



Adopted Annual Budget
for the Fiscal Year Ending June 30, 2016

Adopted by City Council – May 18, 2015

Mayor

Maureen Donker, Ward II

Council Members

Thomas W. Adams, Ward I

Steve Arnosky, Ward III

Diane Brown Wilhelm, Ward IV

Marty Wazbinski, Ward V, Mayor Pro Tem

City Manager

Jon Lynch

Assistant City Manager for Financial Services

David A. Keenan, C.P.A.

City Controller

Margaret A. Maday

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May 26, 2015

Mayor and City Council
City of Midland
333 W. Ellsworth
Midland, MI 48640

Dear Mayor and Councilmen:

Attached to this letter is the City of Midland's adopted budget for the fiscal year ending June 30, 2016.

The proposed budget was submitted to City Council on April 13, 2015. For approximately five weeks following that date, the budget process provided for public examination and input, as well as Council study and discussion regarding various revenues and expenditures included in the proposed budget. This letter is intended to serve as an addendum to the April 13, 2015 budget message.

At the direction of City Council, staff identified a sidewalk maintenance program of \$250,000. Council elected to append the sidewalk program to the proposed budget increasing the millage rate by .11 mills to 15.00 mills.

As a result of this change, the adopted budget for the General Fund was modified to increase Property Taxes and Related Revenues by \$250,000. An additional \$170,000 was added to the Public Services Sidewalk Maintenance program and \$80,000 to Transfers Out, \$65,000 to the Local Street Fund and \$15,000 to the Major Street Fund. The Local Street Fund budget was adjusted to reflect an increase of \$65,000 in Transfers In and a corresponding increase in Capital Projects. The Major Street Fund Transfers In were increased by \$15,000 and Capital Projects increased by the same amount.

There were no other changes made to the budget submitted on April 13, 2015.

Respectfully submitted,



Jon Lynch
City Manager



April 13, 2015

Mayor and City Council
City of Midland
333 W. Ellsworth
Midland, MI 48640

Dear Mayor and Councilmen:

With appreciation for the efforts of contributing staff members duly noted, I am pleased to present for your consideration the following recommended budget for Fiscal Year 2015-16. The following summary illustrates a budget that meets the fiscal priorities outlined by the *City Council Budget Objectives for FY 15-16* and emphasizes citizen concerns identified during the *2014 Midland Community Survey*.

This recommended budget is based on a millage rate of 14.89 mills and maintains municipal service levels equivalent to the current fiscal year. It also incorporates \$60,000 in open drain cleaning, \$50,000 in tree planting, and \$250,000 in prefunding pension liability beyond current year spending. The budget also provides for \$7.8 million to be spent on road maintenance. Finally, staff has identified a sidewalk maintenance program of \$250,000 that can be appended to this proposed budget with a resulting millage rate of 15.00 mills.

We wish to remind Council of the following public hearings and budget work session that were previously established:

April 13, 2015 introduction of budget to City Council (regular meeting)
April 20th City Council budget work session (special meeting)
April 27th preliminary public hearing on proposed budget (regular meeting)
May 11th charter required public hearing on proposed budget (regular meeting)
May 18th adoption of the budget by City Council (regular meeting)

Respectfully submitted,



Jon Lynch, AICP ICMA-CM
City Manager



City of Midland Your 2015-16 Tax Dollars at Work



Consolidated Budget:
\$90.8 million



BUDGET GOALS FOR THE CITY:

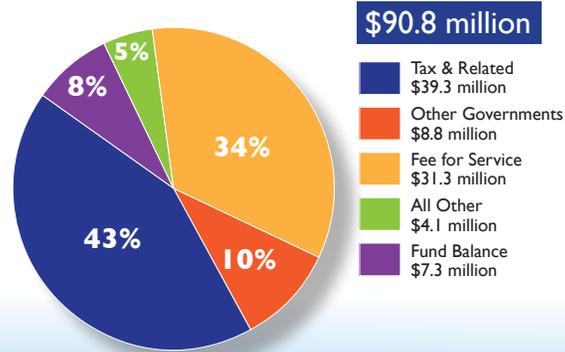
- Ensure economic sustainability
- Provide an outstanding quality of life
- Provide effective stewardship of community resources

BUDGET DIRECTIVES FOR THE UPCOMING YEAR

- Maintain public services at the highest level possible
- Increase the millage rate supporting general operations by no more than .5 mills
- Preserve the General Fund \$5.1 million fund balance
- Present a range of options for sidewalk maintenance

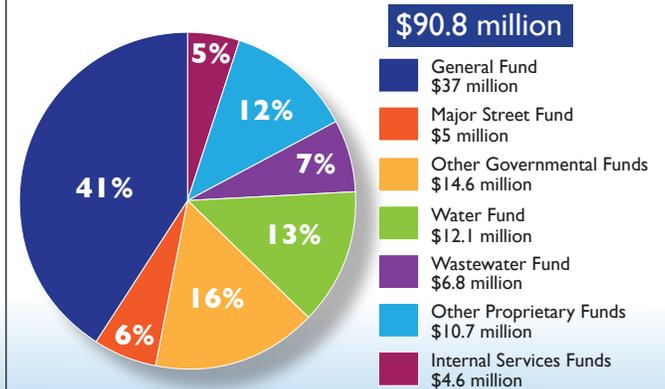
CITY-WIDE REVENUES

Taxes will fund 43% of the City's total budget for the 2015/16 fiscal year.



