIGATION**

Motion by Ackley, seconded by Owsinek, **CARRIED UNANIMOUSLY:** To approve the request to enter into Executive Session to report on labor negotiations for Clerical.

**Roll Call Vote:**

Yes: Yezbick, Roberts, Ackley, Ambrose, Owsinek, Robertson, Sturgeon  
No: None  
Absent: None

**UNFINISHED BUSINESS:** None

**NEW BUSINESS:**

- 1. Traffic Control Order 2013-05 and 2013-06**

Mayor Roberts spoke to Police Chief Shakinis and advised the council that these are informational only and require no action

**AUDIENCE PARTICIPATION:** None

**COUNCIL COMMENTS:**

Council Member Sturgeon said he is glad to see Mayor Roberts back.

Council Member Ambrose thanked the Department of Public Works union for negotiating a tentative agreement and hopes that the other unions follow suit.

Council Member Yezbick reminded and invited everyone to attend the Beach Party on this coming Saturday, July 20, 2013.

Mayor Pro Tem Ackley wants the City of Walled Lake to move forward and thanked the City Manager for the work he is doing. There are many unfortunate things happening because of the budget issues and she hopes that they will come to an end soon.

**CM 07-10-13                      BILLS FOR APPROVAL**

Motion by Ackley, seconded by Owsinek, CARRIED UNANIMOUSLY: To authorize the Treasurer to make disbursements and transfers on Warrant #12-2013 in the amount of \$470,445.13 this being in the best interest of the City.

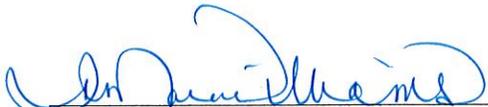
The meeting recessed at 9:35 p.m. Council entered into Executive Session at 10:00 p.m. and ended this session at 10:30 p.m.

*Council Member Owsinek left at 10:20 p.m.*

**CM 07-11-13                      AUTHORIZATION FOR CITY ATTORNEY TO PROCEED WITH  
CONSENT JUDGMENT AS DISCUSSED IN EXECUTIVE  
SESSION**

Motion by Ackley, seconded by Sturgeon, CARRIED UNANIMOUSLY: to authorize the City Attorney to proceed with Consent Judgment as discussed in Executive Session.

Meeting Adjourned at 10:30 p.m.

  
\_\_\_\_\_  
Tamara Williams, Deputy Clerk

  
\_\_\_\_\_  
William T. Roberts, Mayor



# CITY OF WALLED LAKE

COUNTY OF OAKLAND  
STATE OF MICHIGAN

## FISCAL YEAR 2014 BUDGET PRESENTATION

JULY 16, 2013

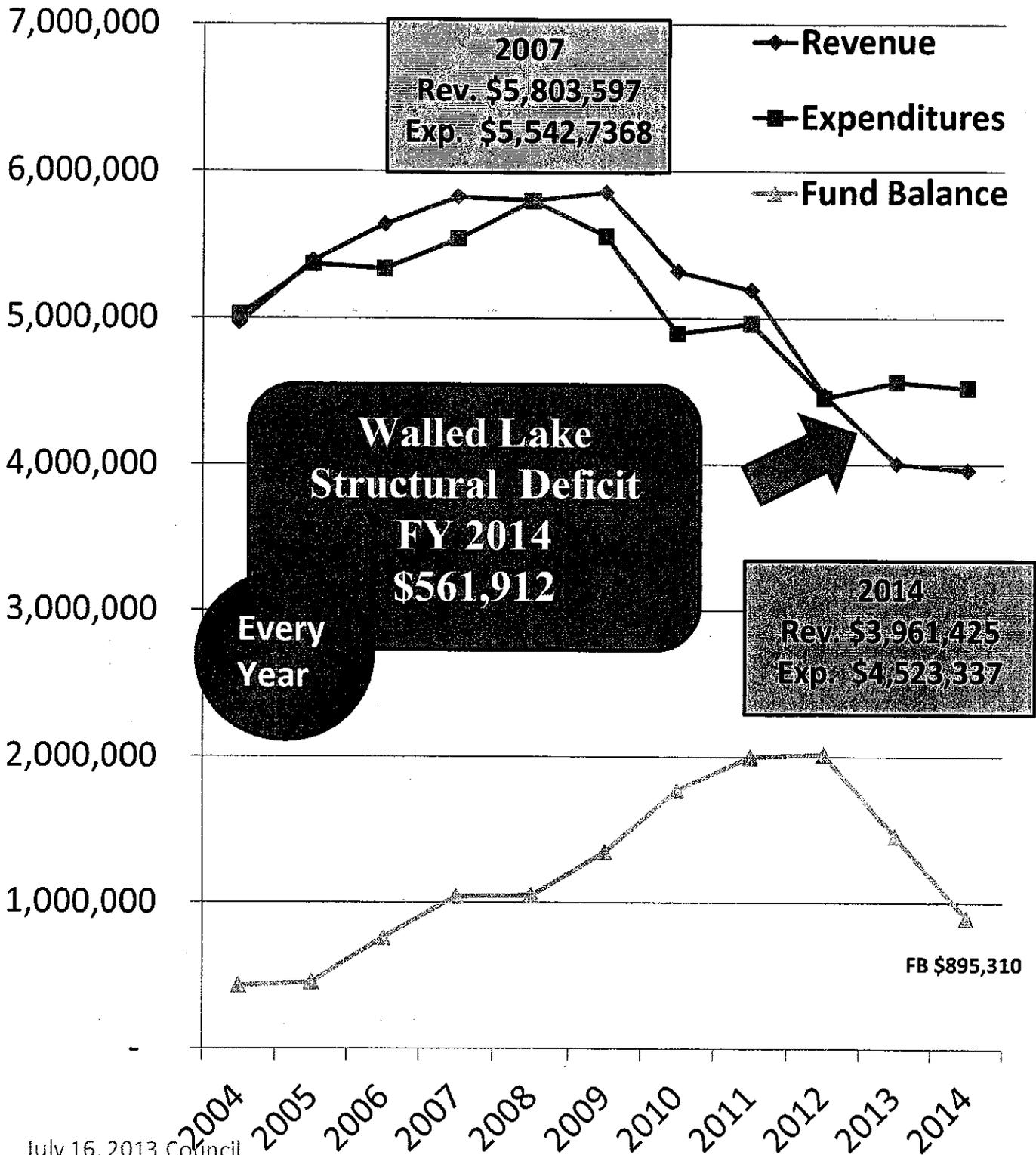
### Council Members

William T. Roberts, Mayor  
Linda S. Ackley, Mayor Pro Tem  
Casey J. Ambrose  
John Owsinek  
Robert W. Robertson  
William B. Sturgeon, III  
Dennis Yezbick

