



## **2010 – 2012 Financial Projections**



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# Introduction

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## **Background**

The City's Strategic Plan has established a priority area of focus called Financial Stability. This section calls for: 1) achieving Council's strategic goals without increasing the millage rate; 2) maintaining three-year financial projections of revenue and expenses and capital outlays; and 3) identifying trends that could negatively or positively impact City operations and achieving the strategic goals.

The purpose of this document is to look at the City's major funds and project their financial performance out three years thru fiscal year 2012. This is the first time the City has undertaken a comprehensive financial forecasting effort across all major funds and activities. As such, this document will evolve in future years to better meet end users' needs. The intent is to update the projections annually just prior to the budgeting process, as we are initiating this year.

## **Economic Outlook**

As with any effort to project the future, there is always a great deal of uncertainty involved in the process. The further out one looks, the more uncertainty is introduced. This is particularly true in the current economic environment. The current recession is expected to be longer and deeper than any we have experienced in the last quarter century. Michigan's future, particularly, is in doubt. Michigan never really recovered from the last downturn in 2001-2002 and the current crisis has the auto industry on the brink of collapse. Michigan's continuing road to recovery and economic diversity will indeed be painful.

The recession will cause enormous financial pressures on the State government. Revenues to State coffers will decline as economic activity and resultant sales and income taxes all decrease. Already, there are preliminary projections of a several hundred million dollar state budget deficit. A likely part of the State's response will be to cut aid to local units of government.

The housing crisis has led to the first significant decline in property values since the inception of Proposal A. This will result in many long-time homeowners seeing a decrease in their property value yet an increase in property taxes. This is not a palatable situation for many homeowners and politicians. Lawmakers in Lansing are already floating proposals to limit the increase in property taxes when property values decline. Whether any of these initiatives becomes law is yet to be seen, but if enacted, the effect will be to further reduce revenue to local government.

## **Format**

The following projections contain narrative sections discussing each fund in general, looking at revenue, expenses and capital outlay in more detail (as applicable) and closing with summary conclusions. Graphs, charts and figures are included in each section to illustrate important trends and points of interest. The projections are intended to give a high level overview of each fund, and are presented in a level of detail commensurate with this goal.

### General Fund

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#### Discussion

The General Fund is the City's largest and provides most of the services to citizens. It is the recipient of most of the property taxes the City receives from its operating levy of 16.95 mills, which is below the maximum authorized. Taxes represent 64% of General Fund revenue. The General Fund has 50.5 employees that are charged to it. In recent years, the General Fund has run a deficit. As a result, fund balance has eroded from 24.2% of operating expenses to 13.6%.

#### Revenue Assumptions

Overall revenue growth has and is expected to slow markedly over the next three years, averaging around 1% per year. Property taxes will flatten as the housing market decline begins to negatively impact the tax roll. Very little new construction is anticipated, and what construction there is will likely be either captured or exempt, primarily thru TIF, Brownfields, IFT's or the Renaissance Zone.

State revenue sharing is also likely to decline. The State is facing another budget crisis and has no appetite to raise taxes. It will have to cut expenditures and statutory revenue sharing is not likely to be spared. Several years ago, the ratio of statutory to constitutional revenue sharing was about equal. Today, it is almost 2/3 constitutional. The projections assume a 10% statutory revenue sharing reduction in 2010 and flat thereafter. Constitutional revenue sharing is expected to decline by 5% and flat thereafter.

Inter-fund revenue represents reimbursements to the General Fund from other funds for personnel, equipment and services. It is expected to grow modestly each year at the rate of inflation.

Sales, fees, fines and permits are one of the most variable sources of revenue in the General Fund. The projections reflect a 5% reduction in 2010, flat in 2011 and an inflationary increase in 2012. Fees and permits vary considerably based on the number of new businesses and/or residences coming to the community. In an economic downturn, these can be expected to decline and the projections reflect this. Sales and fines are less impacted by the economy and should remain fairly stable.

Other revenue is also fairly variable. It consists primarily of interest income, lease income, reimbursements, refunds and other items. The projections show this declining because of lower interest rates and fewer dollars to invest.

PILT revenue is the one bright spot in the General Fund revenue equation. This line item consists primarily of a millage rate based surcharge levied on water and sewer customers outside the City limits. It is expected to grow because of development outside the City, notably the new Glen's Market. The projections do not include the Filer Township DDA as there is no agreement

in place at this time to extend sewer services. When this occurs, the City will pick up significant revenue.

Transfers in consist of an operating subsidy from the Refuse Fund to the General Fund. This has been left flat for the projection period. At one point there was discussion of slowly weaning the General Fund from this subsidy. However, the minimal tax revenue growth has made this not practical in the near term.

### **Expense Assumptions**

#### ***Employee Costs***

Employee costs are by far the biggest expense of the General Fund, comprising 64% of total costs. The projections assume staffing is static. There are five employee groups to deal with when establishing wage and benefit packages. The four union groups have contracts that expire at different times, so the wages and benefits can vary considerably between groups. The projections assume that the non-union step schedule is temporarily suspended and that employees will receive an inflationary increase.

Two union group (IAFF and USWA) contracts expire at the end of the current fiscal year. Management will be negotiating firm wage adjustments with each, rather than letting them float with Proposal A. The projections assume an extremely modest increase for each of the three years. The POAM and COAM contract expires in 2010. They will receive a 4.0% increase in 2009. It is important to note two things with the union groups. First, wages are subject to negotiation and do not stand alone as a subject of bargaining. Second, all four union contracts have step schedules built in as a matter of course.

Health insurance is the next biggest employee expense. The projections assume that the two remaining union groups move to the HRA option and participate in cost sharing like the rest of the employees. It also assumes that there will be 10% premium increases in each of the next three years, split equally between the City and the employees.

Retirement costs are the final large component of employee expense. The projections use the data from the MERS annual actuarial valuation to project these costs in 2010, with an inflationary adjustment in the next two years. It does not assume any increase in employee contribution, although for two of the groups it may be warranted.

#### ***Operating Costs***

Operating costs comprise the remaining 36% of the General Fund. The projections assume that these grow with the rate of inflation. These costs consist of an extremely wide variety of items, for example: utilities, fuel, motor pool rent, insurance, streetlights, attorney, office supplies, operating supplies, professional fess, etc. Many of these costs are non-discretionary, such as the annual audit, professional credentialing, election supplies and the like. It is also important to note that these costs have been cut fairly significantly in recent years, and further significant cuts are unlikely to be easily found and will likely result in some type of service reduction.

### **Capital Outlay Assumptions**

The General Fund does not budget for large capital outlay items, such as major repairs or maintenance or acquisition of a new asset. Instead, these are budgeted for in the Capital Improvement fund.

### **Conclusions**

The projections show that the General Fund is on an unsustainable path. Cumulative deficits over the three-year period total almost \$1 million dollars. Obviously, this cannot occur. The City is facing a structural imbalance between revenues and expenses that must be addressed.

Most of the problem is on the revenue side. The extremely sluggish growth in the tax base, coupled with cuts in revenue sharing leave the City with little incremental revenue. However, there is little the City can do about the income side of the equation. It can raise fees, as was done in the last fiscal year budget, but this is only a small piece of the puzzle and would raise little revenue. It can implement new fees for certain items, such as reserving the Beach House. Finally, it could raise the millage rate up to the legal authorized limit, or up to the Charter maximum with a Headlee override vote. These would not be popular choices with the public.

Given the revenue constraints, it is necessary to look at the expenditure side to balance the ledger. The City has done much over the past several years to address costs within the existing structure. It has repeatedly addressed healthcare, including achieving defacto capping with three employee groups. This is no small feat. It has significantly reduced pension costs thru moving from a City administered plan to MERS. Pension costs are considerably lower, and although rising somewhat, still saving the City significant sums on an annual basis. Department heads have reduced operating budgets in areas that they can. However, some costs such as fuel and utilities are largely outside of the City's ability to control. Finally, the headcount has been reduced over time without disrupting operations.

These cost savings have been achieved without any service cuts, with the exception of life guards. However, to obtain the level of reductions necessary to close the projected budget gap, the City must consider a different approach. Specifically, the City must look at: 1) service levels, 2) staffing, and 3) reorganization. All three of these will be studied in the pending Operational Service Audit. This will not be completed in time for the 2010 fiscal year budget, though. Therefore, some work needs to be done on a parallel path with the audit to bring 2010 in on budget. This may include such things as attrition and/or temporary layoffs.



## 2010-2012 Financial Projections

### General Fund Financial Projections

General Fund	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
<b>420.000 Delinquent Personal Property Tax</b>									
Total Tax Revenue	\$ 2,998,479	\$ 3,046,617	\$ 3,219,070	\$ 3,190,935	\$ 3,303,279	\$ 3,392,368	\$ 3,443,254	\$ 3,477,686	\$ 3,512,463
Total State Revenue	\$ 779,393	\$ 772,019	\$ 764,699	\$ 745,911	\$ 736,874	\$ 740,978	\$ 676,429	\$ 676,429	\$ 676,429
Total Inter-Fund Revenue	\$ 492,000	\$ 549,920	\$ 506,650	\$ 532,550	\$ 544,783	\$ 578,620	\$ 593,086	\$ 607,913	\$ 623,110
Total Sales, Fees, Fines & Permits	\$ 154,874	\$ 193,615	\$ 161,889	\$ 188,001	\$ 172,343	\$ 214,350	\$ 203,633	\$ 203,633	\$ 208,723
Total Other Revenue	\$ 179,870	\$ 369,813	\$ 252,727	\$ 175,471	\$ 227,508	\$ 124,795	\$ 110,000	\$ 110,000	\$ 115,000
Total PILT	\$ 96,263	\$ 147,220	\$ 188,972	\$ 99,101	\$ 118,176	\$ 131,460	\$ 172,244	\$ 175,689	\$ 179,203
Total Transfers In	\$ 125,000	\$ 112,583	\$ 126,927	\$ 78,149	\$ 77,167	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
<b>Total Revenues</b>	<b>\$ 4,825,879</b>	<b>\$ 5,191,787</b>	<b>\$ 5,220,934</b>	<b>\$ 5,010,118</b>	<b>\$ 5,180,130</b>	<b>\$ 5,262,571</b>	<b>\$ 5,278,645</b>	<b>\$ 5,331,349</b>	<b>\$ 5,394,929</b>
<hr/>									
100 General Operating									
Operating Costs	\$ 569,873	\$ 765,856	\$ 614,378	\$ 708,271	\$ 558,047	\$ 551,725	\$ 585,518	\$ 600,156	\$ 615,160
<b>TOTAL GENERAL OPERATING</b>	<b>\$ 569,873</b>	<b>\$ 765,856</b>	<b>\$ 614,378</b>	<b>\$ 708,271</b>	<b>\$ 558,047</b>	<b>\$ 551,725</b>	<b>\$ 585,518</b>	<b>\$ 600,156</b>	<b>\$ 615,160</b>
101 Legislative									
Employee Costs	\$ 19,244	\$ 22,949	\$ 27,594	\$ 27,855	\$ 28,328	\$ 28,771	\$ 29,194	\$ 29,634	\$ 30,523
Operating Costs	\$ 17,568	\$ 17,001	\$ 21,303	\$ 11,245	\$ 12,811	\$ 19,000	\$ 16,400	\$ 16,810	\$ 17,230
<b>TOTAL LEGISLATIVE</b>	<b>\$ 36,812</b>	<b>\$ 39,950</b>	<b>\$ 48,897</b>	<b>\$ 39,101</b>	<b>\$ 41,139</b>	<b>\$ 47,771</b>	<b>\$ 45,594</b>	<b>\$ 46,444</b>	<b>\$ 47,753</b>



## 2010-2012 Financial Projections

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
172 Manager						5.3%			
Employee Costs	\$ 147,681	\$ 152,363	\$ 155,522	\$ 163,101	\$ 171,737	\$ 174,730	\$ 180,945	\$ 188,183	\$ 195,710
Operating Costs	\$ 26,559	\$ 22,563	\$ 24,753	\$ 24,868	\$ 25,836	\$ 26,231	\$ 26,887	\$ 27,559	\$ 28,248
<b>TOTAL MANAGER</b>	<b>\$ 174,241</b>	<b>\$ 174,927</b>	<b>\$ 180,275</b>	<b>\$ 187,969</b>	<b>\$ 197,573</b>	<b>\$ 200,961</b>	<b>\$ 207,832</b>	<b>\$ 215,742</b>	<b>\$ 223,958</b>
215 Clerk						4.2%			
Employee Costs	\$ 111,726	\$ 117,644	\$ 112,567	\$ 121,862	\$ 126,999	\$ 142,058	\$ 147,902	\$ 153,818	\$ 159,970
Operating Costs	\$ 35,686	\$ 31,454	\$ 31,482	\$ 33,009	\$ 35,814	\$ 43,140	\$ 44,219	\$ 45,324	\$ 46,457
<b>TOTAL CLERK</b>	<b>\$ 147,411</b>	<b>\$ 149,098</b>	<b>\$ 144,050</b>	<b>\$ 154,870</b>	<b>\$ 162,813</b>	<b>\$ 185,198</b>	<b>\$ 192,120</b>	<b>\$ 199,142</b>	<b>\$ 206,427</b>
253 Finance						3.1%			
Employee Costs	\$ 129,288	\$ 141,094	\$ 146,898	\$ 150,783	\$ 155,523	\$ 174,709	\$ 180,567	\$ 187,790	\$ 195,302
Operating Costs	\$ 47,616	\$ 62,408	\$ 51,030	\$ 56,402	\$ 57,265	\$ 57,463	\$ 58,900	\$ 60,372	\$ 61,881
<b>TOTAL FINANCE</b>	<b>\$ 176,904</b>	<b>\$ 203,502</b>	<b>\$ 197,928</b>	<b>\$ 207,185</b>	<b>\$ 212,788</b>	<b>\$ 232,172</b>	<b>\$ 239,467</b>	<b>\$ 248,162</b>	<b>\$ 257,183</b>
257 Assessor						15.5%			
Employee Costs	\$ 138,517	\$ 142,148	\$ 140,720	\$ 140,635	\$ 162,426	\$ 156,290	\$ 163,081	\$ 169,604	\$ 176,388
Operating Costs	\$ 73,414	\$ 19,653	\$ 24,765	\$ 23,323	\$ 22,594	\$ 24,350	\$ 24,959	\$ 25,583	\$ 26,222
<b>TOTAL ASSESSOR</b>	<b>\$ 211,932</b>	<b>\$ 161,801</b>	<b>\$ 165,485</b>	<b>\$ 163,958</b>	<b>\$ 185,020</b>	<b>\$ 180,640</b>	<b>\$ 188,039</b>	<b>\$ 195,187</b>	<b>\$ 202,610</b>



## 2010-2012 Financial Projections

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
265 Municipal Buildings						-13.1%			
Operating Costs	\$ 170,925	\$ 223,617	\$ 173,995	\$ 174,759	\$ 151,884	\$ 163,600	\$ 167,690	\$ 171,882	\$ 176,179
<b>TOTAL MUNICIPAL BUILDINGS</b>	<b>\$ 170,925</b>	<b>\$ 223,617</b>	<b>\$ 173,995</b>	<b>\$ 174,759</b>	<b>\$ 151,884</b>	<b>\$ 163,600</b>	<b>\$ 167,690</b>	<b>\$ 171,882</b>	<b>\$ 176,179</b>
266 Attorney									
Operating Costs	\$ 118,482	\$ 84,576	\$ 88,386	\$ 80,998	\$ 69,613	\$ 87,500	\$ 89,688	\$ 91,930	\$ 94,228
<b>TOTAL ATTORNEY</b>	<b>\$ 118,482</b>	<b>\$ 84,576</b>	<b>\$ 88,386</b>	<b>\$ 80,998</b>	<b>\$ 69,613</b>	<b>\$ 87,500</b>	<b>\$ 89,688</b>	<b>\$ 91,930</b>	<b>\$ 94,228</b>
285 Engineer									
Total Operating Costs	\$ 45,646	\$ 35,862	\$ 46,330	\$ 36,667	\$ 49,677	\$ 36,000	\$ 36,900	\$ 37,823	\$ 38,768
<b>TOTAL ENGINEER</b>	<b>\$ 45,646</b>	<b>\$ 35,862</b>	<b>\$ 46,330</b>	<b>\$ 36,667</b>	<b>\$ 49,677</b>	<b>\$ 36,000</b>	<b>\$ 36,900</b>	<b>\$ 37,823</b>	<b>\$ 38,768</b>
290 Boards & Commissions									
Operating Costs	\$ 67,172	\$ 15,976	\$ 32,527	\$ 17,139	\$ 18,801	\$ 17,525	\$ 17,963	\$ 18,412	\$ 18,873
<b>TOTAL BOARDS &amp; COMMISSIONS</b>	<b>\$ 67,172</b>	<b>\$ 15,976</b>	<b>\$ 32,527</b>	<b>\$ 17,139</b>	<b>\$ 18,801</b>	<b>\$ 17,525</b>	<b>\$ 17,963</b>	<b>\$ 18,412</b>	<b>\$ 18,873</b>
301 Police						8.3%			
Employee Costs	\$ 824,285	\$ 885,320	\$ 907,450	\$ 902,802	\$ 977,579	\$ 919,297	\$ 967,749	\$ 1,006,459	\$ 1,046,717
Operating Costs	\$ 164,764	\$ 139,657	\$ 144,771	\$ 130,123	\$ 131,304	\$ 122,387	\$ 125,447	\$ 128,583	\$ 131,798
<b>TOTAL POLICE</b>	<b>\$ 989,049</b>	<b>\$ 1,024,977</b>	<b>\$ 1,052,220</b>	<b>\$ 1,032,924</b>	<b>\$ 1,108,883</b>	<b>\$ 1,041,684</b>	<b>\$ 1,093,196</b>	<b>\$ 1,135,042</b>	<b>\$ 1,178,515</b>