CITY-WIDE EXPENDITURES

The General Fund is the City's largest fund and accounts for 41% of City-wide expenditures.



GENERAL FUND ACTIVITY

Public Safety \$17 million

The City is nationally recognized as a safe place to live.



Police



Fire/
Emergency
Services



Building
Inspection/
Planning

Sanitation \$3.1 million



Refuse/Heavy Items



Recycling



Yard waste
collection

Parks and Recreation

\$5.5 million

Funds maintain
2,700 acres
of parks



Midland has **72 parks**

Blight Enforcement

Includes complaints about trash, debris or ordinance violations. Every violation is addressed and resolved.

388
violations
in 2014



Sidewalk Maintenance and Repairs

\$328,000



SPECIAL REVENUE FUNDS

Road Maintenance
\$7.9 million
 8.7% of the City's total budget

The City maintains **160 miles** of local streets

Snow Removal
\$1.1 million

10% of city street signs are replaced each year

Grace A. Dow Library

\$4.1 million
745,669 Total materials circulated

31,144 eBooks circulated

4,919 Youth participation in Summer Reading Program

Community Development Block Grants

\$318,000

Federal funding to create a suitable living environment and economic opportunities for low and moderate income residents

Storm Water Management

\$1.1 million

The City maintains **180 miles** of storm sewer, culverts and drains

Dial-A-Ride Bus

\$2.3 million

About **69%** of this program costs come from State and Federal grants

14 buses
 Curb to curb transportation, **six days a week**

Provides rides for more than **111,000 riders annually**

Overall ridership is **70% seniors** and people with disabilities

Midland Housing

\$142,000

Strengthens partnerships in the community to develop decent housing and economic opportunities for low-moderate income residents

ENTERPRISE FUNDS

Civic Arena

\$1.3 million

Landfill

\$4.4 million

Includes household hazardous waste collections

Wastewater

\$7.6 million

User fees represent **85% of revenue**

Recycling approximately **3.5 million gallons** of bio-solids each year

207 miles of sanitary sewers

180 miles of storm sewers

40 pump stations

Currie Municipal Golf Course

\$1.1 million

Senior housing:

Washington Woods

Riverside Place

\$2.1 million

\$2 million

Water

\$12.6 million

User fees represent **85% of revenue**

The water treatment plant can produce **48 million gallons** of high quality water each day

359 miles of water main provide water for fire protection, business, industry and residential customers

INTERNAL SERVICE FUNDS

\$4.6 million

Funds cover internal functions of various City departments. Certain interfund activity has been eliminated to avoid duplication of costs.

Future Year Projection Synopsis

The City's annual budget process historically consisted of amending the current year's budget and proposing one for the next fiscal year. Last year the City made a change to provide more forward looking information. This change is also incorporated in the 2015/16 Budget. Included are two additional years of financial information with each departmental budget. It is important to note that while these two additional years are "projections", provided for planning purposes; this is not a multi-year budget where City Council is approving rates (i.e., tax millage rate) beyond the 2015/16 fiscal year.

In order to project what future spending might look like, expenditures were broken down into the major classifications of personnel services, supplies, other charges, capital outlay, reserve for contingencies, debt service, and transfer to other funds. Because significant effort is spent in establishing the budget for the fiscal year, the 2015/16 proposed budget was used as the baseline to project forward. Historical patterns were evaluated in order to assist in projecting forward to 2016/17 and 2017/18. From there each department applied their specific hands-on knowledge to adjust the totals based on circumstances of which they were currently aware. A similar approach was applied to revenue projections.

While reviewing the two years of projected information, please consider the following:

- Because expenses have generally been increasing at a higher rate than revenue, many of the projected statements reflect diminishing financial performance.
- There are plans that could be incorporated into the projections to offset the diminishing performance, such as increasing rates, reducing service delivery, or spending down fund balance; however, these are decisions that are to be made by Council after staff has performed its due diligence and provided recommendations for their consideration.
- Consistent with the previous statement, the General Fund projections include **no** changes to staffing levels, service delivery, or millage rates. Property values, revenue streams, and inflation for expenditures have been applied to the current situation based on what is currently known.

Projected negative trends illustrated by forward facing data will be addressed by careful consideration of community priorities in preparation of individual budgets for those specific future years. In other words, forecasts are further refined as the projected dates draw nearer. That process of refinement will allow for recommendations reflective of community expectations and Council directives to produce balanced budgets in specific given years.