### City Administration

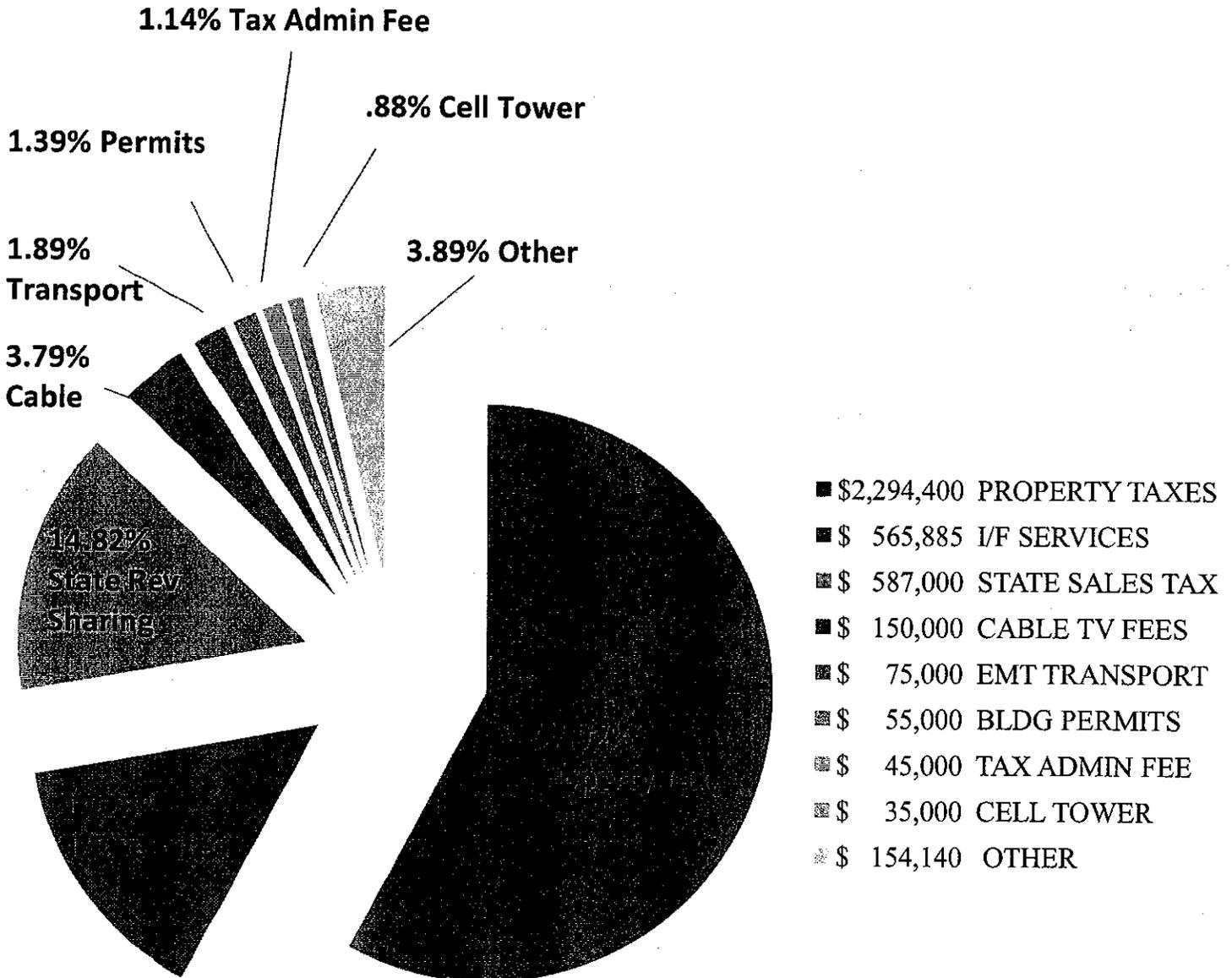
L. Dennis Whitt, City Manager  
Colleen M. Coogan, Finance Director  
Paul J. Shakinas, Police Chief  
Kenneth J. VanSparrentak, Fire Chief  
Lisa A. McGill, Public Works Coordinator  
Jennifer Stuart, Deputy Treasurer  
Tamara Williams, Deputy Clerk