## 2010-2012 Financial Projections

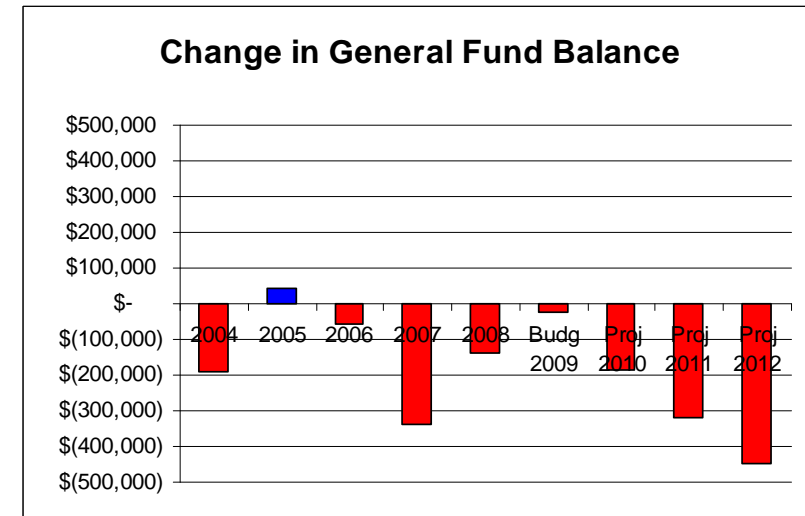
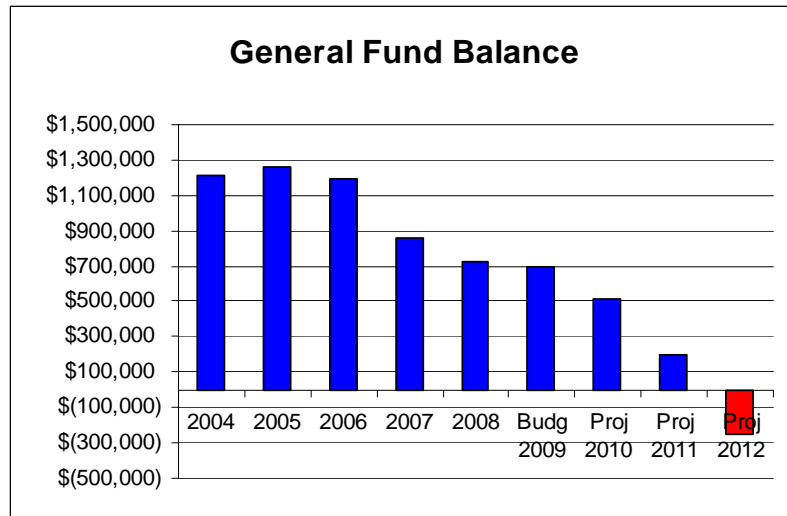
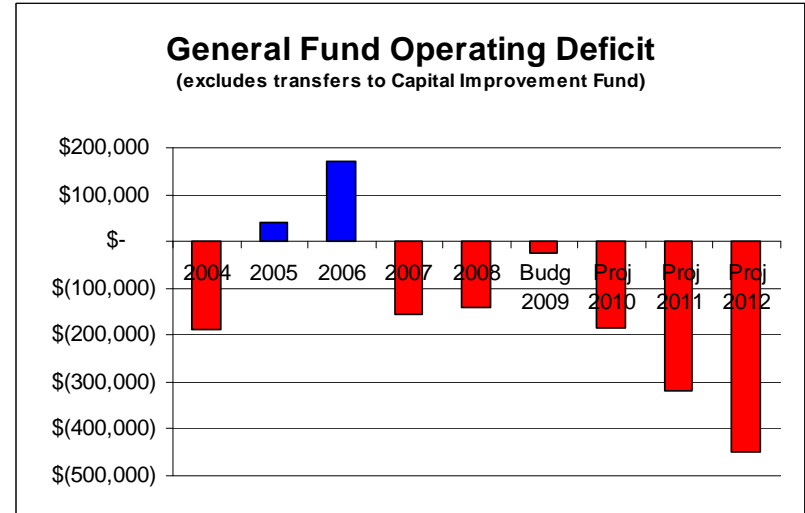
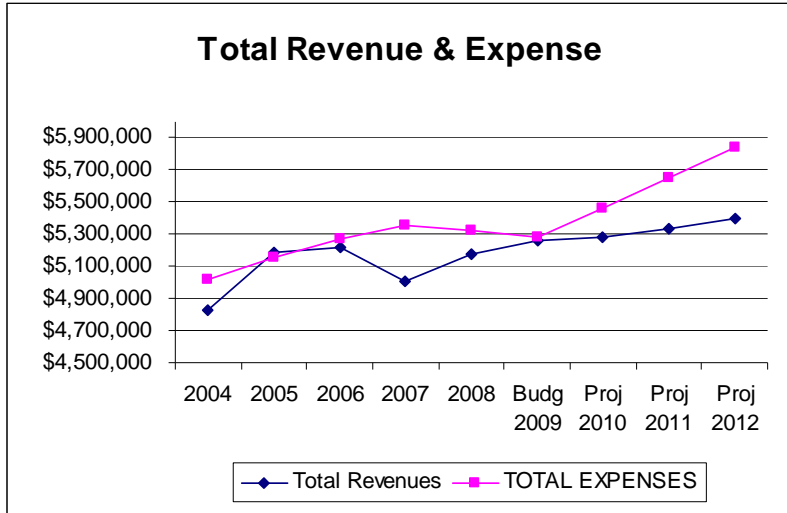
	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
336 Fire						<b>13.7%</b>			
Employee Costs	\$ 489,911	\$ 529,487	\$ 542,318	\$ 519,633	\$ 590,906	\$ 600,394	\$ 634,130	\$ 659,495	\$ 685,875
Operating Costs	\$ 109,806	\$ 80,436	\$ 100,388	\$ 115,933	\$ 99,916	\$ 104,970	\$ 107,594	\$ 110,284	\$ 113,041
<b>TOTAL FIRE</b>	<b>\$ 599,717</b>	<b>\$ 609,923</b>	<b>\$ 642,707</b>	<b>\$ 635,565</b>	<b>\$ 690,822</b>	<b>\$ 705,364</b>	<b>\$ 741,724</b>	<b>\$ 769,779</b>	<b>\$ 798,916</b>
441 DPW						<b>4.2%</b>			
Employee Costs	\$ 656,852	\$ 659,546	\$ 681,589	\$ 707,048	\$ 737,073	\$ 740,971	\$ 756,846	\$ 787,120	\$ 818,604
Operating Costs	\$ 276,127	\$ 303,901	\$ 285,022	\$ 303,973	\$ 354,469	\$ 286,661	\$ 293,828	\$ 301,173	\$ 308,703
<b>TOTAL DPW</b>	<b>\$ 932,979</b>	<b>\$ 963,448</b>	<b>\$ 966,611</b>	<b>\$ 1,011,022</b>	<b>\$ 1,091,542</b>	<b>\$ 1,027,632</b>	<b>\$ 1,050,673</b>	<b>\$ 1,088,293</b>	<b>\$ 1,127,307</b>
748 Community Development						<b>11.7%</b>			
Employee Costs	\$ 186,356	\$ 195,688	\$ 191,652	\$ 205,711	\$ 229,840	\$ 233,700	\$ 243,549	\$ 253,291	\$ 263,423
Operating Costs	\$ 10,881	\$ 9,558	\$ 7,810	\$ 9,675	\$ 8,415	\$ 9,900	\$ 10,148	\$ 10,401	\$ 10,661
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>\$ 197,237</b>	<b>\$ 205,246</b>	<b>\$ 199,462</b>	<b>\$ 215,386</b>	<b>\$ 238,255</b>	<b>\$ 243,600</b>	<b>\$ 253,697</b>	<b>\$ 263,693</b>	<b>\$ 274,084</b>
751 Parks						<b>15.1%</b>			
Employee Costs	\$ 231,562	\$ 217,407	\$ 187,809	\$ 198,621	\$ 228,527	\$ 250,442	\$ 257,312	\$ 267,604	\$ 278,308
Operating Costs	\$ 200,289	\$ 114,529	\$ 142,523	\$ 137,264	\$ 175,028	\$ 151,400	\$ 155,185	\$ 159,065	\$ 163,041
<b>TOTAL PARKS</b>	<b>\$ 431,851</b>	<b>\$ 331,936</b>	<b>\$ 330,332</b>	<b>\$ 335,885</b>	<b>\$ 403,555</b>	<b>\$ 401,842</b>	<b>\$ 412,497</b>	<b>\$ 426,669</b>	<b>\$ 441,350</b>



## 2010-2012 Financial Projections

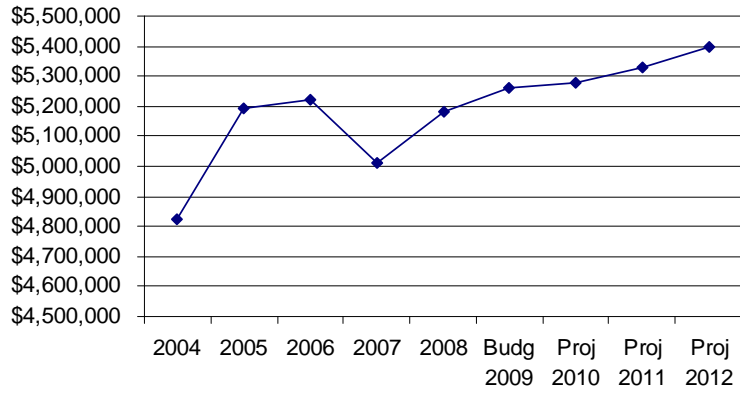
	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
801 Appropriations									
Operating Costs	\$ 145,437	\$ 159,010	\$ 167,196	\$ 163,455	\$ 142,276	\$ 163,357	\$ 142,276	\$ 142,276	\$ 142,276
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 145,437</b>	<b>\$ 159,010</b>	<b>\$ 167,196</b>	<b>\$ 163,455</b>	<b>\$ 142,276</b>	<b>\$ 163,357</b>	<b>\$ 142,276</b>	<b>\$ 142,276</b>	<b>\$ 142,276</b>
<b>All Departments</b>									
Total Employee Costs	\$ 2,935,422	\$ 3,063,646	\$ 3,094,120	\$ 3,138,051	\$ 3,408,938	\$ 3,421,362	\$ 3,561,275	\$ 3,702,998	\$ 3,850,821
Total Operating Costs	\$ 2,080,247	\$ 2,086,057	\$ 1,956,658	\$ 2,027,103	\$ 1,913,750	\$ 1,865,209	\$ 1,903,600	\$ 1,947,633	\$ 1,992,767
Total Non-Operating Transfers	\$ -	\$ -	\$ 220,000	\$ 190,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENSES</b>	<b>\$ 5,015,669</b>	<b>\$ 5,149,703</b>	<b>\$ 5,270,778</b>	<b>\$ 5,355,153</b>	<b>\$ 5,322,688</b>	<b>\$ 5,286,572</b>	<b>\$ 5,464,874</b>	<b>\$ 5,650,630</b>	<b>\$ 5,843,588</b>
<b>SURPLUS\DEFICIT</b>	<b>\$ (189,790)</b>	<b>\$ 42,084</b>	<b>\$ (49,843)</b>	<b>\$ (344,031)</b>	<b>\$ (142,558)</b>	<b>\$ (24,001)</b>	<b>\$ (186,229)</b>	<b>\$ (319,281)</b>	<b>\$ (448,659)</b>
<b>OPERATING SURPLUS\DEFICIT</b>	<b>\$ (189,790)</b>	<b>\$ 42,084</b>	<b>\$ 170,157</b>	<b>\$ (154,031)</b>	<b>\$ (142,558)</b>	<b>\$ (24,001)</b>	<b>\$ (186,229)</b>	<b>\$ (319,281)</b>	<b>\$ (448,659)</b>

## 2010-2012 Financial Projections

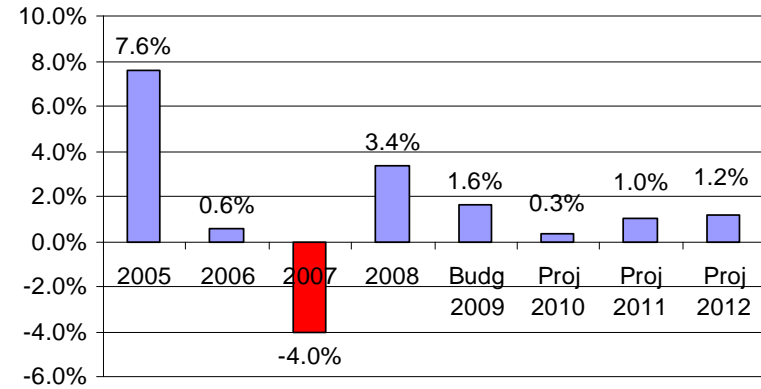


## 2010-2012 Financial Projections

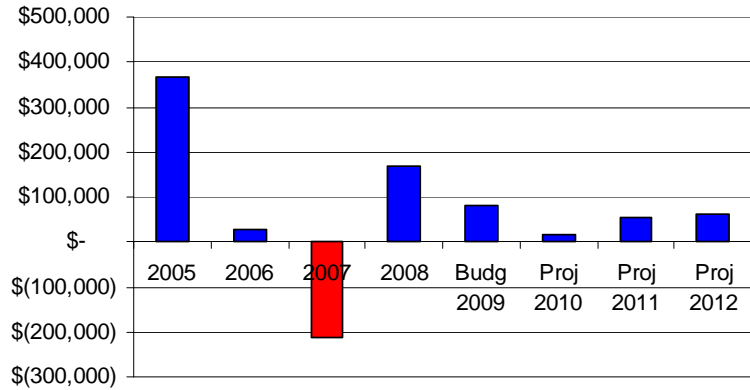
### Total Revenues



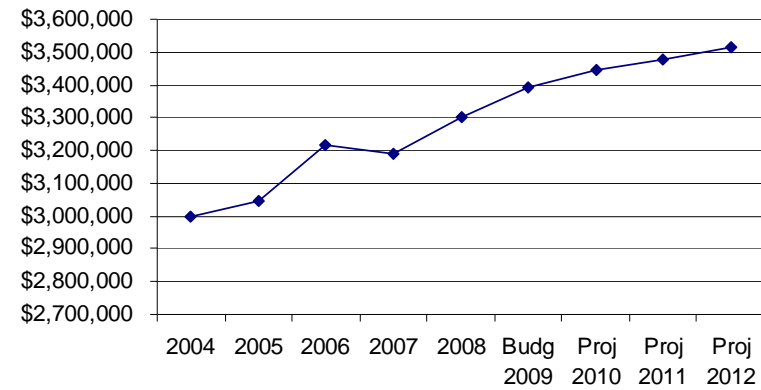
### Percent Increase in Total Revenue



### Increase in Revenue

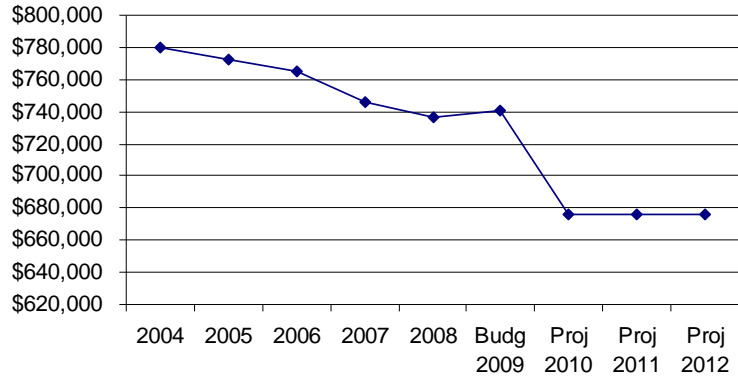


### Total Tax Revenue

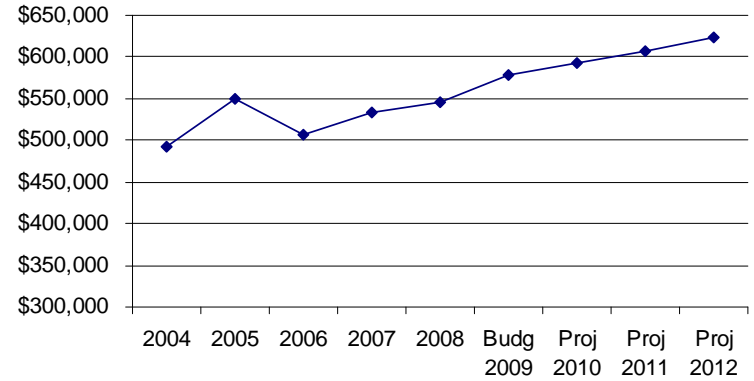


## 2010-2012 Financial Projections

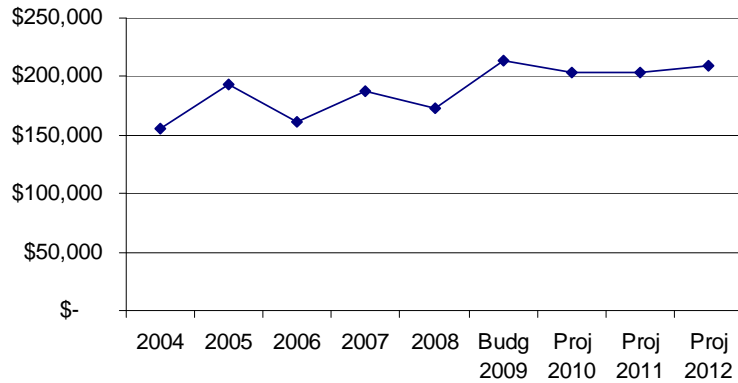
### Total State Revenue



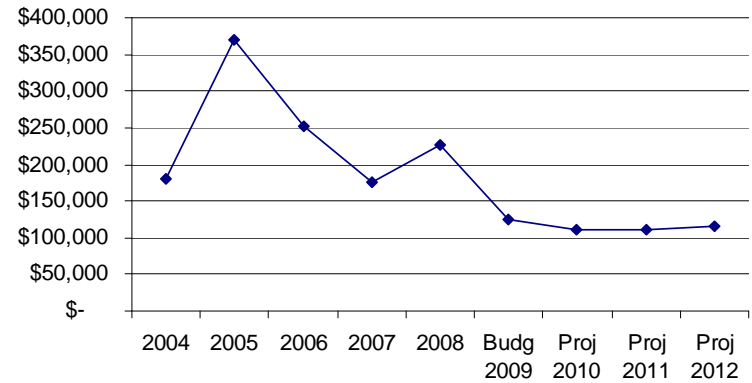
### Total Inter-Fund Revenue



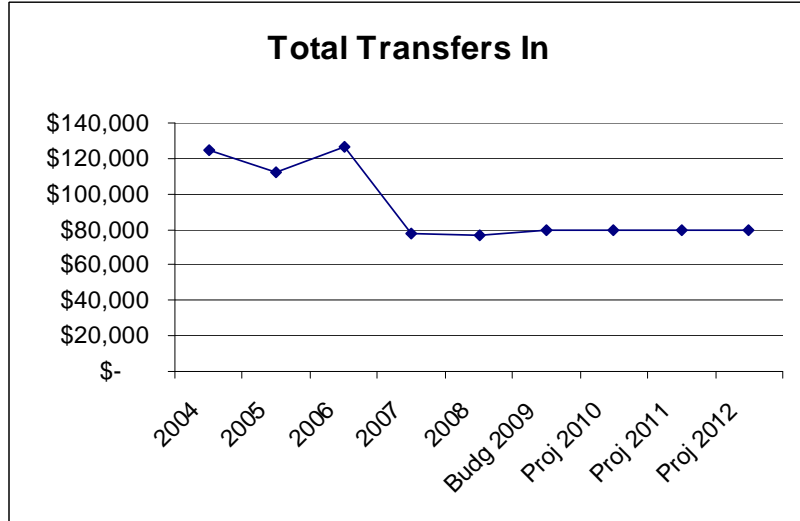
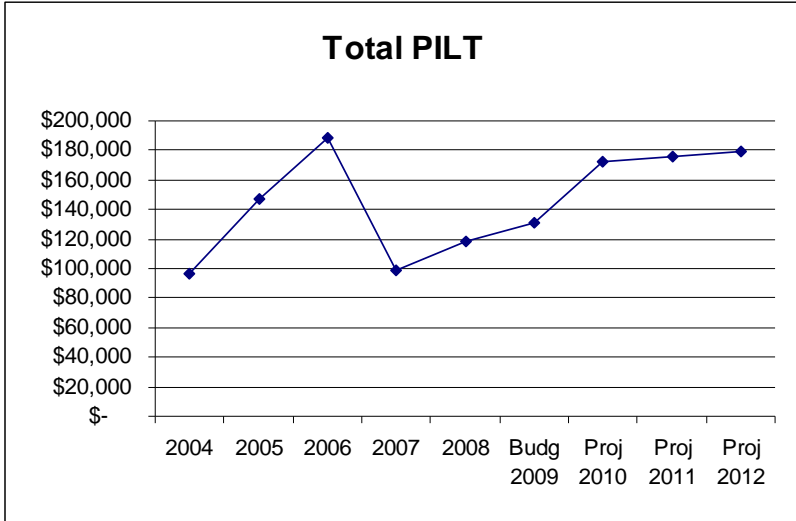
### Total Sales, Fees, Fines & Permits



