

## City of Dearborn

### 2014 Proposed Budget as of May 20, 2014

- ✓ The General Fund budget is balanced for fiscal year 2015 with a budgeted use of fund balance in the amount of \$112,242.
- ✓ Taxable values are estimated to increase from \$3.42 to \$3.46 billion representing a \$44 million or 1.28% increase. One mill is expected to generate approximately \$3,468,000 which is \$44 thousand per mill more.

Residential property values have stabilized with very modest growth forecasted and controlled by the Proposal A of 1994 annual inflation limit.

- ✓ The proposed City Tax rate is 26.6 mills representing a .70 mill increase. The prior year was a .96 mill decrease. This rate includes: operating 18.5, library 1.54, garbage 2.27, and CSO debt 4.29.
- ✓ The trash can program funding model will conclude in fiscal year 2017 providing some relief to the garbage millage prospectively. The millage now includes street sweeping, the leaf program, and downtown area cleaning initiatives.
- ✓ The Library millage is dedicated to the Library and provides full funding independence.
- ✓ One mill for a home with a taxable value of \$100,000 (\$200,000 approximate market value) would generate \$100 of tax revenue. 26.6 mills produce \$2,660 of tax revenue.
- ✓ The proposed water rate is no change and sewer rate increase is 3% for the average customer.
- ✓ All labor contracts are settled except for the Lieutenants and Sergeants contract that expired June 30, 2013 and negotiations are in progress. For settled contracts, the employees have accepted concessions including: 20% health care contributions, pension system contributions, work schedule changes, and other adjustments targeted to produce an overall 10% reduction in payroll related costs.

- ✓ The full-time staffing increased 16 positions and part-time 8.86 full-time equivalents.
  - The full-time positions added are 7 firefighter positions funded by the Dearborn/Melvindale intergovernmental agreement, 4 DPW staff for the in-house street sweeping funded by the garbage millage, and 4 DPW staff for the sewer system inspection program funded by the sewer fund rates, Plumber conversion from part-time, Finance converting 2 part-time positions into 1 full-time position netting a cost reduction, Recreation converting Camp labor staff to Center technical system administration, Residential services field inspector to E&CD Commercial property attraction/retention, Camp Chef conversion to part-time, MIS radio specialist to administrative staff position.
  - The major part-time changes are 5 fte's for police officers, 3 fte's in other police positions, 2 fte's residential services, 1 fte Camp, 2 fte's Library. .5 Housing, .8 Sewer, with many offsetting reductions netting to 8.86 part-time fte additions.
- ✓ Health care premium rates increased 4% and an additional 4.7% taxes/fees for HAP. The Blue Cross self-insured illustrative all-inclusive proposed rates increased from less than 1% to just over 15%. These rates were then discounted 15% as a result of favorable self-insured pool performance. The overall City budget contribution for active employee health care is \$7.9 million and for retiree health care \$11.4 million.
- ✓ State and Federal fees and taxes have been added in recent years with several totaling in excess of \$500,000 in additional cost for health care. Active employees, in accordance with PA152, cost share 20% of these cost additions.
- ✓ Post-employment health care funding is slightly better than pay-as-you-go basis. The result will be an accruing liability for the annual financial report.
- ✓ Pension system contribution and change amounts are as follows:

General Employees:	\$ 3,916,342	\$(153,858)
Police	\$ 5,332,891	\$ 265,356
Fire	\$ 4,271,447	\$ 306,696

- ✓ The Historical Department operating subsidy is \$29,225 which covers legacy costs only. It is anticipated that shortfalls will be covered by the Guild or by drawing on the Ross Trust account.
- ✓ Financial Challenges on the Horizon:
  - Personal Property Phase Out & Replacement Income
  - Expiration of 3.5 Supplemental Operating Millage (2017 final year to levy)
  - Proposal A Property Value Growth Limitation
  - Cost Inflation for Health Care, Competitive Pay, Utilities, Gasoline, and other operating costs exceeding income growth.