# GENERAL FUND REVENUE, EXPENDITURE, and FUND BALANCE HISTORY

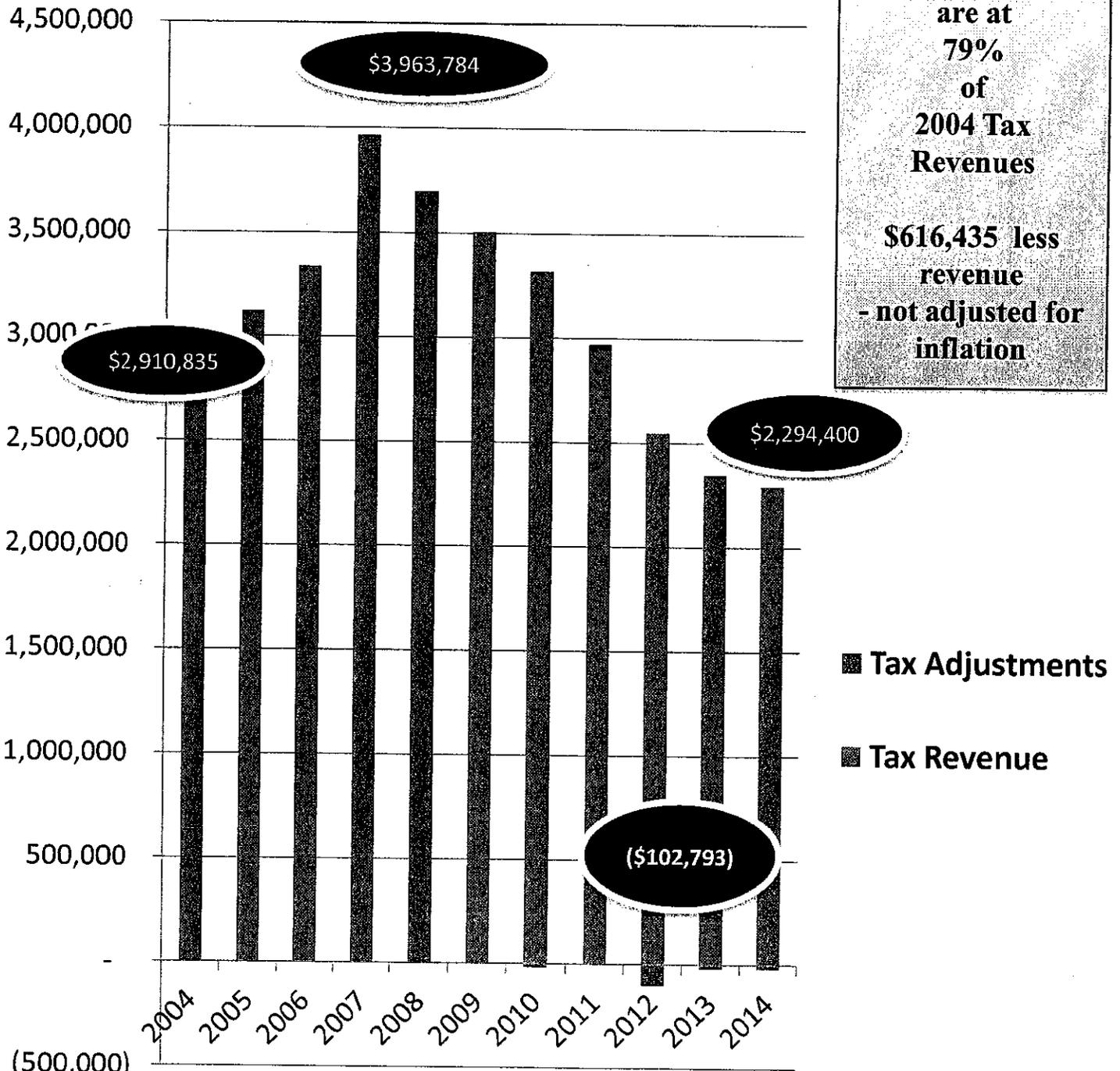


# GENERAL FUND REVENUES

**\$3,961,425**



# GENERAL FUND TAX REVENUE AND REFUND HISTORY



**2014 Net Tax Revenues are at 79% of 2004 Tax Revenues**

**\$616,435 less revenue - not adjusted for inflation**

■ Tax Adjustments

■ Tax Revenue

(500,000)  
July 16, 2013 Council  
FY14 Budget  
Presentation

# WALLED LAKE STATE EQUALIZED VALUE CHANGES

<u>Residential</u>		
2012	Decrease	10.56%
2013	Increase	1.19%

<u>Commercial</u>		
2012	Decrease	8.44%
2013	Decrease	.58%

<u>Industrial</u>		
2012	Decrease	11.79%
2013	Decrease	.02%

If  
SEV = TV  
then  
decrease in  
SEV  
=  
decrease  
in TV

# TOP 12 TAXPAYERS

## STATE EQUALIZED VALUE COMPARED TO TAX VALUE

### 2012 Tax Year

	<u>SEV</u>	<u>Taxable</u>	<u>TV/SEV</u>
Eagle Pond Townhouses	4,142,500	4,142,500	100%
BRIL-W#1 LLC (300 Eagle Pond Dr)	2,988,690	2,988,690	100%
Detroit Edison	2,690,220	2,690,220	100%
Phillips Edison & Co.	2,463,790	2,257,060	92%
Keystone Capital Management	2,299,030	2,158,680	94%
Walled Lake Villa Apartments	2,110,200	2,110,200	100%
Husky Envelope Products	2,303,680	2,303,680	100%
Consumers Energy Company	1,392,650	1,342,730	96%
Fawn Lake Estates	1,153,400	1,153,400	100%
Public Storage	1,138,370	1,138,370	100%
Eagle Pond Landings	1,131,770	1,131,770	100%
Tivoli Apartments, LLC	1,077,570	1,077,570	100%

# CITY CHARTER TAXATION LIMIT

## Power to Tax: Tax Limit

Section 9.1 .....”the annual ad valorem tax levy shall not exceed **two percent** of the assessed value of all real and personal property subject to taxation in the city.”

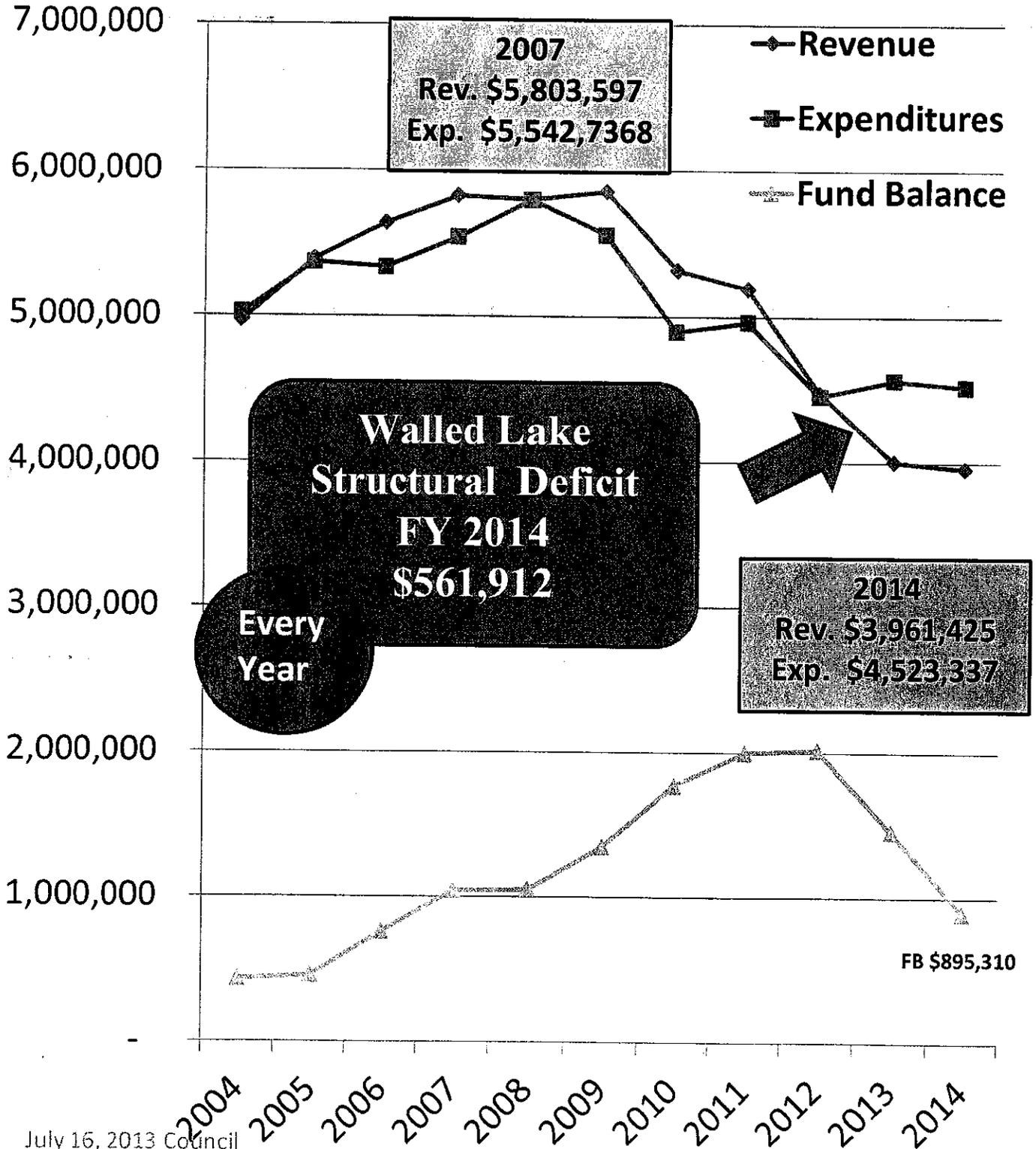
Long Term Planning –  
only **Real Property** is reliable.