### Total Other Revenue

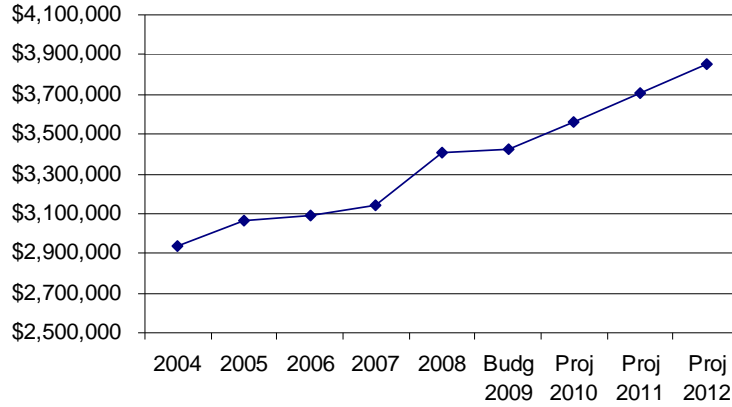


## 2010-2012 Financial Projections

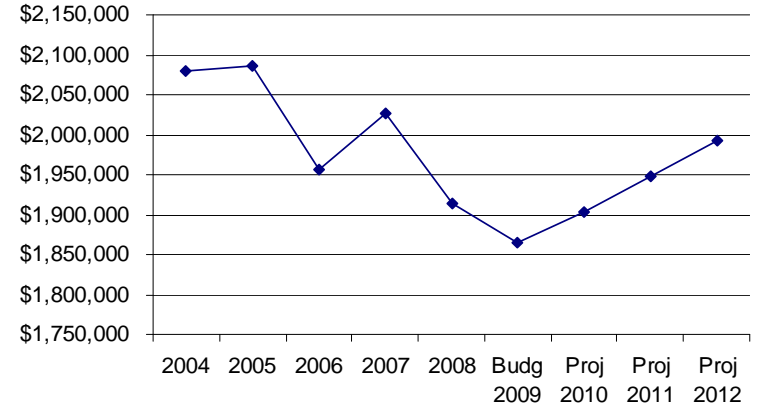


## 2010-2012 Financial Projections

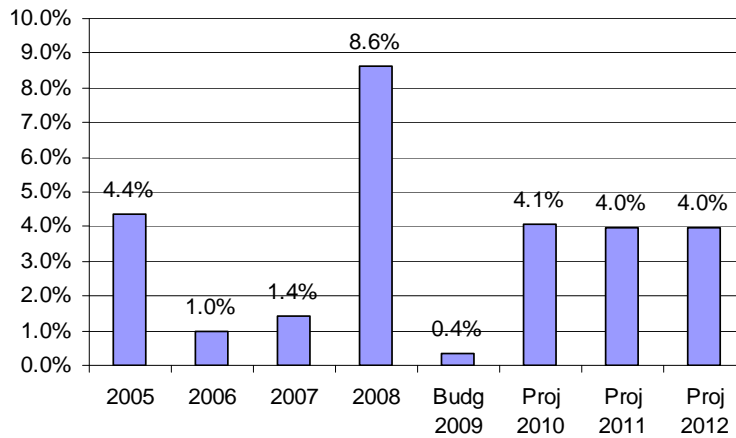
### Total Employee Costs



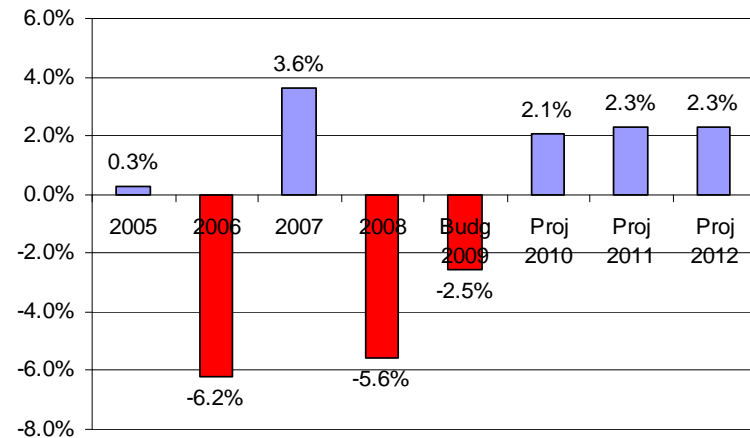
### Total Operating Costs

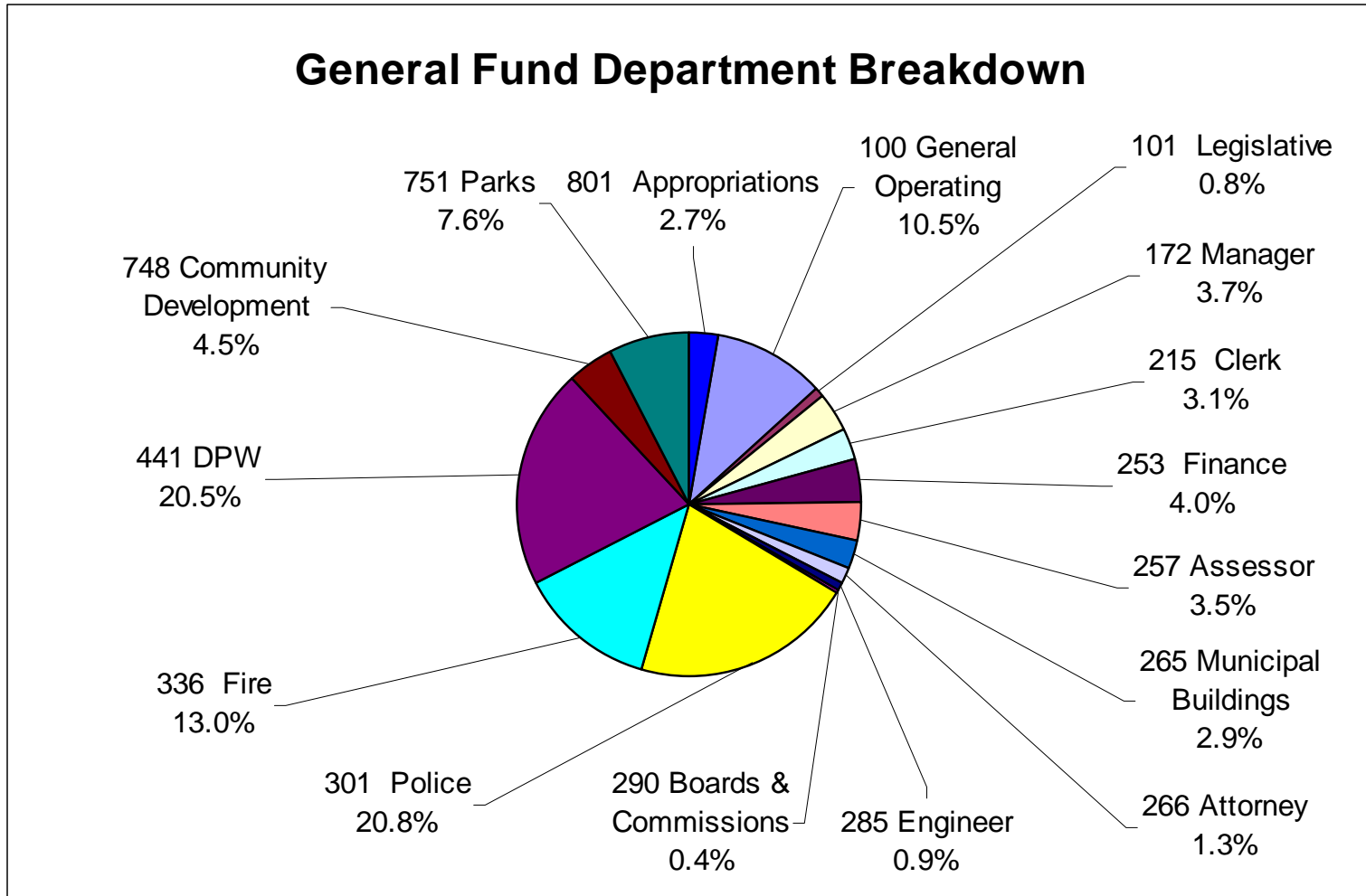


### Percent Increase in Employee Costs

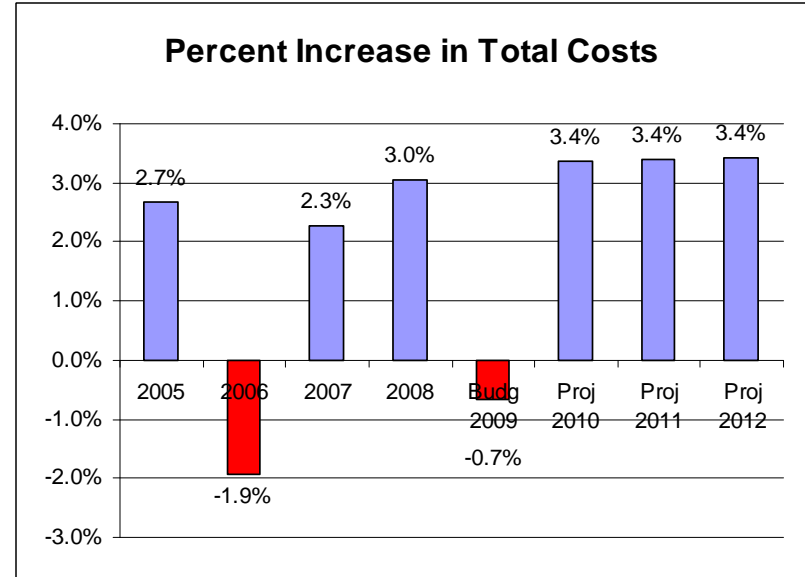
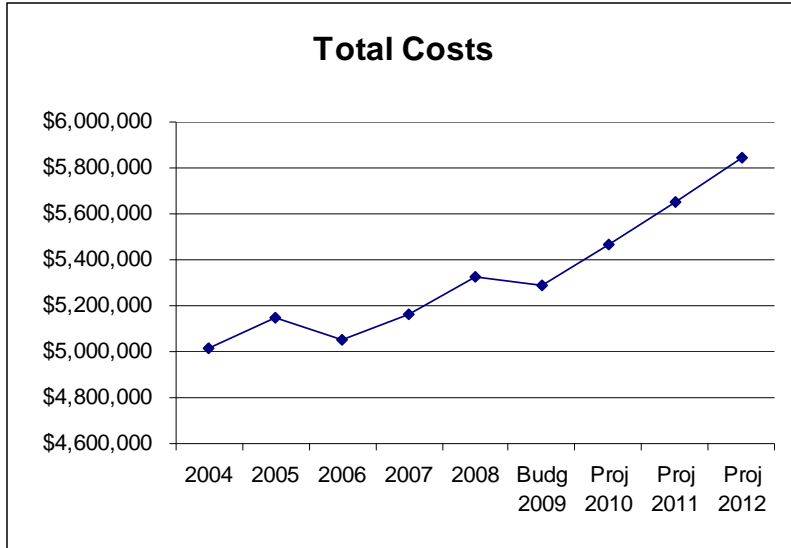


### Percent Increase in Operating Costs





## 2010-2012 Financial Projections



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# Water & Sewer Utility

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### **Discussion**

The Water and Sewer Utility (WSU) is the largest and most important of the City's enterprise funds. It is a combined system that provides both potable water and treatment facilities to City residents and a few outside customers. The WSU employs 11 people. The WSU is an older system that has undergone a significant amount of repair, maintenance and upgrading over the past 10 – 15 years. The largest of these were the combined sewer separation projects that took place in the late 1990's. Although most of this has been completed, the City must still complete the Jones Street and Cedar Street districts.

Other large projects have included: expanding the wastewater treatment plant, painting the Industrial Park water tower, replacing the Parkdale force main, rebuilding the Jerumbo St. pump station, rebuilding the Sixth Avenue lift station, cleaning wells, constructing chemical feed buildings and installing better chemical mixing. Because of the sewer separation and plant expansion, the WSU has about 13 million dollars in outstanding debt. The remaining projects have been paid for out of cash reserves.

### **Revenue Assumptions**

The WSU revenues are fee based and largely contingent on the volume of customer usage. Consumption is fairly stable, but can vary with factors such as economic conditions and need for summer sprinkling. Rates are assumed to increase at the inflationary rate mandated by ordinance. The Oaks prison is the largest customer by both volume and revenue and there volume is expected to be constant. Overall system revenue is expected to grow modestly. If Filer Township is brought into the system, volumes and revenue would increase.

### **Expense Assumptions**

#### ***Employee Costs***

Employee costs are about 36% of total expenses. The projections assume staffing is static. Employees are non-union and members of the USWA. Employee costs are expected to rise modestly over the projection period, in a fashion similar to that of the General fund.

#### ***Operating Costs***

The WSU has a relatively fixed cost structure. Electricity to run the pumps for the plant, lift stations and wells is among the biggest and varies according to customer demand. Chemicals, contractual services for sludge hauling and professional services for maintenance and repair are also significant items. Chemical costs should be reduced moving forward because of the biological phosphorus removal installed at the plant. This will be offset somewhat by increased electricity usage due to the plant expansion. Most operating costs are assumed to increase at an inflationary rate.

### **Capital Outlay Assumptions**

As mentioned earlier, the WSU is a capital intensive operation. Although many investments have been made in recent years, many others remain. The short list includes supporting the Sixth Avenue East sewer line and the Jones St. and Cedar St. sewer separation projects. These projections do not include dollars for these projects at this time because the funding sources are still too uncertain at this point. Staff is working to refine the timing, costs and source of funds for these projects. The projections have assumed \$150,000 in the first year to support reworking the Arthur Street lift station and building another chemical feed building. An additional \$50,000 per year in other unspecified capital projects is included in years two and three for planning purposes.

### **Conclusion**

The WSU is in relatively good shape financially because of its ability to regularly increase rates to the end user. This allows it to cover regular operating costs, as well as support many repair, maintenance and enhancement projects internally. Close budgetary controls on the expense side also help to contribute to the solvency of this fund. As an enterprise fund, future large capital projects will need to be paid for by user rate increases, grants, cost sharing with other municipalities or some combination thereof.