Utilizing only Real Property, the City could levy an **additional 4.9340 mills.**

After DDA Capture this would net the City approximately **\$680,000**

For **each \$50,000** of tax value taxpayers would pay **\$250** per year

# GENERAL FUND REVENUE, EXPENDITURE, and FUND BALANCE HISTORY



# **COMPONENTS OF STRUCTURAL DEFICIT**

## **#1 Full Time Staff Working Hours**

**A reduction in employee paid time off would reduce the structural deficit.**

# **COMPONENTS OF STRUCTURAL DEFICIT**

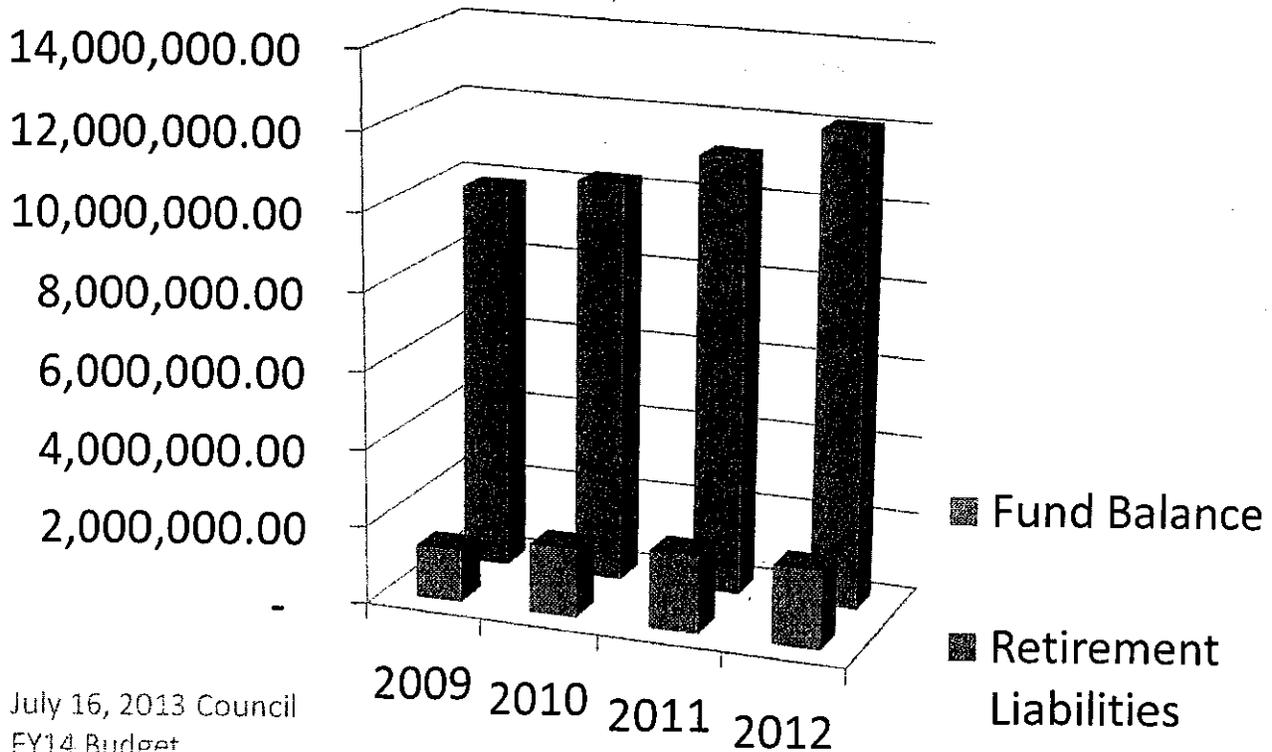
## **#2 Pension Benefits**

The City offers a rich benefit program and employees receive higher income in retirement than during their work years.

# GENERAL FUND BALANCE RETIREE BENEFIT DEBT

	Actuarial <u>2010</u>	Actuarial <u>2011</u>	Projected <u>2012</u>
General Fund Balance	1,771,181	1,999,434	2,017,436
Unfunded Pension	(7,277,314)	(7,829,224)	(8,729,224)
Unfunded OPEB	(3,025,345)	(3,384,163)	(3,734,163)

Shortfall                      (8,531,478)                      (9,213,953)                      (10,445,951)