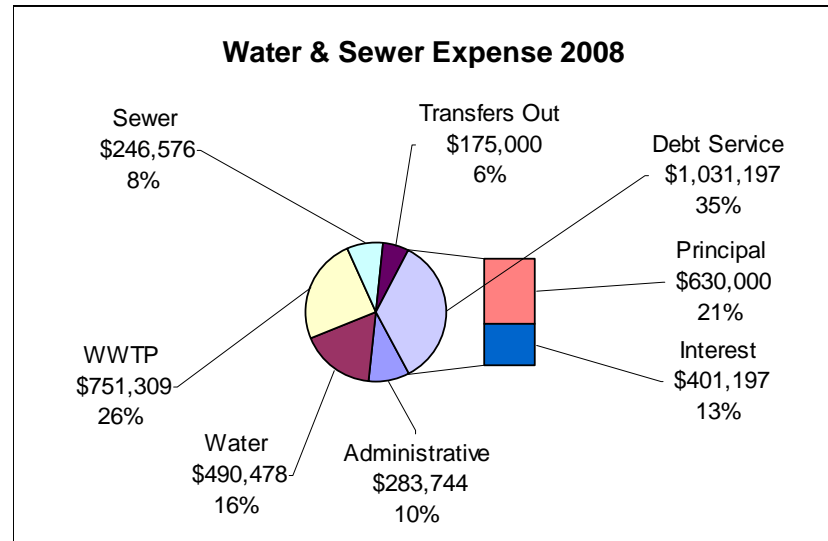
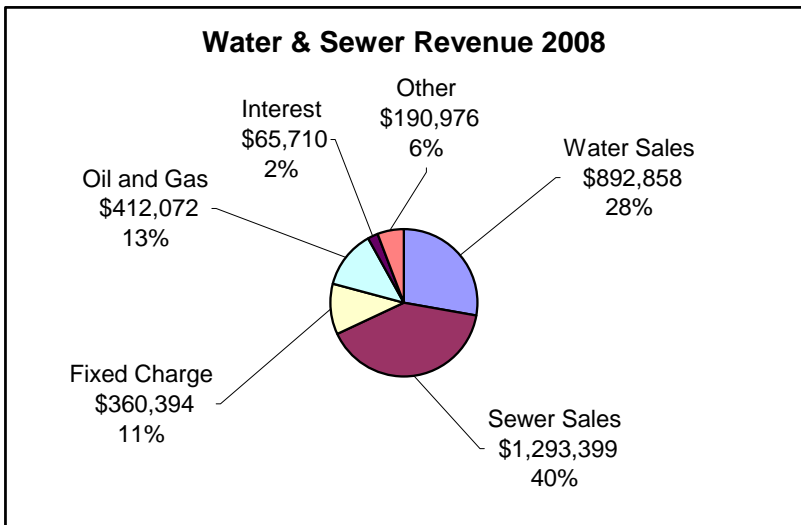
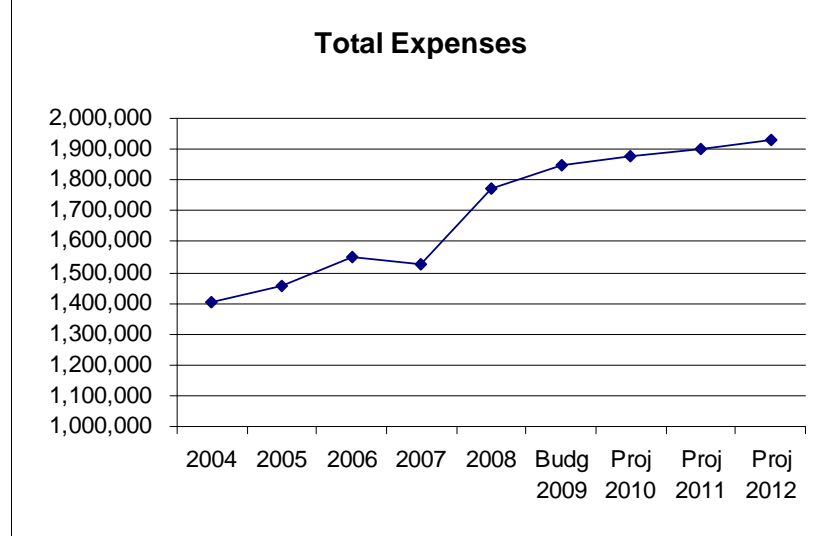
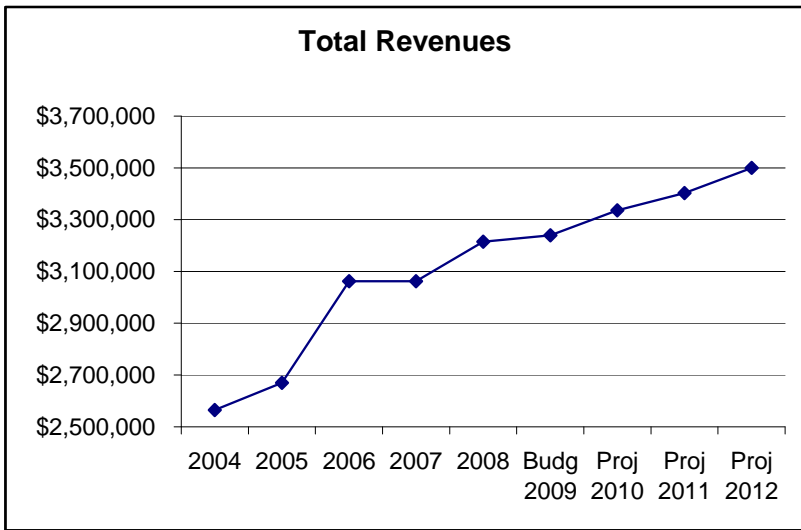


## 2010-2012 Financial Projections

### Water & Sewer Utility Financial Projections

Water & Sewer Financial Projections	Audited 2004	Audited 2005	Audited 2006	Audited 2007	Audited 2008	Budget Budg 2009	Projected Proj 2010	Projected Proj 2011	Projected Proj 2012
<b>Operating Revenues</b>									
Water Sales	\$ 617,426	\$ 714,331	\$ 886,992	\$ 868,142	\$ 892,858	\$ 966,178	\$ 1,008,690	\$ 1,028,864	\$ 1,059,730
Sewer Sales	\$ 1,119,344	\$ 1,192,662	\$ 1,354,677	\$ 1,263,223	\$ 1,293,399	\$ 1,413,823	\$ 1,476,031	\$ 1,505,552	\$ 1,550,718
Fixed Charge	\$ 358,644	\$ 361,358	\$ 366,606	\$ 358,392	\$ 360,394	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
Oil and Gas	\$ 247,096	\$ 217,151	\$ 248,027	\$ 299,484	\$ 412,072	\$ 292,500	\$ 305,918	\$ 315,083	\$ 327,573
Interest	\$ 36,146	\$ 33,374	\$ 44,900	\$ 74,443	\$ 65,710	\$ 50,000	\$ 35,000	\$ 40,000	\$ 45,000
Other	\$ 185,989	\$ 150,881	\$ 160,252	\$ 197,861	\$ 190,976	\$ 157,615	\$ 150,567	\$ 153,579	\$ 156,650
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,564,646</b>	<b>\$ 2,669,756</b>	<b>\$ 3,061,453</b>	<b>\$ 3,061,546</b>	<b>\$ 3,215,409</b>	<b>\$ 3,240,116</b>	<b>\$ 3,336,206</b>	<b>\$ 3,403,077</b>	<b>\$ 3,499,671</b>
<b>Operating Expenses</b>									
Administrative	\$ 246,402	\$ 271,304	\$ 259,941	\$ 243,361	\$ 283,744	\$ 304,963	\$ 307,525	\$ 310,108	\$ 312,713
Water	\$ 456,010	\$ 378,470	\$ 424,741	\$ 395,251	\$ 490,478	\$ 526,717	\$ 534,302	\$ 541,996	\$ 549,800
WWTP	\$ 535,873	\$ 619,279	\$ 647,079	\$ 713,394	\$ 751,309	\$ 777,030	\$ 789,152	\$ 801,462	\$ 813,965
Sewer	\$ 163,476	\$ 185,545	\$ 218,950	\$ 175,483	\$ 246,576	\$ 240,730	\$ 245,256	\$ 249,867	\$ 254,564
<b>Total Operating Expenses</b>	<b>1,401,760</b>	<b>1,454,599</b>	<b>1,550,712</b>	<b>1,527,489</b>	<b>1,772,107</b>	<b>1,849,440</b>	<b>1,876,234</b>	<b>1,903,433</b>	<b>1,931,042</b>
<b>Operating Transfers</b>									
Transfers In		\$ -	\$ -	\$ -	\$ -	\$ -			
Transfers Out	\$ -	\$ -	\$ 42,000	\$ 100,000	\$ 175,000	\$ 200,000	\$ 305,918	\$ 315,083	\$ 327,573
<b>Operating Transfers</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 42,000</b>	<b>\$ 100,000</b>	<b>\$ 175,000</b>	<b>\$ 200,000</b>	<b>\$ 305,918</b>	<b>\$ 315,083</b>	<b>\$ 327,573</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,401,760</b>	<b>\$ 1,454,599</b>	<b>\$ 1,592,712</b>	<b>\$ 1,627,489</b>	<b>\$ 1,947,107</b>	<b>\$ 2,049,440</b>	<b>\$ 2,182,152</b>	<b>\$ 2,218,515</b>	<b>\$ 2,258,615</b>
<b>AVAILABLE FOR DEBT SERVICE</b>	<b>\$ 1,162,885</b>	<b>\$ 1,215,158</b>	<b>\$ 1,468,741</b>	<b>\$ 1,434,057</b>	<b>\$ 1,268,302</b>	<b>\$ 1,190,676</b>	<b>\$ 1,154,055</b>	<b>\$ 1,184,562</b>	<b>\$ 1,241,056</b>
<b>Debt Service Requirements</b>									
1987 I Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997A Bonds	\$ 51,620	\$ 50,333	\$ 30,036	\$ 28,523	\$ 32,333	\$ 30,780	\$ -	\$ -	\$ -
1997B SRF Bonds	\$ 34,113	\$ 33,550	\$ 32,988	\$ 32,144	\$ 36,863	\$ 36,188	\$ 35,513	\$ 34,838	\$ 34,163
1998A Bonds	\$ 379,890	\$ 387,644	\$ 210,625	\$ 215,808	\$ 203,523	\$ 204,600	\$ -	\$ -	\$ -
1998B SRF Bonds	\$ 163,431	\$ 165,788	\$ 163,088	\$ 163,939	\$ 162,519	\$ 164,650	\$ 166,669	\$ 163,631	\$ 165,538
1999A Bonds	\$ 229,131	\$ 220,370	\$ 117,121	\$ 112,107	\$ 118,244	\$ 118,190	\$ 117,789	\$ -	\$ -
1999B SRF Bonds	\$ 146,438	\$ 144,063	\$ 146,625	\$ 142,860	\$ 146,563	\$ 143,938	\$ 146,250	\$ 143,500	\$ 145,688
2005 Refunding			\$ 203,874	\$ 289,025	\$ 290,189	\$ 288,726	\$ 527,920	\$ 640,583	\$ 640,258
New SRF Issue				\$ 21,442	\$ 40,966	\$ 169,688	\$ 167,656	\$ 170,625	\$ 168,513
Bank\Paying Agent			\$ 900	\$ 1,141	\$ 2,333	\$ 2,000	\$ 2,500	\$ 2,500	\$ 2,500
<b>Total Debt Service</b>	<b>\$ 1,004,623</b>	<b>\$ 1,001,746</b>	<b>\$ 905,257</b>	<b>\$ 1,006,989</b>	<b>\$ 1,033,533</b>	<b>\$ 1,158,760</b>	<b>\$ 1,164,297</b>	<b>\$ 1,155,677</b>	<b>\$ 1,156,660</b>
<b>OPERATING RESULT</b>	<b>\$ 158,262</b>	<b>\$ 213,412</b>	<b>\$ 563,484</b>	<b>\$ 427,068</b>	<b>\$ 234,769</b>	<b>\$ 31,917</b>	<b>\$ (10,243)</b>	<b>\$ 28,885</b>	<b>\$ 84,396</b>
Capital Outlay\Equipment Replacement	\$ 90,236	\$ 416,628	\$ 176,433	\$ 183,606		\$ 385,000	\$ 150,000	\$ 50,000	\$ 50,000
<b>PROJECTED CASH SURPLUS\DEFICIT</b>	<b>68,026</b>	<b>(203,216)</b>	<b>387,051</b>	<b>243,462</b>	<b>234,769</b>	<b>(353,084)</b>	<b>(160,243)</b>	<b>(21,115)</b>	<b>34,396</b>
<b>Beginning Cash &amp; Equiv</b>					\$ 1,614,764	\$ 1,902,533	\$ 1,549,450	\$ 1,389,207	\$ 1,368,091
<b>Ending Cash &amp; Equiv</b>					\$ 1,902,533	\$ 1,549,450	\$ 1,389,207	\$ 1,368,091	\$ 1,402,487

## 2010-2012 Financial Projections



## Municipal Marina

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### **Discussion**

The Marina is the second of the City's enterprise funds. It is managed by Harbor Master Dave Bachman and is open from May thru September. The Marina is considered to be one of the gateways to the City and hosts a number of high profile fishing tournaments each year. Strategic plan goal 4.2(a) is to enhance and update the City Marina. The projections presented help to support this goal.

### **Revenue Assumptions**

The Marina's revenues are somewhat variable depending on a number of factors that are beyond management's control. Among these are the weather, quality of fishing, gas and diesel prices and overall economy. Factors that contribute to the success of the Marina that are controllable include quality of facilities, marketing and effectiveness of staff. In addition, now that the Marina is on the State of Michigan's reservation system, the likelihood of filling available slips increases and this will help increase Marina revenue. It is important to note that rental rates for the slips are established by the State of Michigan. The revenue assumptions also include a consistent markup on each gallon of gas and diesel sold, normally \$.25 per gallon.

These projections also anticipate the receipt in FY 2010 of \$150,000 from the DDA, \$155,000 from the MDNR Waterways and \$50,000 from the Water & Sewer fund to pay for Phase 1 of the Marina renovations.

### **Expense Assumptions**

#### ***Employee Costs***

The Marina employs part-time seasonal help, typically high school and college age. The wages paid are relatively constant from year to year and depend on the number of years the employee has been working and their responsibility level. No fringes are paid to part-time employees.

#### ***Operating Costs***

The Marina has a limited number of and types of operating costs. The largest of these is the cost of fuel that is sold at the Marina. The next biggest costs are utilities, primarily electricity. The Marina also pays an administration fee to the General Fund and bank and reservation charges among others. Most operating costs are assumed to increase at an inflationary rate.

### **Capital Outlay Assumptions**

The Marina is anticipating undertaking a multi-year renovation of the main building, including the DDA restrooms. This project will get started in the spring of 2009 at an estimated cost of \$350,000 to \$400,000. Phase II of the Marina has been discussed but not approved by Council and its cost is not reflected in these projections.

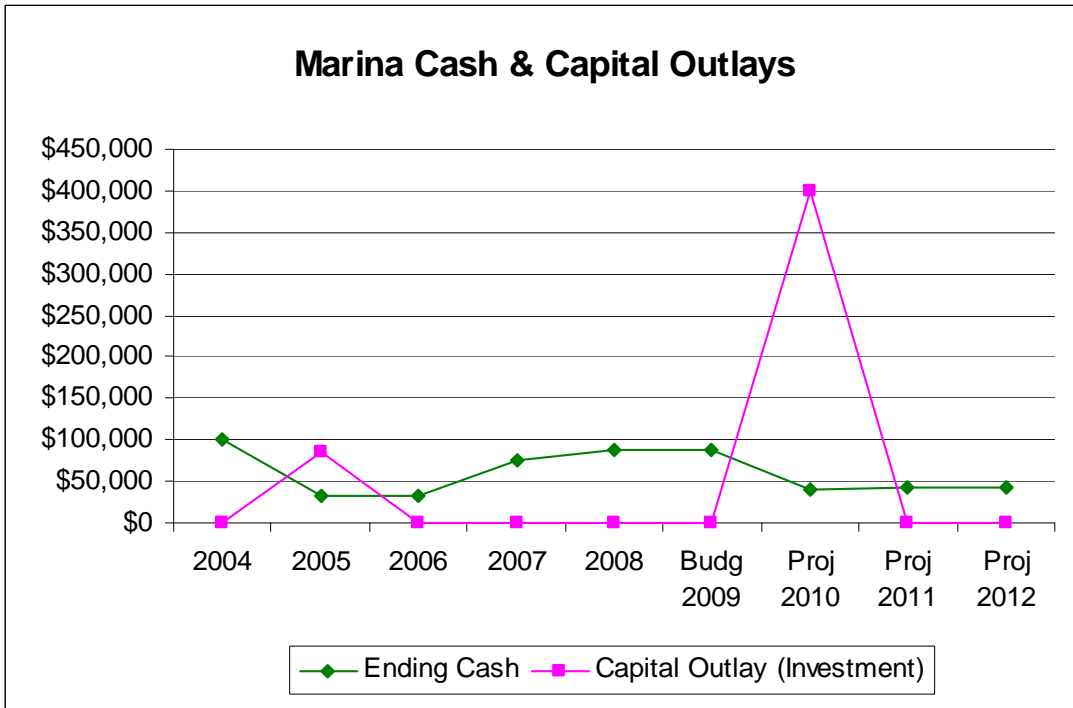
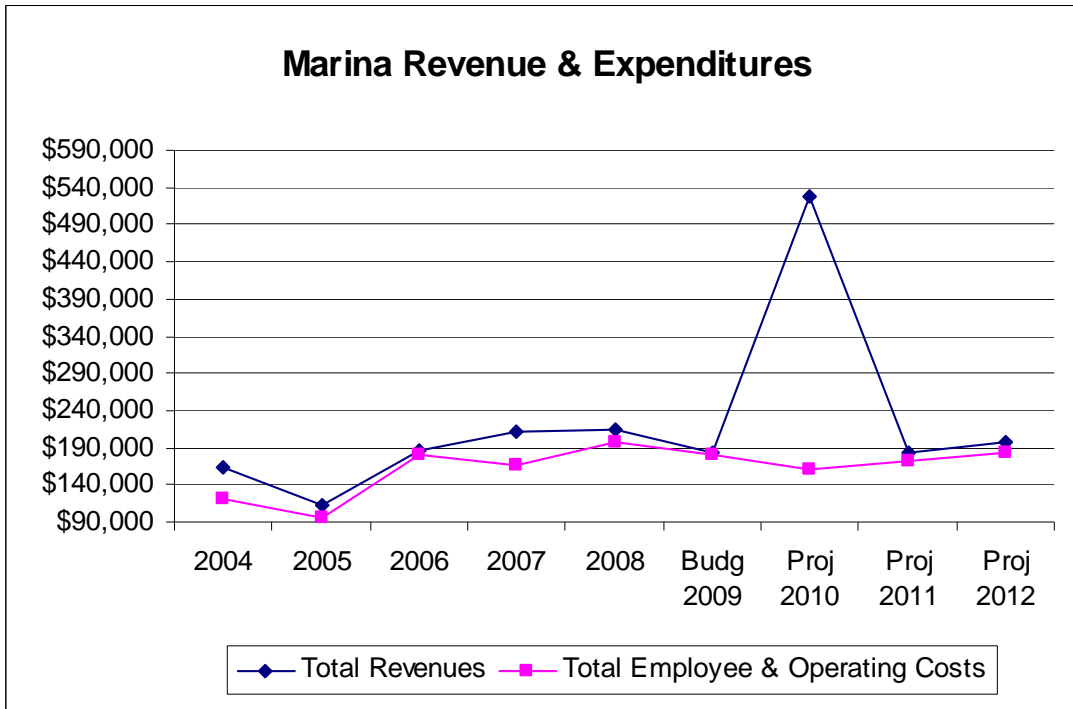


## 2010-2012 Financial Projections

### Marina Financial Projections

594 Municipal Marina Fund	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
<b>Total Revenues</b>	\$163,939	\$111,867	\$185,923	\$212,656	\$214,869	\$182,000	\$527,000	\$184,550	\$197,177
Employee Costs	\$23,791	\$25,931	\$26,951	\$25,759	\$28,628	\$28,883	\$29,005	\$29,863	\$30,748
Operating Costs	\$98,052	\$70,848	\$152,649	\$140,036	\$169,677	\$152,500	\$131,724	\$141,835	\$151,988
<b>Total Employee &amp; Operating Costs</b>	\$121,843	\$96,779	\$179,600	\$165,795	\$198,305	\$181,383	\$160,729	\$171,698	\$182,735
<b>Profit\Loss before Capital Outlay</b>	\$42,096	\$15,088	\$6,322	\$46,860	\$16,564	\$617	\$366,271	\$12,852	\$14,441
Capital Outlay (Investment)	\$0	\$85,491	\$0	\$0	\$0	\$0	\$400,000	\$0	\$0
Loan Repayments	\$0	\$0	\$0	\$0	\$0	\$0	\$12,500	\$12,500	\$12,500
<b>TOTAL MARINA</b>	\$42,096	-\$70,403	\$6,322	\$46,860	\$16,564	\$617	-\$46,229	\$352	\$1,941
<hr/>									
<b>Beginning Cash</b>		\$100,812	\$33,573	\$31,588	\$74,677	\$86,991	\$87,608	\$41,379	\$41,731
Cash Used		-\$70,403	\$6,322	\$46,860	\$16,564	\$617	-\$46,229	\$352	\$1,941
Accruals\Other		\$3,164	-8,307	-3,772	-4,250	0			
<b>Ending Cash</b>	\$100,812	\$33,573	\$31,588	\$74,677	\$86,991	\$87,608	\$41,379	\$41,731	\$43,673

## 2010-2012 Financial Projections



### Boat Ramps

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#### **Discussion**

The Boat Ramps are the third of the City's enterprise funds. There are three launches, First Street, Arthur Street and Ninth Street. The First Street ramp is the largest and only one that charges a fee to launch. Last year, an auto-attendant was added to the First Street ramp to capture additional revenue and lower expenses. Strategic plan goal 4.2 is for the City to have the best boating facilities on Lake Michigan. The projections presented help to support this goal.

#### **Revenue Assumptions**

Boat Ramp revenues are variable and affected primarily by the weather, fishing conditions and the general state of the economy. The installation of the auto-attendant last year should have the impact of generating additional revenue because it captures launch fees after traditional manned hours. It will be few years before we will be able to gauge the impact of this enhancement. The projections show a slight increase in revenue over the three year period.

#### **Expense Assumptions**

The primary expenses of the Boat Ramp are maintenance, refuse and administration fees. Most operating costs are assumed to increase at an inflationary rate.

#### **Capital Outlay Assumptions**

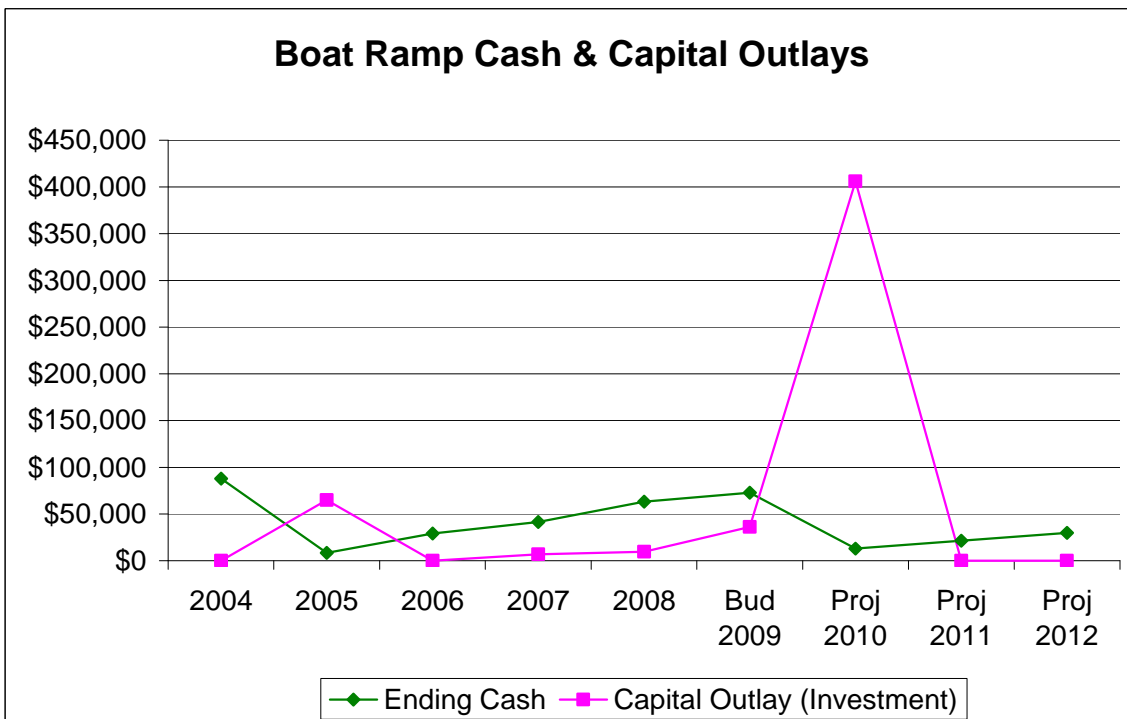
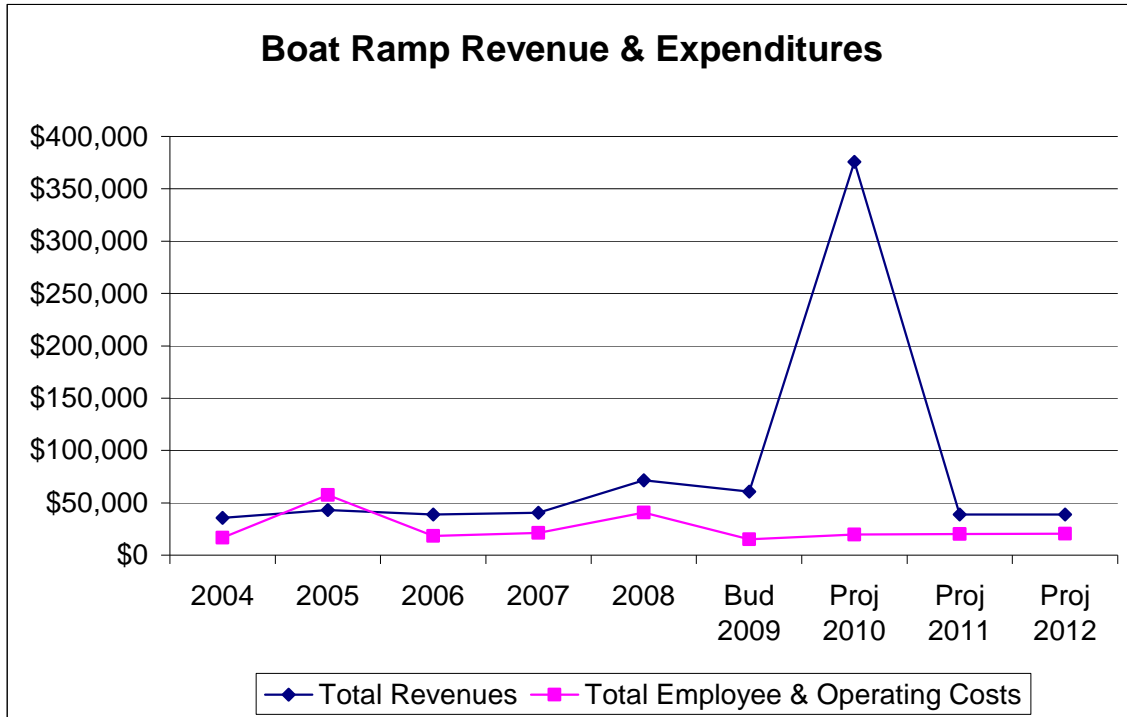
The Boat Ramps have several improvements anticipated for the projection period. The Arthur Street ramp is slated for a complete makeover, including ramps, dock, restrooms, parking, landscaping and a new fishing pier. This is being funded by an MDNR Waterways grant, Great Lakes Fishery Trust Grant and Boat Ramp revenues. Staff currently is contemplating Arthur Street becoming a pay for launch facility. The First Street ramp has been approved for additional dock improvements which should be completed in 2009. Finally, staff is exploring enhancements and grant opportunities for the Ninth Street launch, if the City is able to gain title to all necessary property. No improvements for Ninth St. are included in the projections.



## 2010-2012 Financial Projections

### Boat Ramp Financial Projections

508 Boat Ramp Fund	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Bud 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
<b>Total Revenues</b>	<b>\$35,527</b>	<b>\$43,158</b>	<b>\$38,793</b>	<b>\$40,587</b>	<b>\$71,382</b>	<b>\$60,750</b>	<b>\$375,750</b>	<b>\$38,750</b>	<b>\$38,750</b>
Employee Costs	\$11,289	\$12,667	\$12,741	\$12,868	\$7,532	\$0	\$0	\$0	\$0
Operating Costs	\$5,371	\$44,753	\$5,608	\$8,349	\$33,192	\$15,150	\$19,780	\$20,165	\$20,547
<b>Total Employee &amp; Operating Costs</b>	<b>\$16,660</b>	<b>\$57,421</b>	<b>\$18,348</b>	<b>\$21,217</b>	<b>\$40,724</b>	<b>\$15,150</b>	<b>\$19,780</b>	<b>\$20,165</b>	<b>\$20,547</b>
<b>Profit\Loss before Capital Outlay</b>	<b>\$18,867</b>	<b>-\$14,263</b>	<b>\$20,444</b>	<b>\$19,370</b>	<b>\$30,658</b>	<b>\$45,600</b>	<b>\$355,970</b>	<b>\$18,585</b>	<b>\$18,203</b>
Capital Outlay (Investment)	\$0	\$64,989	\$0	\$6,933	\$9,744	\$36,000	\$406,000	\$0	\$0
Loan Repayments	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$10,000
<b>TOTAL BOAT RAMP</b>	<b>\$18,867</b>	<b>-\$79,252</b>	<b>\$20,444</b>	<b>\$12,437</b>	<b>\$20,915</b>	<b>\$9,600</b>	<b>-\$60,030</b>	<b>\$8,585</b>	<b>\$8,203</b>
<b>Beginning Cash</b>		<b>\$87,803</b>	<b>\$8,551</b>	<b>\$29,173</b>	<b>\$41,586</b>	<b>\$63,289</b>	<b>\$72,889</b>	<b>\$12,859</b>	<b>\$21,445</b>
Cash Used		-\$79,252	\$20,444	\$12,437	\$20,915	\$9,600	-\$60,030	\$8,585	\$8,203
Accruals\Other		\$0	\$178	-\$25	\$789	\$0	\$0		\$0
<b>Ending Cash</b>		<b>\$87,803</b>	<b>\$8,551</b>	<b>\$29,173</b>	<b>\$41,586</b>	<b>\$63,289</b>	<b>\$72,889</b>	<b>\$12,859</b>	<b>\$29,647</b>



## Refuse Fund

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### Discussion

The Refuse Fund is a special revenue fund that accounts for the City's garbage collection service. The City does not maintain employees or equipment for this service but instead contracts it out with Allied Waste. The current contract extends thru June 30, 2010. Allied Waste provides residential and commercial pickup, recycling and yard waste services. The Refuse fund has been the topic of much discussion over the past few budget cycles, with the discussion centering on how the service should be paid for.

### Revenue Assumptions

The Refuse Fund service is largely privatized, while the payment system is largely a property-tax based system. Revenues consist primarily of property taxes generated by the 1.5 mill levy, a monthly charge based on type of service, yard waste bag sales and interest income. The financial projections assume that this funding system remains as is. However, given that the contract with Allied Waste is expiring and there is a lack of consensus at Council level on the direction of the Refuse Fund, the projections could change dramatically with different assumptions.

Given the public financing component, overall revenue to the system is impacted the most by the growth in the tax base and resultant tax revenue. The low projected tax growth over the next three years will put increasing pressure on the fund balance. Monthly service charges have remained stable for the last several years and are not scheduled to increase in these projections. The yard waste bag charge will be adjusted each year during the budget process to reflect the City's bag procurement costs. Interest income is dependent on the level of both cash reserves and interest rates, but is expected to decline overall.

### Expense Assumptions

The Refuse Fund expenses consist primarily of contractual fees with Allied Waste, operating transfer to the General Fund, administration fee and spring trash haul costs. The current contract with Allied calls for a 3.5% increase in the base rate each year. It also includes a fuel surcharge depending on the price of diesel fuel. These projections assume the same increases in the future year contracts. The operating transfer out is a straight transfer of Refuse fund revenues to the General Fund; a sort of General Fund subsidy. The projections assume that this transfer remains flat over the next three years. In prior budget discussions, it had been mentioned that there was a desire to wean the General Fund off of this transfer in. However, given the economic climate and slowing tax base growth, this reduction has been temporarily suspended. The administration fee paid to the General Fund is calculated each year based on estimated costs and is expected to grow modestly each year. Spring trash haul costs are the most variable part of the Refuse Fund costs. These consist of two components: 1) the tipping fees, equipment and labor cost for Allied waste; and 2) the equipment and labor costs for the City.

### **Conclusions**

The Refuse Fund continues to run a deficit for the projection period. This trend is not sustainable over the long term and will have to be addressed. If the same basic structure remains in place, there are several options for closing the deficit.

First, Council could raise the Refuse millage rate to close the deficit. Restoring the ½ mill that was reduced a few years ago would effectively do the job. A second option would be to raise the user charges. In this case, an 80% increase would close the gap. This could be phased in over a few year period.

A third option would be to cut expenses. Residential trash pickup and municipal trash dumpsters cannot be meaningfully reduced. The more discretionary aspects of the Refuse fund, spring trash haul and the General fund operating subsidy could be reduced or eliminated. Either would largely close the deficit. If spring trash haul were eliminated, the cost savings would be about \$75,000 to \$80,000 per year. The General fund would see its revenue reduced by \$30,000 to \$35,000 in this scenario. If the General fund operating subsidy were reduced, cost savings would be \$80,000 and the General fund would see its revenue reduced by \$80,000.

Of course, radically changing the service delivery method thru a regional approach or per bag service makes these numbers meaningless, as does a movement to fully privatize the payment system for residential garbage, while leaving some millage for municipal garbage needs.

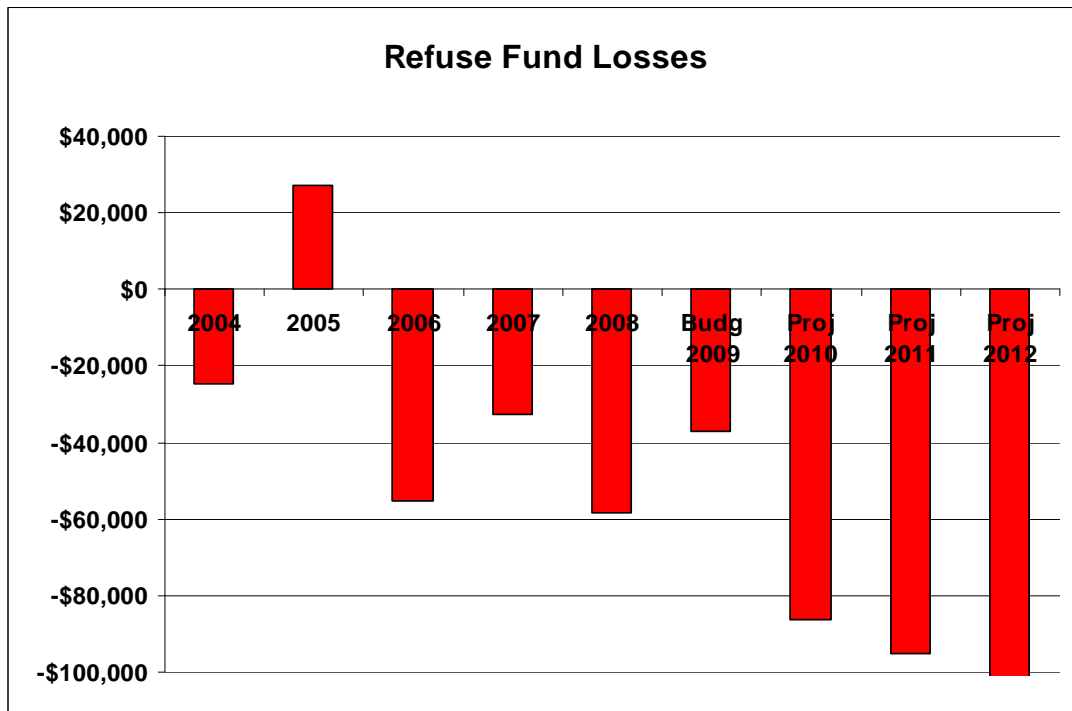
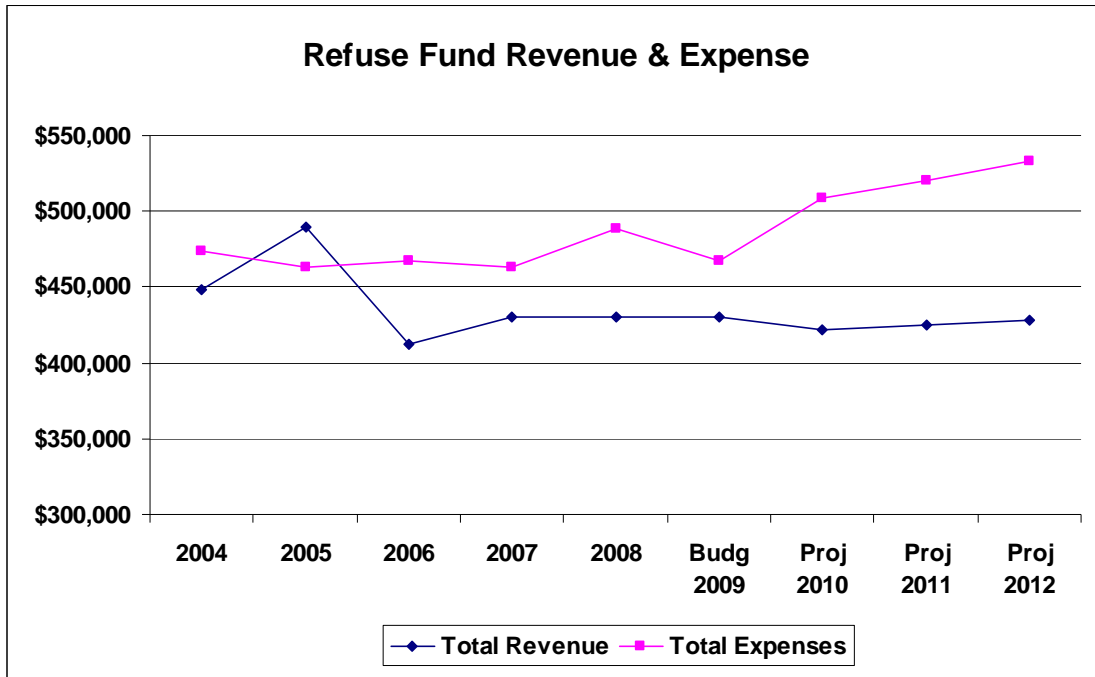