# PENSION PLAN STAKEHOLDER GROUPS



**Municipality**

**Employees**

**Taxpayers**

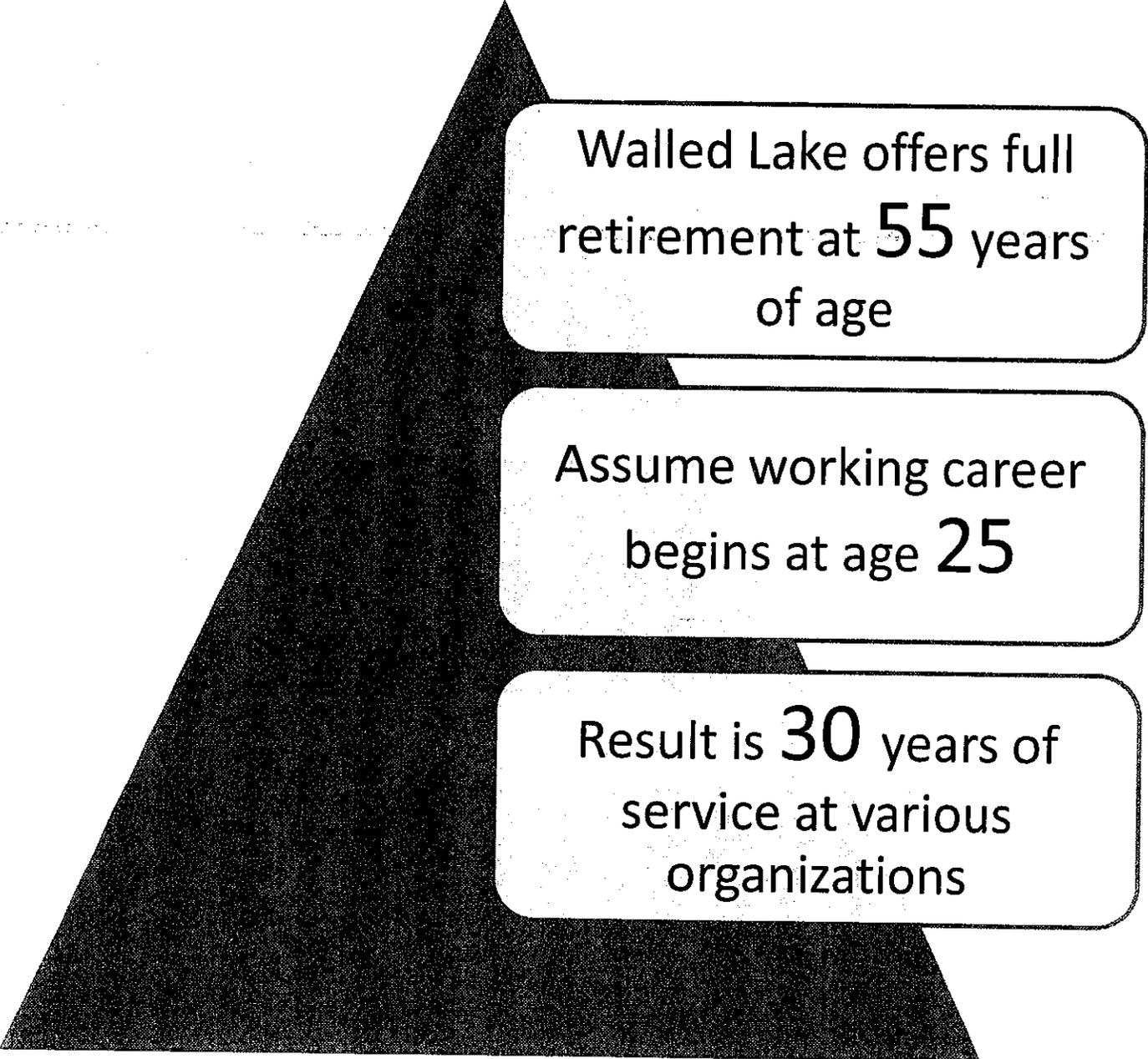
**City Leadership Must Balance  
Sometimes Competing Objectives**

# ACTUARIAL AVERAGE PENSION

Source: 2012 Group Average

	DPW	POL/FIRE
<b><u>Retirement Income Objective</u></b>		
Final Average Compensation	\$ 4,658	\$ 6,520
Income Replacement Goal	<u>80%</u>	<u>80%</u>
	\$ 3,726	\$ 5,216
<b><u>Social Security Payment</u></b>		
Average Payout	<u>36%</u>	<u>36%</u>
	\$ 1,677	\$ 2,347
<b><u>Walled Lake Pension</u></b>		
Years of Service	30	30
Benefit Multiplier	<u>2.25%</u>	<u>2.50%</u>
	\$ 3,144	\$ 4,890
<b>Total SS &amp; MERS</b>	<b>\$ 4,821</b>	<b>\$ 7,237</b>

# YEARS OF SERVICE



Walled Lake offers full retirement at **55** years of age

Assume working career begins at age **25**

Result is **30** years of service at various organizations

# BENEFIT MULTIPLIER

Where applicable a 1.5% multiplier should be used to determine employee pensions. A 2% multiplier should be used for employees who are not eligible for social security benefits.

**Governor Rick Snyder  
March 2011**

<b>Unit</b>	<b>Multiplier</b>
<b>Police – Fire - Admin</b>	<b>2.50%</b>
<b>DPW - Clerical</b>	<b>2.25%</b>

# PENSION SPIKING

## RECENT RETIREE TERMINATION PAYMENTS

### Administration: Paid Time Off Pay Out

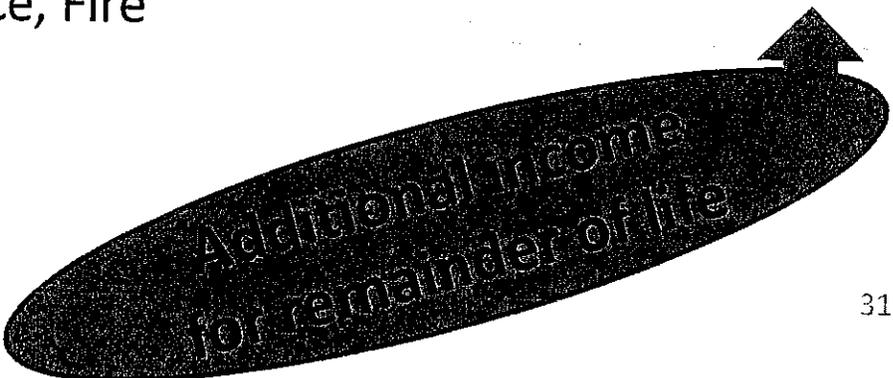
\$	51,851		Years	FAC	Multiplier	Monthly Benefit
		*	27	3	2.50%	\$ 972.21
		**	27	5	2.25%	\$ 524.99
			27	5	1.50%	\$ 350.00

### DPW: Vacation Time Pay Out

\$	4,083	*	30	3	2.50%	\$ 85.07
		**	30	5	2.25%	\$ 45.94
			30	5	1.50%	\$ 30.62

\* Administration, Police, Fire

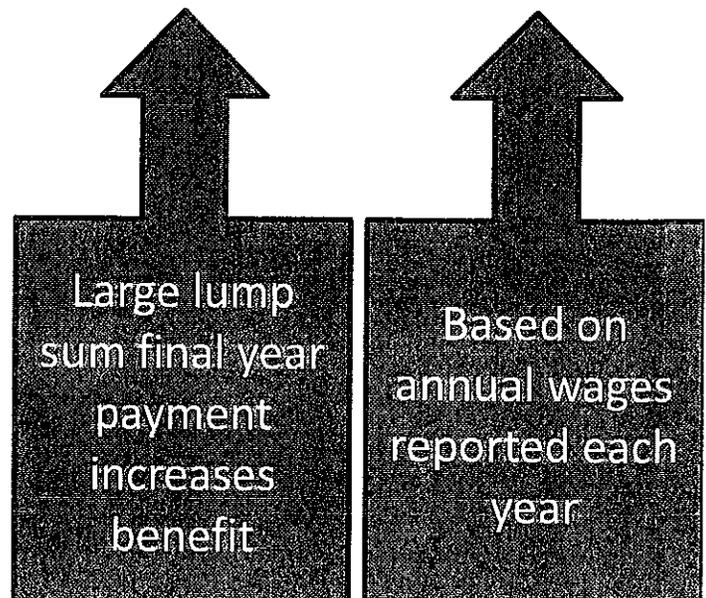
\*\* Clerical, DPW



# RECENT RETIREE BENEFITS

Walled Lake has a history of spiking the employee's final year wages thereby increasing the pension payment.