## 2010-2012 Financial Projections

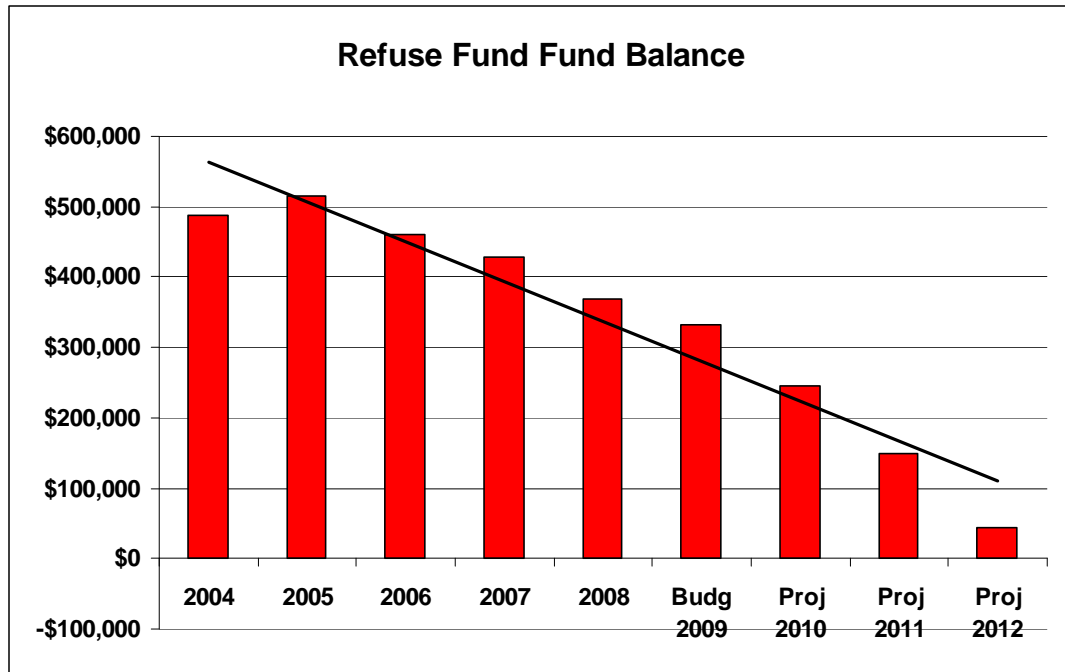
### Refuse Fund Financial Projections

226 Refuse Fund	2004	2005	2006	2007	2008	Budg 2009	Proj 2010	Proj 2011	Proj 2012
	Actual	Actual	Actual	Actual	Actual	Budget	Projected	Projected	Projected
402.000 Real & Personal Property Tax	\$302,493	\$313,584	\$248,640	\$260,603	\$270,763	\$275,996	\$280,136	\$282,937	\$285,767
411.000 Delinquent Real Tax	7,935	17,265	14,286	11,723	14,734	14,173	14,386	14,529	14,675
420.000 Delinquent Personal Tax	0	0	0	3,608	0	1,853	1,000	1,000	1,000
614.000 Dumpster Fees	1,824	1,081	0	0	0	0	0	0	0
626.000 Charge for Service	112,316	115,186	114,322	115,005	114,084	115,000	115,000	115,000	115,000
643.000 Yard Bags	9,024	9,732	11,632	8,451	9,984	11,000	11,000	11,000	11,000
644.000 Trash Bags	1,884	838	801	343	415	500	500	500	500
664.000 Interest Income	9,757	14,700	22,719	31,026	20,227	12,000			
671.000 Other Revenue	3,100	17,676	0	0	0	0	0	0	0
699.000 Operating Transfer In	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>\$448,333</b>	<b>\$490,062</b>	<b>\$412,399</b>	<b>\$430,759</b>	<b>\$430,206</b>	<b>\$430,522</b>	<b>\$422,022</b>	<b>\$424,967</b>	<b>\$427,941</b>
755.000 Yard Bags	18,392	22,703	10,593	\$10,536	\$26,469	\$13,000	\$13,000	\$13,000	\$13,000
799.000 Miscellaneous Expense	\$10,530	\$1,883	\$1,515	7,699	1,425	1,500	2,000	2,000	2,000
820.000 Administration	50,000	90,000	40,000	40,000	40,000	41,000	42,803	43,660	44,969
826.000 Refuse Contract Fees	244,760	213,380	235,914	253,076	262,075	247,000	280,741	290,567	300,737
827.000 Municipal Refuse Fees	11,614	7,919	11,826	10,256	16,177	18,000	17,329	17,936	18,563
828.000 Trash Haul Contract Fees	44,285	39,379	33,962	35,333	42,563	36,000	40,000	40,000	40,000
829.000 Trash Haul City	60,000	60,076	39,045	31,680	30,000	31,000	32,364	33,011	34,002
999.000 Operating Transfer Out	25,000	0	95,000	75,000	70,000	80,000	80,000	80,000	80,000
<b>Total Expenses</b>	<b>\$473,226</b>	<b>\$462,993</b>	<b>\$467,855</b>	<b>\$463,581</b>	<b>\$488,709</b>	<b>\$467,500</b>	<b>\$508,238</b>	<b>\$520,174</b>	<b>\$533,272</b>
<b>TOTAL REFUSE</b>	<b>-\$24,893</b>	<b>\$27,069</b>	<b>-\$55,456</b>	<b>-\$32,822</b>	<b>-\$58,503</b>	<b>-\$36,978</b>	<b>-\$86,216</b>	<b>-\$95,207</b>	<b>-\$105,330</b>
Beginning Fund Balance		\$488,575	\$515,645	\$460,189	\$427,366	\$368,864	\$331,886	\$245,670	\$150,463
Projected Ending Fund Balance	\$488,575	\$515,645	\$460,189	\$427,366	\$368,864	\$331,886	\$245,670	\$150,463	\$45,133

## 2010-2012 Financial Projections



## 2010-2012 Financial Projections



### Major Street Fund

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#### **Discussion**

The Major Street Fund is a state mandated fund that is used to account for all of the City's repair, maintenance and construction of Major Streets and its maintenance of US 31 for MDOT. The City has 18.5 miles of Major Streets to maintain. The Street Asset Management Plan recently adopted by City Council lays out the methodology for establishing maintenance priorities, and provides a tool for measuring progress.

#### **Revenue Assumptions**

The Major Street Fund is funded primarily by gas taxes passed thru from the State of Michigan and remitted monthly. The amount of tax received is based upon the number of gallons sold and is independent of the price of gas. When gas prices are very high, people drive less and less revenue is generated. The projections anticipate a decrease in revenue due to more fuel efficient cars, more energy conscious consumers and higher long-term gas prices. The Major Street Fund also receives revenue from MDOT thru a maintenance contract on US 31. This is expected to increase at the rate of inflation.

#### **Expense Assumptions**

The biggest expenses of the Major Street fund are the ongoing maintenance of the streets, including plowing, salting, sanding, patching and sweeping. The fund also has an outstanding bond issue used to pay for the Streetscape with an annual debt service of around \$140,000 per year, and a Victorian street lighting lease which is paid off in 2009. Any remaining money can be used for enhanced street maintenance or construction, or grant matching. These projections assume \$100,000 per year is spent on this type of enhanced maintenance.

#### **Capital Outlay Assumptions**

Phase Two of the Maple Street bridge rehabilitation is expected to cost \$890,000. The City has received an MDOT Local Bridge Fund grant for \$475,000 to put towards this. The remaining \$415,000 will have to be funded either out of City funds or thru another grant. The projections assume that the City applies for and receives a second Local Bridge Fund grant for the remaining amount. If this does not occur, the project will need to be scaled back or an alternate funding source obtained.

#### **Conclusions**

The continued erosion of gas tax revenues will continue to put stress on the Major Street fund. In spite of this, it has sufficient revenues to cover the routine maintenance needs of our streets; however, funding is insufficient to cover the enhanced maintenance needs anticipated in the Street Asset Management plan. Staff will continue to work with new techniques to stretch the Major Street fund as far as possible.

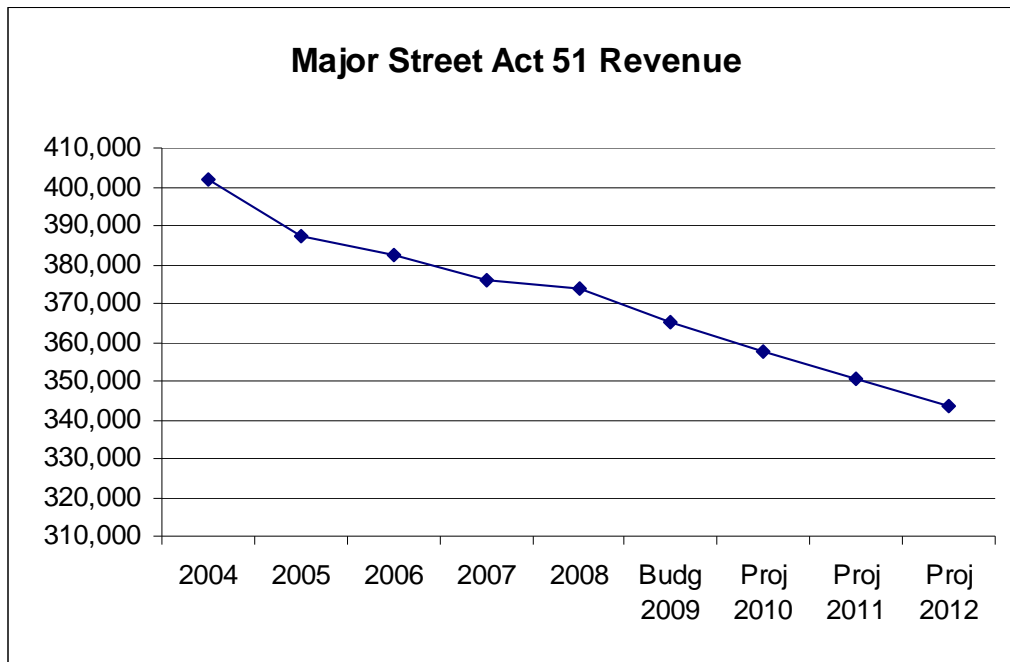
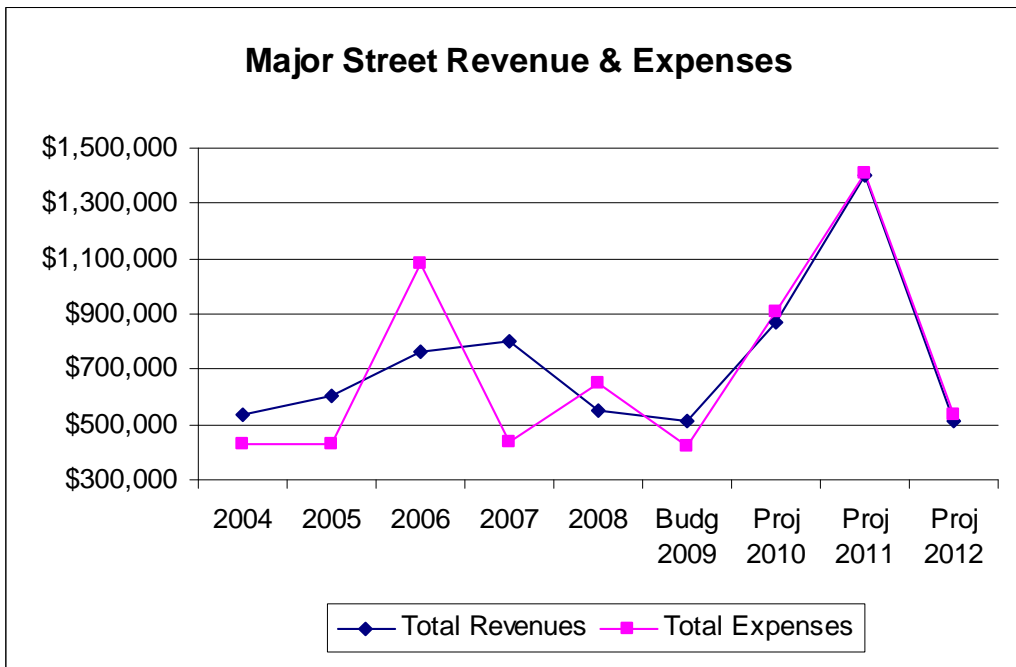


## 2010-2012 Financial Projections

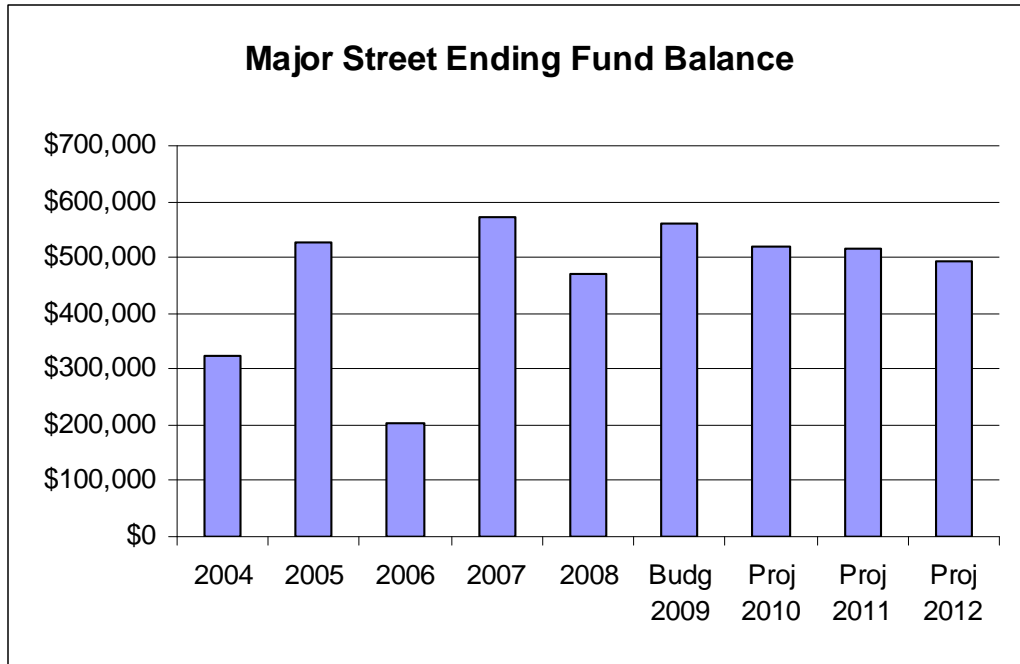
### Major Street Fund Financial Projections

202 Major Street Fund	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
539.000 Grant Revenue	\$0	\$35,465	\$227,812	\$263,683	\$0	\$0	\$350,000	\$890,000	\$0
576.000 Act 51 Revenue	401,804	387,290	382,393	375,931	373,735	365,000	357,700	350,546	343,535
626.000 Charge for Service	133,653	155,379	141,985	151,475	163,198	140,000	150,000	153,000	156,060
641.000 Snow Removal	0	17,645	0	0	0	0	0	0	0
664.000 Interest Income	1,856	6,192	9,626	12,500	11,390	9,000	9,000	11,000	13,000
699.000 Operating Transfer In	0	0	0		0	0	0	0	0
<b>Total Revenues</b>	<b>\$537,313</b>	<b>\$601,971</b>	<b>\$761,816</b>	<b>\$803,589</b>	<b>\$548,323</b>	<b>\$514,000</b>	<b>\$866,700</b>	<b>\$1,404,546</b>	<b>\$512,595</b>
799.000 Miscellaneous Expense	\$0	\$4,280	\$4,276	\$0	\$8,133	\$6,000	\$6,180	\$6,365	\$6,556
935.000 Traffic Services	9,066	7,640	19,730	4,342	3,813	15,000	10,000	10,300	10,609
936.000 Preservation Streets	126,981	180,335	797,977	163,756	367,938	117,000	620,510	224,125	230,849
937.000 Routine Maintenance Bridges	0	0	0	0	0	0	0	890,000	0
938.000 Winter Maintenance Streets	105,507	79,680	105,104	108,304	117,891	130,000	133,900	137,917	142,055
981.000 Construction Streets	46,263	17,619	14,376	14,376	14,376	14,376	0	0	0
982.000 Construction Bridges	0	0	0	0	0	0	0	0	0
999.000 Operating Transfer Out	140,120	141,550	142,655	143,445	139,028	139,395	139,423	139,100	143,350
<b>Total Expenses</b>	<b>\$427,937</b>	<b>\$431,104</b>	<b>\$1,084,118</b>	<b>\$434,223</b>	<b>\$651,178</b>	<b>\$421,771</b>	<b>\$910,013</b>	<b>\$1,407,808</b>	<b>\$533,419</b>
<b>TOTAL MAJOR STREET</b>	<b>\$109,376</b>	<b>\$170,867</b>	<b>-\$322,302</b>	<b>\$369,366</b>	<b>-\$102,855</b>	<b>\$92,229</b>	<b>-\$43,313</b>	<b>-\$3,262</b>	<b>-\$20,824</b>
Beginning Fund Balance		\$322,103	\$525,099	\$202,798	\$572,164	\$469,309	\$561,538	\$518,225	\$514,963
Projected Ending Fund Balance	\$322,103	\$525,099	\$202,798	\$572,164	\$469,309	\$561,538	\$518,225	\$514,963	\$494,139

## 2010-2012 Financial Projections



## 2010-2012 Financial Projections



### Local Street Fund

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#### **Discussion**

The Local Street Fund is a state mandated fund that is used to account for all of the City's repair, maintenance and construction of Local Streets. The City has 29.5 miles of Local Streets to maintain. The Street Asset Management Plan recently adopted by City Council lays out the methodology for establishing maintenance priorities, and provides a tool for measuring progress.