Position	Retirement Year	Monthly Benefit	Actuarial Estimated Benefit
Administration	2011	\$ 5,059	\$ 4,222
Administration	2009	\$ 7,046	\$ 6,060
Police & Fire	2011	\$ 4,452	\$ 3,574



# PENSION PLAN

## LONG TERM FISCAL HEALTH

Where are we? How did we get here? What can we do to fix this?

# WALLED LAKE PENSION PLAN HISTORY

1992

- Convert from DC to DB Plan
- FAC set at 5 years
- Multiplier - 1.7% Police & Fire; 1.5% DPW
- Employee contribution 0%
- No contribution from DC plan
- Give full service credit for work history before DB Plan
- Plan opens with unfunded liability of \$1,081,239

# WALLED LAKE PENSION PLAN HISTORY

2005

- Increase multiplier for Admin, Police & Fire to 2.5%
- Increase employee contribution for Admin, Police & Fire to 5.25%
- FAC to 3 years for Admin, Pol & Fire
- 2.5% COLA for Admin & Police Command each year for remainder of life
- Increase duty disability payments
- Unfunded liability increases \$1.6M from previous year to \$6,596,702

# RETIREMENT BENEFIT FIGURES

**2014**

- 2012 Unfunded liability  
**\$10,445,951**
- 2014 Employer contribution  
**\$685,200**

# RETIREMENT BENEFIT FIGURES



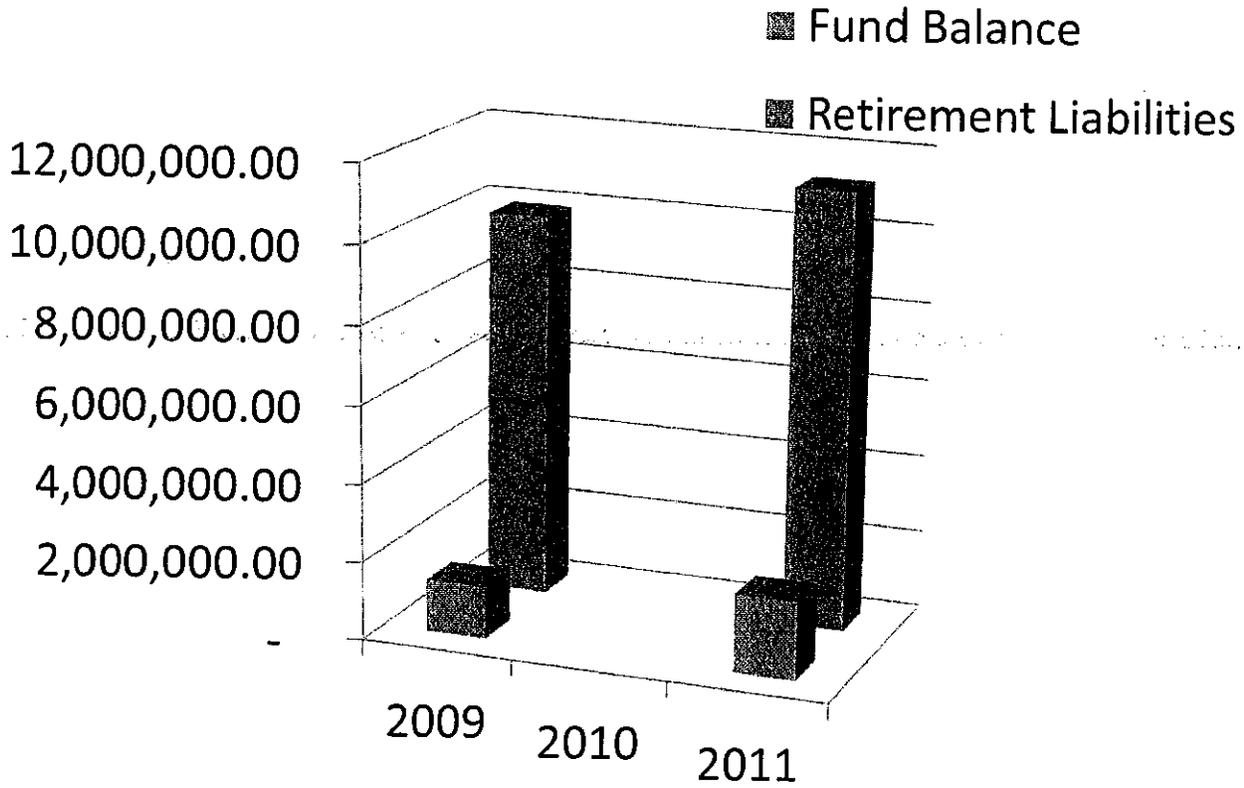
**2014**

- 2012 Unfunded liability  
**\$10,445,951**
- 2014 Employer contribution  
**\$685,200**



**City of Walled Lake, Michigan  
Fiscal Year 2014 Annual Budget**

**COMPARISON OF GENERAL FUND BALANCE TO  
UNFUNDED RETIREMENT OBLIGATIONS**



	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fund Balance	1,348,679	1,771,181	1,999,434	2,017,436	1,457,222	895,310
Unfunded Pension	(7,233,333)	(7,277,314)	(7,829,224)			
Unfunded OPEB	(2,666,526)	(3,025,345)	(3,384,163)			
<b>Shortfall</b>	<b>(8,551,180)</b>	<b>(8,531,478)</b>	<b>(9,213,953)</b>			

City of Walled Lake, Michigan  
Fiscal Year 2014 Annual Budget

**BUDGET & STRUCTURAL DEFICITS**

**Budget Deficit** - Government spends more than it receives in tax revenue in **a single year**.

Often budget deficits are planned – e.g. a large capital expenditure (Decker Rd) draws down reserves.

**Structural Deficit** - Exists when a budget deficit persists on a **long term** basis and when the **economy is operating at its fullest**.

Structural deficits result from a fundamental imbalance in government receipts and expenditures, as opposed to a short-term budget deficit based on one-off or short-term factors.

**STAFF RESTRUCTURING  
AS POSSIBLE ANSWER  
TO STRUCTURAL DEFICIT**

# City of Walled Lake, Michigan Fiscal Year 2014 Annual Budget

## FULL TIME EQUIVALENT PERSONNEL *continued...*

	FY12	FY13	Change	FY14	Change
<b><u>Fire Department</u></b>					
Chief	1.00	1.00		1.00	
Fire Fighters	4.00	4.00		-	
On call Firefighters	2.80	2.80		5.68	
Total	7.80	7.80	-	6.68	(1.12)
<b><u>Building &amp; Planning</u></b>					
Administrative Staff	1.00	-			
Inspectors	0.50	0.50		0.50	
Code Enforcement	0.60	0.60		0.60	
Total	2.10	1.10	(1.00)	1.10	-
<b><u>Downtown Development Authority</u></b>					
Director	1.00	1.00		-	
Total	1.00	1.00	-	-	(1.00)
<b><u>Department of Public Works</u></b>					
Manager/Director	1.35	-			
Finance Director	0.35				
Coordinator	1.00	1.00		1.00	
Administrative Staff	2.00	-		-	
Crew - FT	6.00	6.00		3.00	
Crew - PT	1.00	1.00		1.25	
Total	11.70	8.00	(3.70)	5.25	(2.75)
<b><u>Library</u></b>					
Director	1.00	1.00		1.00	
Staff - FT	3.00	3.00		2.00	
Staff -PT	1.13	1.00		1.75	
Total	5.13	5.00	(0.13)	4.75	(0.25)
<hr/>					
<b>Total Personnel FTE</b>	<b>49.48</b>	<b>48.95</b>	<b>(0.53)</b>	<b>43.08</b>	<b>(6.12)</b>

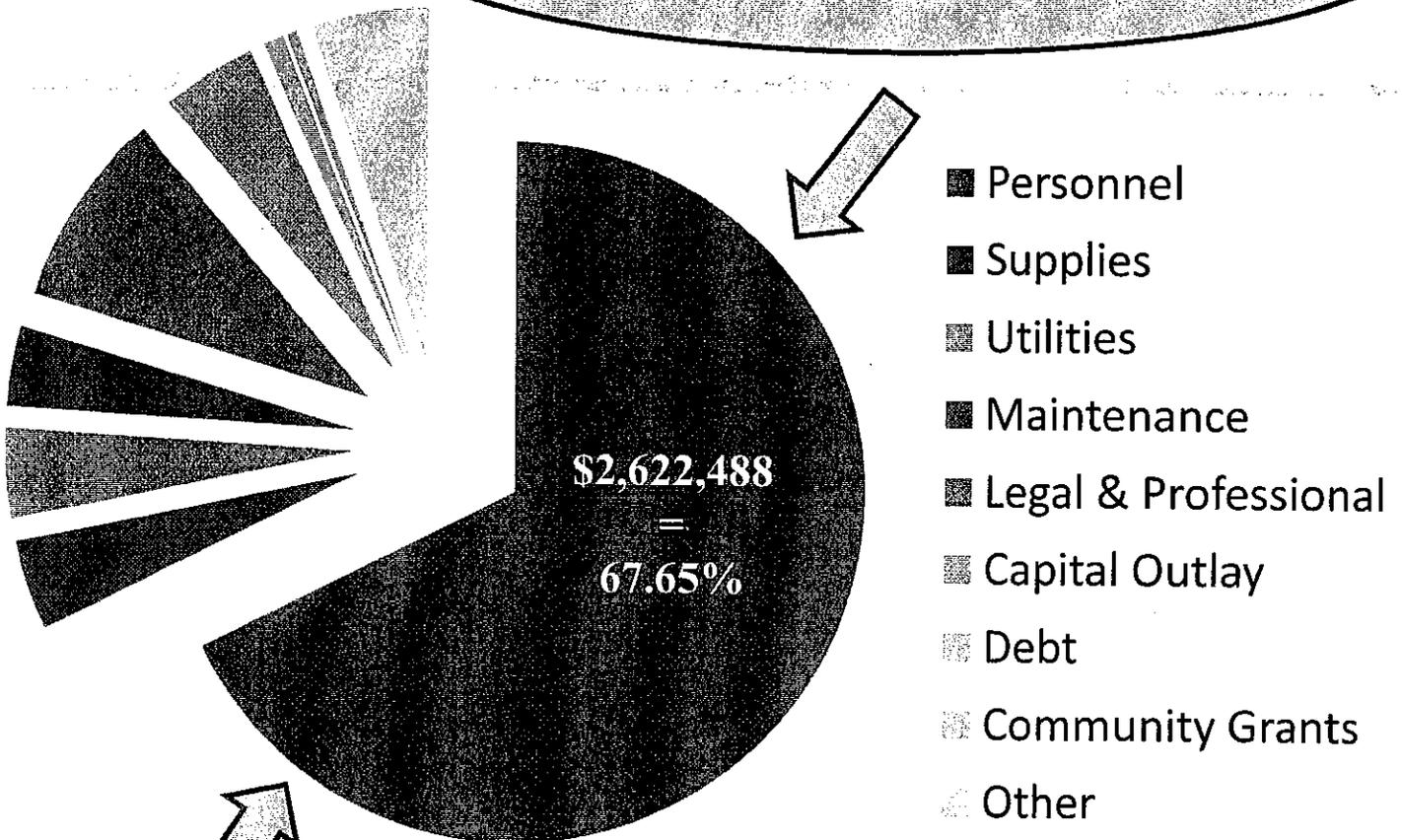
Full- Time Change from PY	-2.00	-10.00
Part- Time Change from PY	1.47	3.88
Total FTE Change from PY	-0.53	-6.12
Percent Change from PY Presentation	-1%	-13%

City of Walled Lake, Michigan  
Fiscal Year 2014 Annual Budget

GENERAL FUND EXPENDITURES  
WITH PROPOSED STAFFING LEVELS

**\$3,876,430**

**\$611,369**  
**Reduction Personnel Expenditures**



**\$401,200**  
**Pension Debt**  
**Remains**

**PROPOSED  
FISCAL YEAR 2014 BUDGET  
FOR  
COUNCIL CONSIDERATION**

NOT FOR DISPALY

CITY CHARTER TAXATION LIMIT

**Power to Tax: Tax Limit**

Section 9.1 ...."the annual ad valorem tax levy shall not exceed **two percent** of the assessed value of all real and personal property subject to taxation in the city."