#### **Revenue Assumptions**

The Local Street Fund is funded primarily by gas taxes passed thru from the State of Michigan and remitted monthly. The amount of tax received is based upon the number of gallons sold and is independent of the price of gas. When gas prices are very high, people drive less and less revenue is generated. The projections anticipate a decrease in revenue due to more fuel efficient cars, more energy conscious consumers and higher long-term gas prices. Revenue constraints on this fund are significant. The fund also is projected to receive reimbursement from FEMA for storm damage to Harbor Drive and the upcoming repairs to 12<sup>th</sup> Street, as well as for other storm damaged roads.

#### **Expense Assumptions**

The biggest expenses of the Local Street fund are the ongoing maintenance of the streets, including plowing, salting, sanding, patching and sweeping. The fund has no outstanding debt. Most of the routine costs are projected to grow with inflation.

#### **Capital Outlay Assumptions**

The City recently entered into a contract Gallagher Asphalt to rehabilitate several miles of City Local Streets. The cost of this project of around \$400,000 is incorporated in the projections. The June 2008 storm event washed out two Local Streets. These projections incorporate the estimated costs of repairing the streets and the estimated FEMA reimbursement. Depending on the timing of the receipt of proceeds, the Major Street Fund may have to loan some money temporarily or permanently to this fund.

#### **Conclusions**

The continued erosion of gas tax revenues will continue to put stress on the Local Street fund. In spite of this, it has sufficient revenues to cover the routine maintenance needs of our streets; however, funding is insufficient to cover the enhanced maintenance needs anticipated in the Street Asset Management plan. Staff will continue to work with new techniques to stretch the Local Street fund as far as possible. In addition, the fund has been somewhat depleted by the unprecedented June 2008 storm event and associated costs which were unanticipated when preparing past projections.

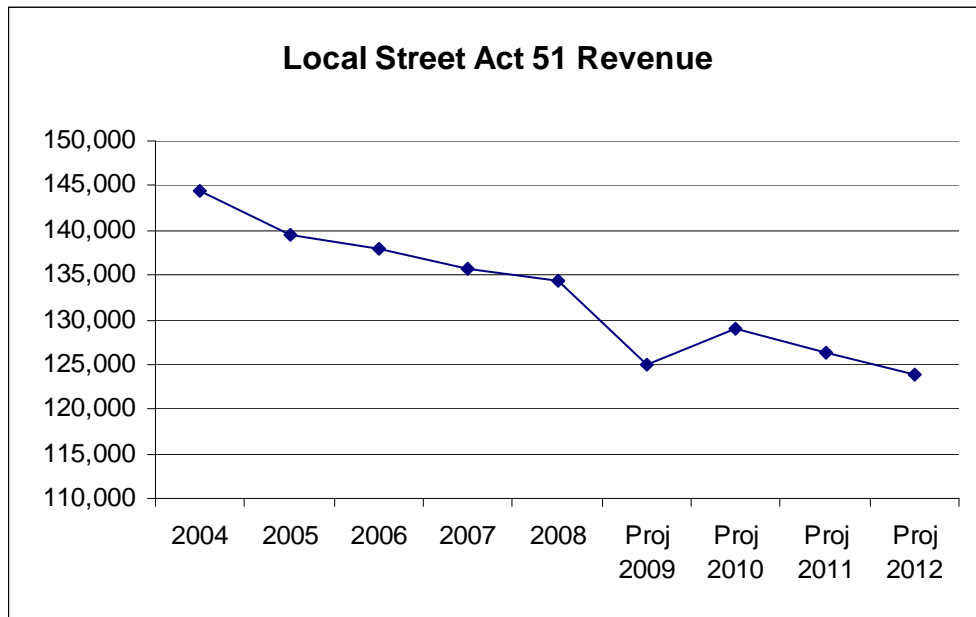
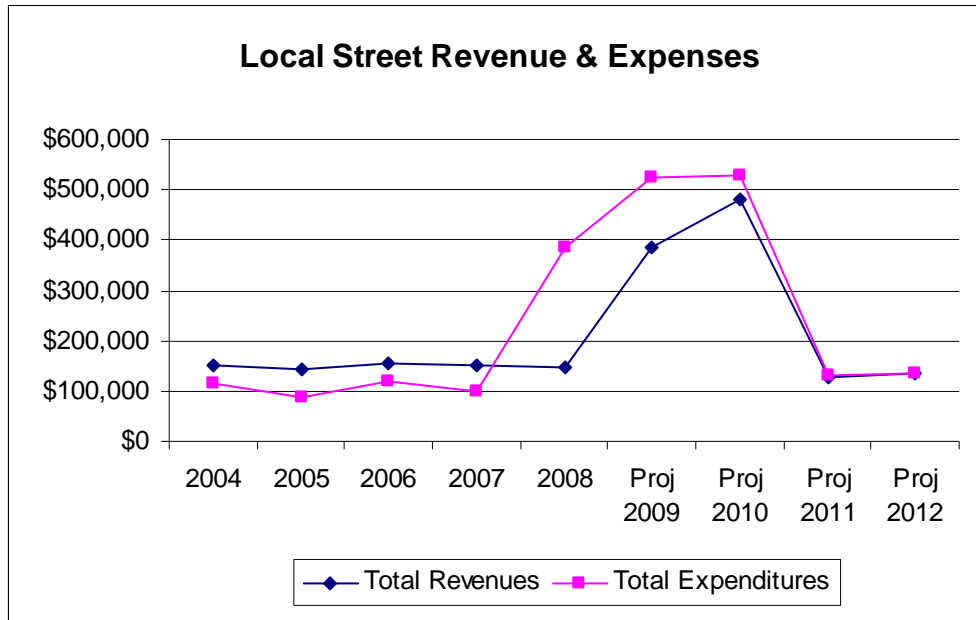


## 2010-2012 Financial Projections

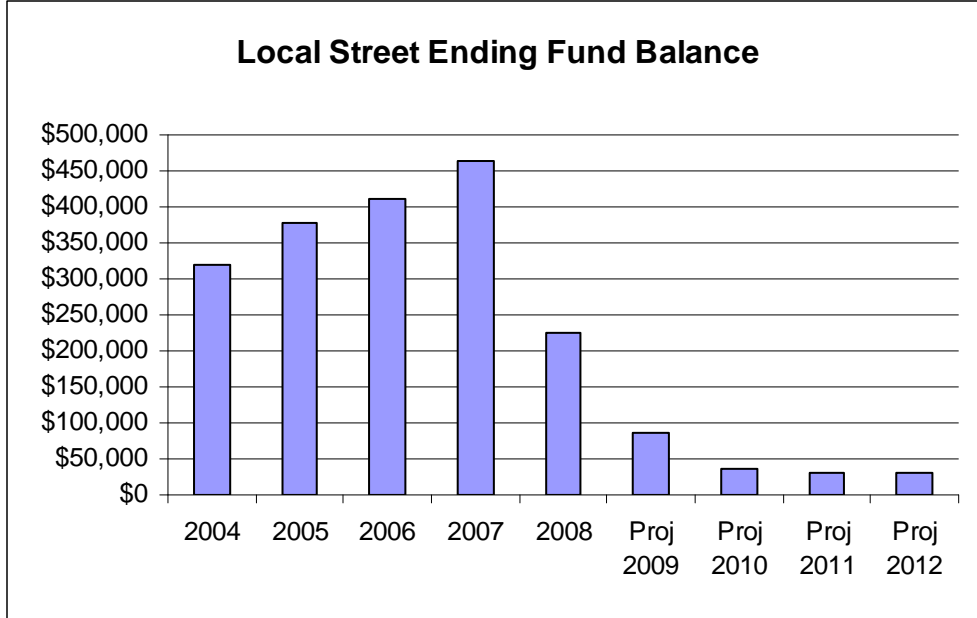
### Local Street Fund Financial Projections

203 Local Street Fund	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	Proj 2009 Projected	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
539.000 Grant Revenue	\$0	\$0	\$0	\$0	\$0	\$250,000	\$350,000	\$0	\$0
576.000 Act 51 Revenue	144,368	139,563	137,840	135,787	134,247	125,000	128,931	126,352	123,825
626.000 Charge for Service	0	0	4,424	0	0	0	0	0	0
641.000 Snow Removal	0	0	0	0	0	0	0	0	0
664.000 Interest Income	1,726	5,355	11,827	13,347	12,361	10,000			10,000
699.000 Operating Transfer In	5,819	0	0	0	0	0	0		0
<b>Total Revenues</b>	<b>\$151,913</b>	<b>\$144,917</b>	<b>\$154,091</b>	<b>\$149,133</b>	<b>\$146,607</b>	<b>\$385,000</b>	<b>\$478,931</b>	<b>\$126,352</b>	<b>\$133,825</b>
935.000 Traffic Services	\$200	\$1,554	\$1,421	\$0	\$100	\$2,000	\$2,060	\$2,122	\$2,185
936.000 Preservation Streets	54,121	49,552	64,457	42,721	322,940	60,000	61,800	63,654	65,564
938.000 Winter Maintenance Streets	47,910	37,646	53,735	54,859	61,925	62,000	63,860	65,776	67,749
981.000 Construction Streets	11,637	0	0	0	0	400,000	400,000	0	0
<b>Total Expenditures</b>	<b>\$113,868</b>	<b>\$88,751</b>	<b>\$119,612</b>	<b>\$97,580</b>	<b>\$384,965</b>	<b>\$524,000</b>	<b>\$527,720</b>	<b>\$131,552</b>	<b>\$135,498</b>
<b>TOTAL LOCAL STREET</b>	<b>\$38,045</b>	<b>\$56,166</b>	<b>\$34,479</b>	<b>\$51,553</b>	<b>-\$238,357</b>	<b>-\$139,000</b>	<b>-\$48,789</b>	<b>-\$5,200</b>	<b>-\$1,673</b>
Beginning Fund Balance		\$320,568	\$376,734	\$411,212	\$462,765	\$224,408	\$85,408	\$36,619	\$31,419
Projected Ending Fund Balance	\$320,568	\$376,734	\$411,212	\$462,765	\$224,408	\$85,408	\$36,619	\$31,419	\$29,746

## 2010-2012 Financial Projections



## 2010-2012 Financial Projections



### Oil & Gas Fund

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#### **Discussion**

The Oil & Gas fund is a Charter protected, permanent trust fund that was established to accrue the revenue from oil and gas royalties on City-owned property and mineral rights. The fund is administered by the Council appointed Oil and Gas Board. The fund has about \$6.8 million in principal. The earnings of the fund can be used for a variety of purposes at the discretion of Council. They are currently earmarked for the Capital Improvement Fund.

#### **Revenue Assumptions**

The Oil & Gas fund receives two sources of revenue; oil and gas royalties and investment earnings. Oil & gas royalties are dependent on the amount and type of hydrocarbons produced and the price of oil and natural gas. The owner of the wells, Aztec Producing, has been investing capital back into the wells and processing plant to help increase production. This effort has been somewhat successful. The price of oil has been extremely volatile in the past few years. It has gone from \$30 per barrel up to a high of \$147 and is now around \$45. The future price of crude will be largely dependent on the speed of the worldwide economic recovery.

Prior to 2008, the Oil & Gas Fund was limited to a narrow set of investment options. These options were designed for short-term operating funds of local units of government. The investment types were ill-suited for a long-term, permanent endowment like the Oil & Gas Fund. City staff worked with our elected representatives in Lansing to amend state law to allow the Oil & Gas fund to be invested like a public pension fund. This law passed as PA 220 of 2008. The necessary resolutions have been passed to take advantage of this new opportunity and the Oil & Gas Board has started the process of selecting an investment advisor. Investment revenues are expected to increase once the fund is invested under the new guidelines. Projections assume a 7%, 8% and 8% rate of return for the three year period.

#### **Expense Assumptions**

The Oil & Gas fund's primary expense is the transfer out of investment earnings. Once an investment advisor is on board, it will also incur investment advisory fees. These are anticipated to be less than 1% and are projected at .6%. The Investment Policy & Spending Rule limits the amount of revenue transferred out to 4.5% of principal.

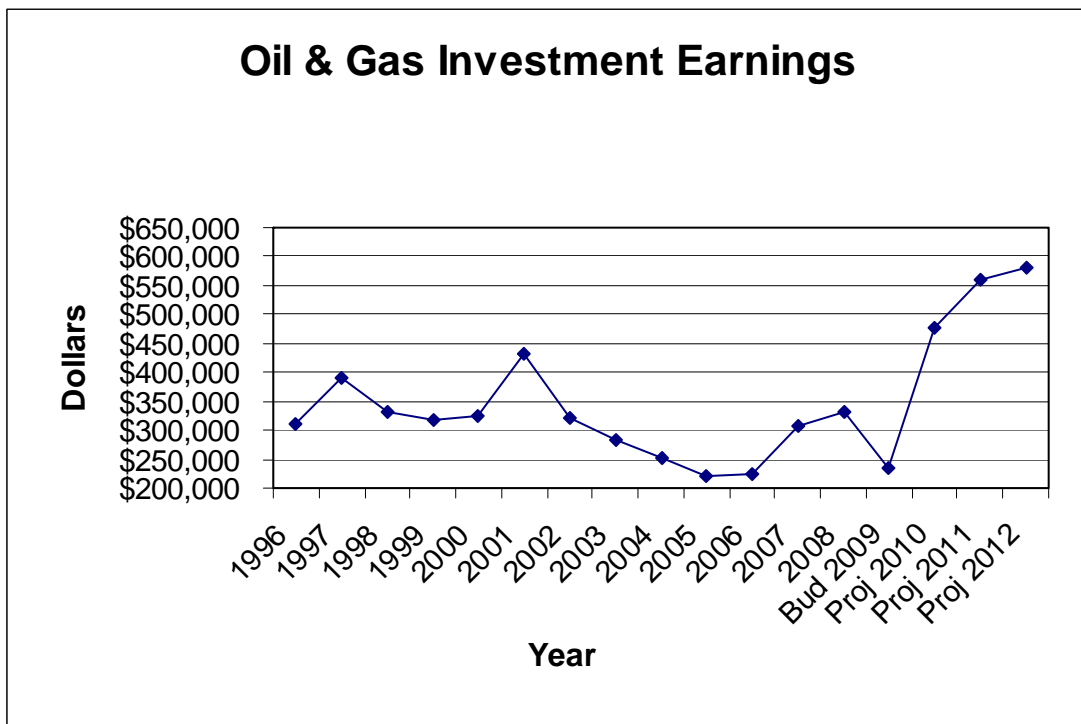
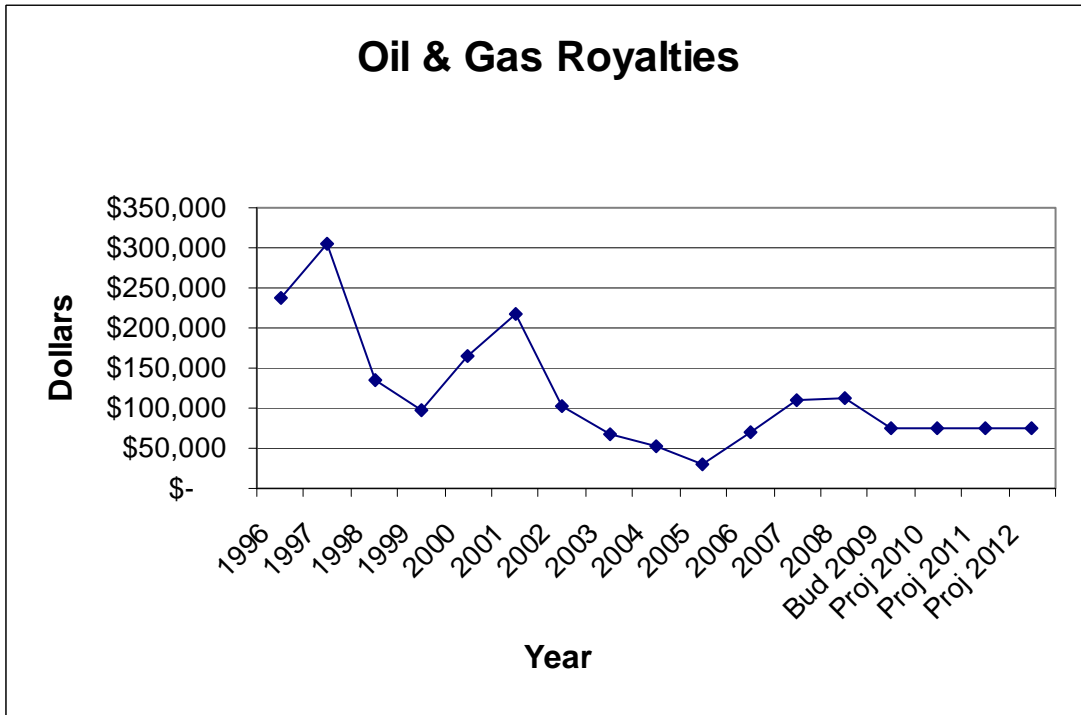
#### **Conclusions**

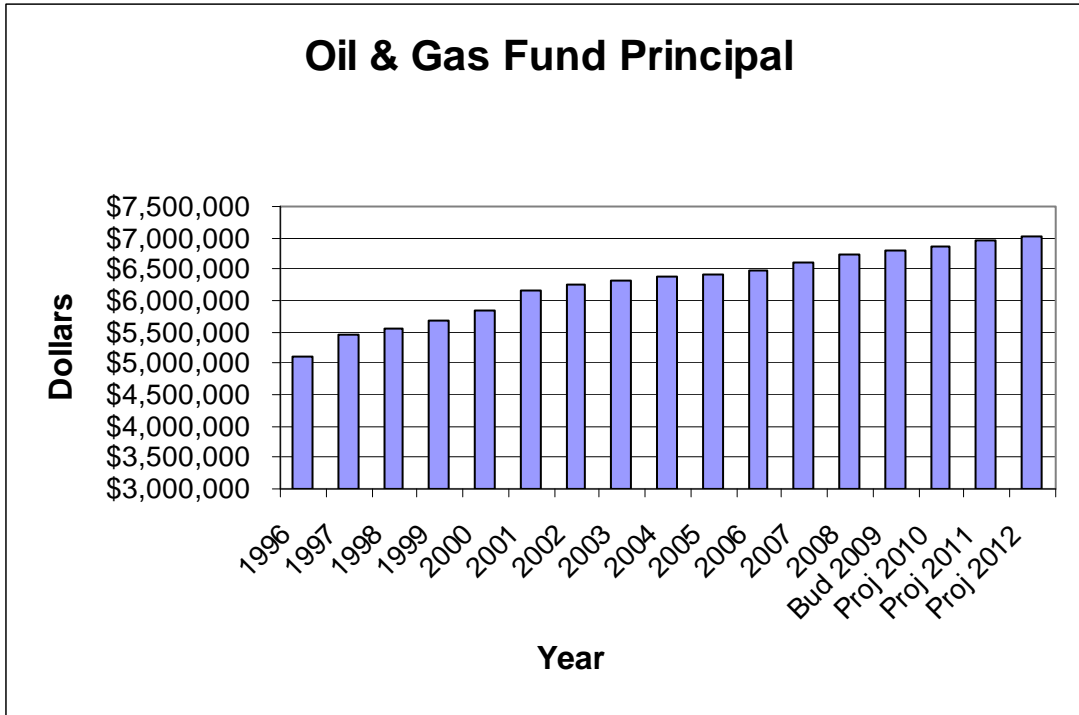
The Oil & Gas fund is poised to take on an extremely important role in the City's finances moving forward. Its importance as a revenue source independent from taxes, state revenue sharing and fee revenue cannot be overstated. The ability of the Oil & Gas fund to deliver higher rates of returns will in large part determine the pace of implementing the City's strategic plan, the ability to carry out capital projects and the capacity of the fund to help support operations, if desired. The Oil & Gas board is working diligently to ensure that this opportunity is realized and implemented in a prudent, diligent and methodical fashion.