	Real
Assessed Value	\$ 166,600,320
Charter Limit	<u>2%</u>
Maximum Tax	\$ 3,332,006
Tax Value	\$ 159,528,610
Maximum Millage	20.8866
Current Millage	15.9526
Additional Millage	4.9340
Additional Tax Revenue	\$ 787,110
DDA Capture	\$ 107,190
Net Revenue	\$ 679,919.95

July 16, 2013 Council

FY14 Budget  
Presentation

**City of Walled Lake, Michigan  
Fiscal Year 2014 Annual Budget**

**COMMERICAL ASSESSMENT METHODS**

- **Cost Approach** – replacement cost per square foot & depreciate it down from ten year old values from the State Tax Commission
- **Sales or Market Approach**
- **Income Approach**

City of Walled Lake, Michigan  
Fiscal Year 2014 Annual Budget

## INFLATION RATE MULTIPLIER (IRM)

- Can be accurately estimated by May
  - Median Method
- 2013 Actual IRM: 2.4% or 1.024

Taxable Value Calculations are derived by using IRM/CPI percentages. This has been mandated with the introduction of proposal "A" of 1994. IRM/CPI is calculated by the US Department of Labor. <http://www.bls.gov/cpi>

Taxable Value can  
NEVER exceed  
Assessed Value

(IRM) Inflation Rate Multiplier = For property tax year 2010, the inflation rate multiplier is equal to the ratio of fiscal year 2009 average consumer price index divided by the fiscal year 2008 average consumer price index.

Source: Oakland County Equalization

**City of Walled Lake, Michigan  
Fiscal Year 2014 Annual Budget**

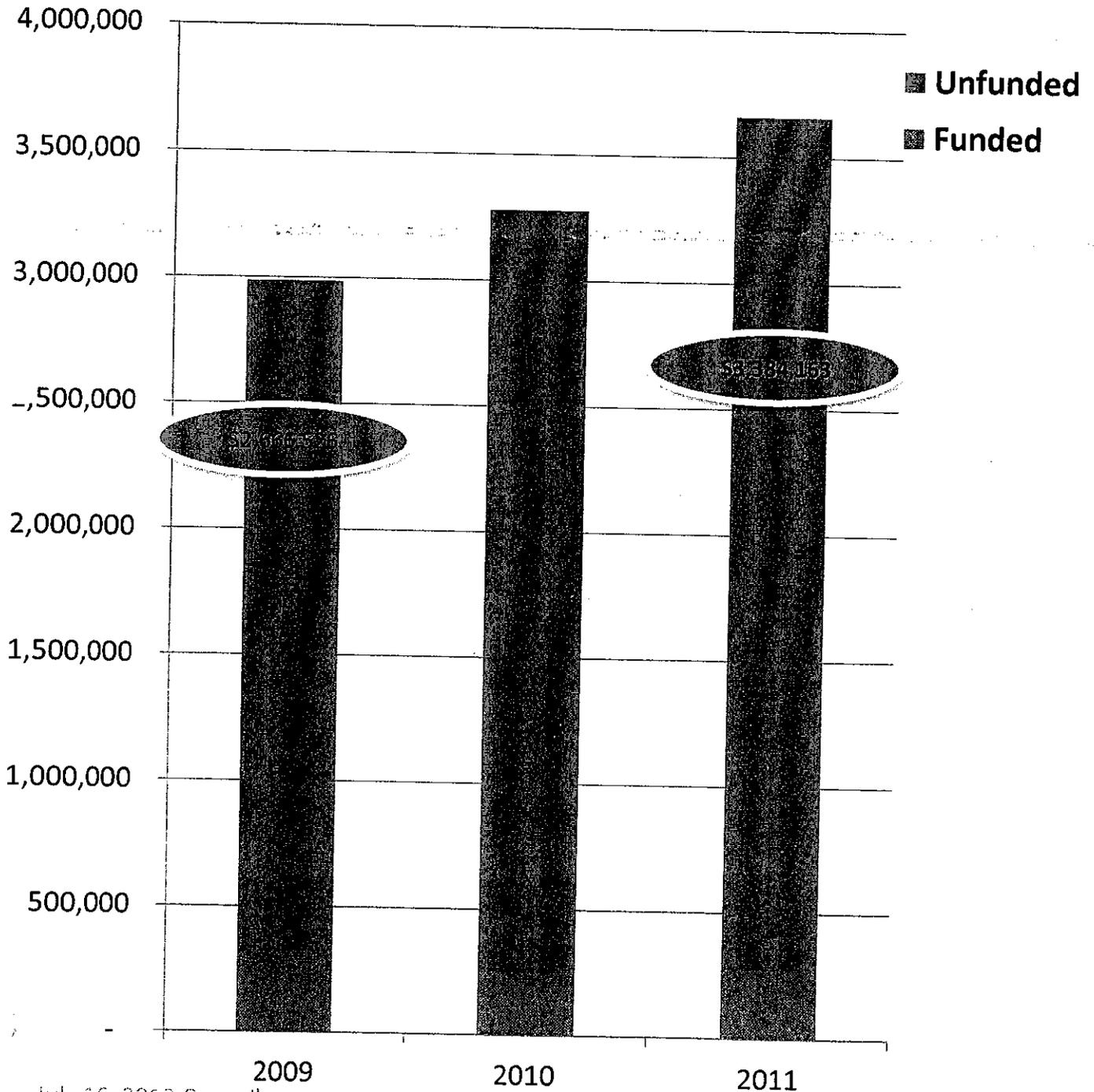
**PERSONAL PROPERTY TAX REVENUE REDUCTION**

Total PPT Loss:	\$149,742
Replacement:	
Local Essential Service Assessment	\$68,902
State Reimbursement	<u>\$64,672</u>
Total Reimbursement	\$133,574
Net Loss	\$16,168

The Walled Lake Essential Service Assessment equates to approximately \$21 for each \$50,000 in home value

City of Walled Lake, Michigan  
Fiscal Year 2014 Annual Budget

**OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY TRENDS**



# **GENERAL FUND REVENUE**

## **TRENDS & SUMMARIES**

# FY2013 STAFFING LEVEL

## FY2014 PERSONNEL COSTS

TYPE OF EXPENDITURE	FINANCIAL OUTLAY	PERCENTAGE OF TOTAL
Full Time Wages	1,858,300	57.46%
FT Supplemental	258,842	8.00%
Part Time Wages	408,950	12.65%
Taxes	255,715	7.91%
Healthcare	302,300	9.35%
Retirement	284,000	8.78%
Pension Debt	401,200	12.41%
Training	18,550	0.57%
Other Fund Transfers	<u>(554,000)</u>	<u>-17.13%</u>
July 16, 2013 Council FY14 Budget Presentation <b>Total</b>	<b>3,233,857</b>	<b>100.00%</b>