## 2010-2012 Financial Projections

### Oil & Gas Fund Financial Projections

245 Oil & Gas Fund	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Actual	Budget	Projected	Projected	Projected
664.000 Interest Income	\$252,066	\$221,264	\$224,819	\$307,003	\$332,277	\$233,000	\$475,872	\$560,147	\$582,352
666.000 Oil Royalties	52,310	29,871	79,928	110,720	111,461	75,000	75,000	75,000	75,000
671.000 Other Revenue	0	0	225	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$304,376</b>	<b>\$251,135</b>	<b>\$304,972</b>	<b>\$417,723</b>	<b>\$443,738</b>	<b>\$308,000</b>	<b>\$550,872</b>	<b>\$635,147</b>	<b>\$657,352</b>
728.000 Office/Operating Expense	\$177	\$99	\$40	\$55	\$208	\$1,000	\$500	\$500	\$500
801.000 Professional Services	0	0	0	0	0	0	40,789	42,011	43,676
999.000 Operating Transfer Out	246,804	217,151	224,779	299,484	332,069	233,000	305,918	315,083	327,573
<b>Total Expenditures</b>	<b>\$246,981</b>	<b>\$217,249</b>	<b>\$224,819</b>	<b>\$299,539</b>	<b>\$332,277</b>	<b>\$234,000</b>	<b>\$347,207</b>	<b>\$357,594</b>	<b>\$371,749</b>
<b>TOTAL OIL &amp; GAS FUND</b>	<b>\$57,395</b>	<b>\$33,885</b>	<b>\$80,153</b>	<b>\$118,184</b>	<b>\$111,461</b>	<b>\$74,000</b>	<b>\$203,665</b>	<b>\$277,553</b>	<b>\$285,602</b>
Beginning Fund Balance		\$6,380,494	\$6,414,379	\$6,494,532	\$6,612,717	\$6,724,178	\$6,798,178	\$7,001,843	\$7,279,396
Projected Ending Fund Balance	\$6,380,494	\$6,414,379	\$6,494,532	\$6,612,717	\$6,724,178	\$6,798,178	\$7,001,843	\$7,279,396	\$7,564,999
Projected Ending Principal	\$6,380,494	\$6,414,379	\$6,494,532	\$6,612,717	\$6,724,178	\$6,798,178	\$6,873,178	\$6,948,178	\$7,023,178
Projected Ending Spending Reserve							\$128,665	\$331,219	\$541,821





### Capital Improvement Fund

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#### **Discussion**

The Capital Improvement fund was established by Council to fund capital improvements throughout the City. All large capital projects not related to an enterprise fund or streets are directly budgeted for in this fund. Council has arrived at a definition of a capital improvement as “an improvement to or acquisition of an asset that has a useful life extending into the future.” The fund was initially funded by the transfer of \$410,000 over two years from the General Fund.

#### **Revenue Assumptions**

Revenue to the Capital Improvement fund comes from the transfer in of investment earnings from the Oil & Gas fund. As was discussed in the Oil & Gas fund, these earnings should increase as the new investment law kicks in; however, the transfer in will be limited by policy to 4.5% of the principal. The projections do not anticipate any other transfers in to the fund. Thus, revenue is potentially subject to the same volatility as the Oil & Gas fund earnings. The projections also anticipate that the full amount of earnings is transferred in and not appropriated by Council for other purposes, such as operations.

#### **Capital Outlay Assumptions**

Expenses for the Capital Improvement fund are quite variable from year to year. There are clearly more projects than there is money to fund them. All potential projects are subject to the annual budgeting process and will compete against other projects. Future annual budgets will incorporate project summaries, or case statements, for all proposed projects in this fund. The projections show one known expense, a \$40,000 per year contribution to the community pool, which is a cost necessary to make the pool available to the citizens. They also show a list of likely projects with no costs associated with them at this time.

#### **Conclusions**

The Capital Improvement fund has improved the City’s ability to fund capital repair, maintenance and acquisition projects. The new budget process will allow better vetting and prioritization of potential capital projects. The pressures on the fund will increase dramatically in future years as other revenue sources continue to be constrained. Not all capital projects will be able to be budgeted. In addition, Council may need to draw on Capital Improvement Fund revenues to fund General Fund operations until restructuring can occur.

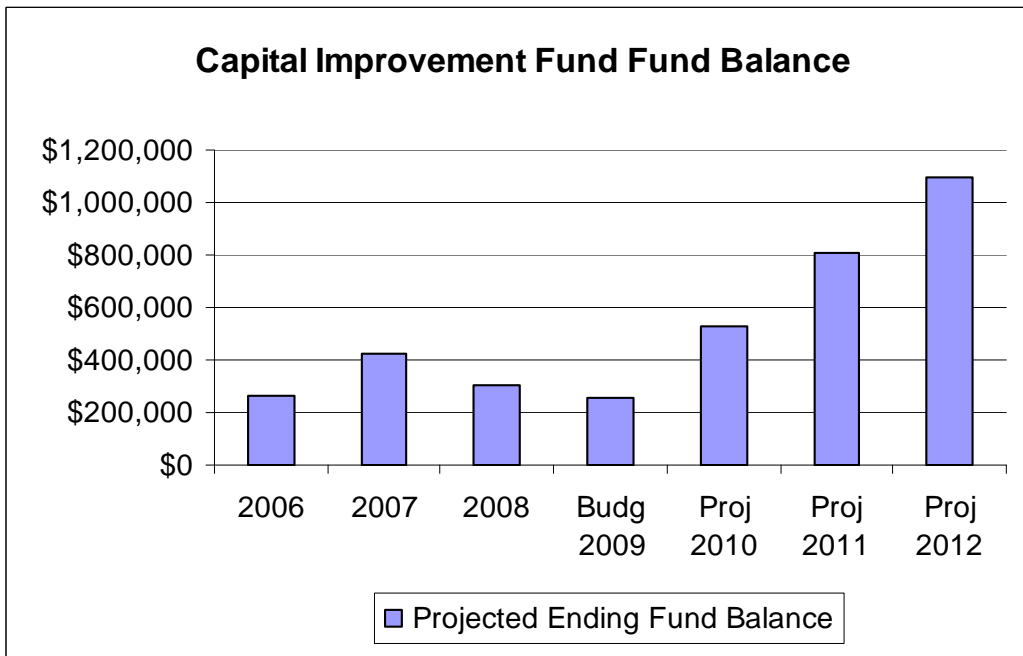
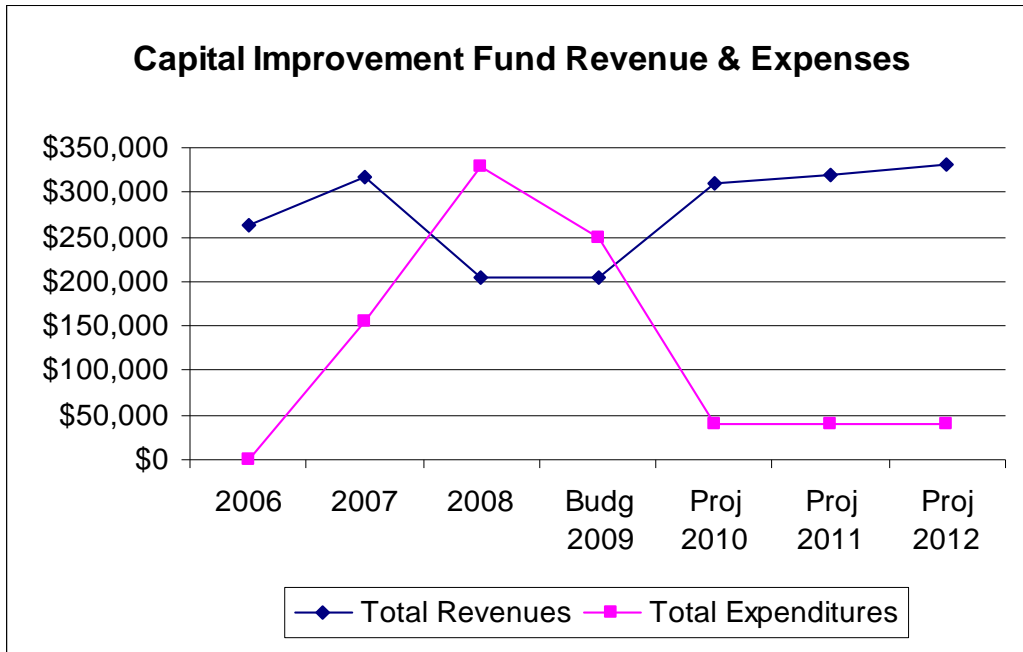


## 2010-2012 Financial Projections

### Capital Improvement Fund Financial Projections

430 Capital Improvement Fund	2006 Actual	2007 Actual	2008 Actual	Budg 2009 Budget	Proj 2010 Projected	Proj 2011 Projected	Proj 2012 Projected
664.000 Interest Income	\$0	\$14,021	\$4,717	\$5,000	\$4,000	\$4,000	\$4,000
671.000 Other Revenue	0		0	0	0	0	0
674.000 Contributions\Donations	0	14,000	600	0	0	0	0
676.000 Reimbursement	0	0	9,784	0	0	0	0
699.000 Operating Transfer In	262,000	290,000	189,574	200,000	305,918	315,083	327,573
<b>Total Revenues</b>	<b>\$262,000</b>	<b>\$318,021</b>	<b>\$204,675</b>	<b>\$205,000</b>	<b>\$309,918</b>	<b>\$319,083</b>	<b>\$331,573</b>
799.000 Miscellaneous Expense	\$0	\$74	\$0	\$0	\$0	\$0	\$0
801.000 Professional Services	0	0	0	0	0	0	0
970.000 Capital Outlay	0	135,428	328,248	248,000	40,000	40,000	40,000
999.000 Operating Transfer Out	0	20,000	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$155,502</b>	<b>\$328,248</b>	<b>\$248,000</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$40,000</b>
<b>TOTAL CAPITAL IMPROVEMENT</b>	<b>\$262,000</b>	<b>\$162,519</b>	<b>-\$123,573</b>	<b>-\$43,000</b>	<b>\$269,918</b>	<b>\$279,083</b>	<b>\$291,573</b>
Beginning Fund Balance	\$0	\$262,000	\$424,519	\$300,946	\$257,946	\$527,864	\$806,947
Projected Ending Fund Balance	\$262,000	\$424,519	\$300,946	\$257,946	\$527,864	\$806,947	\$1,098,520
<u>Potential Future Projects</u>							
Ramsdell Theatre Roof & HVAC							
First Street Beach House							
Phase II Marina Building							
Ninth Street Boat Launch							
Street Improvements							
Beach Conceptual Plan Implementation							

## 2010-2012 Financial Projections



### Ramsdell Theatre

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#### **Discussion**

The historic Ramsdell Theatre is owned and operated by the City. It is often mentioned by observers as being one of the jewels of Manistee. Although much of the interior renovations have been completed by the non-profit Ramsdell Restoration, the City has overall and ongoing responsibility for the building. The operations are currently being supported by a transfer from the General fund. The Ramsdell Governing Board is working to establish partnerships that will help move the Ramsdell towards self-sufficiency in the long term.

#### **Revenue Assumptions**

Theatre revenue comes mainly from two sources. The first is the operating support from the General fund. This is projected to stay flat. The second revenue source is rentals. The Theatre hosts a variety of events, ranging from theatrical productions to wedding receptions to dinner parties. This is projected to grow faster than inflation due to better marketing of the facility.

#### **Expense Assumptions**

The Ramsdell is staffed with a permanent part-time employee and seasonal help. As business grows, the number of hours necessary to clean and maintain the building also increases. The projections assume faster than inflation growth in this area. Other major expenses include maintenance, heating and professional services. These are expected to grow with inflation.

#### **Capital Outlay Assumptions**

The Ramsdell is in need of two major capital improvements. The exterior of the building from the decorative dental work up is in need of repair and/or replacement. The roof itself is at the end of its useful life and the roof structures and cupolas are deteriorating. The old steam heating system is obsolete, costly to maintain and incredibly inefficient. It needs to be entirely replaced. In addition, much of the building does not have air conditioning and this limits the ability of it to be rented during the peak summer months. The Capital Improvement fund will likely fund these improvements over time, which would entail obtaining financing. However, cost estimates are still being generated and the cost is not included in these projections although it is anticipated being in the \$500,000 to \$600,000 range. The Ramsdell is also exploring a partnership with West Shore College that would infuse some capital into the stage and lower levels of the Theatre in exchange for a long-term lease.

#### **Conclusions**

The City is still in the early years of managing this beautiful building and important asset. It is making steady progress in many operational and maintenance areas, but the Ramsdell is likely to require General fund assistance for the foreseeable future.

### Ramsdell Theatre Financial Projections

<b>296 Ramsdell Theatre Fund</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
539.000 Grant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
642.000 Sales	0	0	9,375	5,000	0	0	0
664.000 Interest Income	73	241	158	305	200	200	300
667.000 Rental Income	0	18,250	35,225	28,000	35,000	37,800	40,824
671.000 Other Revenue	0	0	293	0	0	0	0
674.000 Contributions\Donations	0	0	2,500	0	0	0	0
699.000 Operating Transfer In	51,070	100,000	80,000	65,000	65,000	65,000	65,000
<b>Total Revenues</b>	<b>\$51,143</b>	<b>\$118,491</b>	<b>\$127,551</b>	<b>\$98,305</b>	<b>\$100,200</b>	<b>\$103,000</b>	<b>\$106,124</b>
702.000 Salaries	\$0	\$0	\$21,265	\$23,835	\$25,742	\$27,801	\$30,025
704.000 Overtime	0	0	342	0	\$0	\$0	\$0
712.001 Costs - Social Security	0	0	1,281	1,478	\$1,596	\$1,724	\$1,862
712.002 Costs - Medicare	0	0	300	346	\$373	\$403	\$435
712.007 Costs - FUTA	0	0	12	32	\$35	\$38	\$41
712.009 Costs - Workers Comp	0	0	357	514	\$555	\$599	\$647
<b>Employee Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,557</b>	<b>\$26,205</b>	<b>\$28,301</b>	<b>\$30,565</b>	<b>\$33,010</b>
728.000 Office/Operating Expense	\$624	\$8,992	\$6,933	\$5,000	\$5,150	\$5,305	\$5,464
799.000 Miscellaneous Expense	0	0	0	0	\$0	\$0	\$0
801.000 Professional Services	2,902	15,466	22,631	10,000	\$8,000	\$8,240	\$8,487
822.000 Insurance	0	1,671	1,580	1,600	\$1,648	\$1,697	\$1,748
831.000 Contractual Repairs & Maint	0	372	1,148	1,500	\$1,545	\$1,591	\$1,639
850.000 Phone	159	300	402	400	\$412	\$424	\$437
870.000 Memberships & Dues	0	0	0	0	\$0	\$0	\$0
892.500 Marketing Expense	\$0	\$270	\$2,014	\$4,000	\$4,120	\$4,244	\$4,371
900.000 Printing/Publishing	0	0	967	1,000	\$1,030	\$1,061	\$1,093
901.000 Postage	0	0	0	200	\$206	\$212	\$219
920.000 Gas	38,583	22,520	27,813	22,000	\$22,660	\$23,340	\$24,040
922.000 Water	426	262	244	400	\$412	\$424	\$437
925.000 Electric	3,985	6,963	5,137	6,000	\$6,180	\$6,365	\$6,556
930.000 Repairs\Maint - Veh\Equip	1,579	30,973	0	5,000	\$5,150	\$5,305	\$5,464
931.000 Repairs - Building	0	0	16,414	10,000	\$10,300	\$10,609	\$10,927
964.000 Refunds	0	0	75	0	\$0	\$0	\$0
<b>Operating Costs</b>	<b>\$48,258</b>	<b>\$87,789</b>	<b>\$85,358</b>	<b>\$67,100</b>	<b>\$66,813</b>	<b>\$68,817</b>	<b>\$70,882</b>
<b>Total Expenditures</b>	<b>\$48,258</b>	<b>\$87,789</b>	<b>\$108,914</b>	<b>\$93,305</b>	<b>\$95,114</b>	<b>\$99,382</b>	<b>\$103,892</b>
<b>Operating Surplus\Deficit</b>	<b>\$2,885</b>	<b>\$30,702</b>	<b>\$18,637</b>	<b>\$5,000</b>	<b>\$5,086</b>	<b>\$3,618</b>	<b>\$2,232</b>
Capital Expenditures	<b>\$0</b>	<b>\$29,131</b>	<b>\$16,520</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>
<b>Total Ramsdell Theatre</b>	<b>\$2,885</b>	<b>\$1,571</b>	<b>\$2,117</b>	<b>\$0</b>	<b>\$86</b>	<b>-\$1,382</b>	<b>-\$2,768</b>
Beginning Fund Balance	\$0	\$2,885	\$4,456	\$6,572	\$6,573	\$6,659	\$5,276
Projected Ending Fund Balance	\$2,885	\$4,456	\$6,572	\$6,573	\$6,659	\$5,276	\$2,508