



500 West Big Beaver
Troy, MI 48084
troymi.gov

FROM THE OFFICE OF THE CITY MANAGER

April 27, 2020

To: Mayor and City Council Members

From: Mark F. Miller, City Manager
Robert J. Bruner, Assistant City Manager
Robert Maleszyk, Chief Financial Officer
Drew Benson, Assistant to the City Manager

Subject: City Council Budget Questions & Answers – 4.27.2020

The following are communications that City Administration would like Council to be made aware of. In order to ensure that all questions are received and answered, all City Council Questions should be sent to the CITY MANAGER DISTRIBUTION GROUP e-mail address.

From: David Hamilton
Sent: Friday, April 24, 2020 3:19 PM
To: City Manager Distribution Group <CityManager@troymi.gov>
Subject: Budget

Thank you for answering my questions so thoroughly. I really appreciated the detailed revenue list. It's good to see where everything comes from.

- 1.) In the Capital Fund Other Revenue, what are the Private Contributions Miscellaneous for 2018, 2019, and 2020? (215k, 231k, 215k)
- 2.) In Major Roads Fund, what is the State Revenue Sharing, other road fund? Would that be the extra State General Fund dollars they put towards roads?
- 3.) For Water and Sewer Fund, does revenue from the standard water bill we receive every 3 months go to "Sales Metered Water" and "Sales Water Flat Rate", and "Services Rendered Sewage Disposal", and "Services Rendered Disposal Surcharge"? Or does that work differently?

Thanks,

David Hamilton
Troy Mayor Pro Tem

1.) In the Capital Fund Other Revenue, what are the Private Contributions Miscellaneous for 2018, 2019, and 2020? (215k, 231k, 215k)

Answers: Robert Maleszyk, Chief Financial Officer

Those are excess funds from our Drain Funds and then are used to pay the Kuhn Drain Principal and Interest Payment.

2.) In Major Roads Fund, what is the State Revenue Sharing, other road fund? Would that be the extra State General Fund dollars they put towards roads?

Answers: Robert Maleszyk, Chief Financial Officer

Yes, those are extra State funds from Public Act 207 of 2018. The State requires us to record those funds in that specific account.

3.) For Water and Sewer Fund, does revenue from the standard water bill we receive every 3 months go to "Sales Metered Water" and "Sales Water Flat Rate", and "Services Rendered Sewage Disposal", and "Services Rendered Disposal Surcharge"? Or does that work differently?

Answers: Robert Maleszyk, Chief Financial Officer

Yes, you are correct

From: Ellen C Hodorek
Sent: Sunday, April 26, 2020 7:37 PM
To: City Manager Distribution Group <CityManager@troymi.gov>
Subject: Agenda Questions

Hello:

Following are my agenda questions:

I-05 FISCAL YEAR 2020-21 BUDGET - DISCUSSION

- Briefly, what is the "civic center parking lot demolition?"
- Is assistance for the permanent structure for the five owls at the Nature Center comprehended?

J-06 2020 CITY COUNCIL MEETING SCHEDULE

- Would we be able to videotape the June 8, 2020 Library Funding Study Session similar to how we did the Joint City Council/Planning Commission Meeting held at the Community Center?

Thanks,

Ellen

- Briefly, what is the "civic center parking lot demolition?"

Answers: Mark F. Miller, City Manager

The Civic Center Parking Lot Demolition is referring to the parking lot where the Skate Park is located. The plan is to remove the skate park, demolish the crumbling parking lot, and then re-place the skate park in that spot.

- Is assistance for the permanent structure for the five owls at the Nature Center comprehended?

Answers: Mark F. Miller, City Manager

Yes, there are funds totaling \$125k in the 2021 Capital Fund for the owl structure. Of this \$125k, \$75k is from the City and \$50k from the Nature Center. All of this was decided prior to the COVID-19 outbreak, the Nature Center may not be in same position to contribute to this project. We will need to look into this as it becomes more appropriate.

- Would we be able to videotape the June 8, 2020 Library Funding Study Session similar to how we did the Joint City Council/Planning Commission Meeting held at the Community Center?

Answers: Robert J. Bruner, Assistant City Manager

Yes, this can be done.

From: Rebecca A. Chamberlain-Creangă
Sent: Monday, April 27, 2020 8:21 AM
To: City Manager Distribution Group <CityManager@troymi.gov>
Subject: Updated: Council agenda questions

Dear Mark and team,

Here are my questions and comments about the council agenda for tonight's meeting:

- CARES Act and nonprofits: I want to clarify about comments made on the federal CARES Act and funding for nonprofits. As the blog below states, there is funding available to nonprofits; however, it comes in the form of loans. Small nonprofits, which are not likely to see a timely return in revenue sources, will find it difficult to pay back these loans. So, CARES Act provisions are not an option for many smaller nonprofits. I would venture to say this is true for the Troy Historic Village and Stage Nature Center, which is why I support the City stepping in to help these civic assets. However, I welcome input on this.
 - As the blog below states: "Debt is a useful tool for organizations that need to bridge future funding, need time to monetize assets, or who otherwise want to protect their liquidity position. **But they are not necessarily a good solution for an organization that is simply struggling to replace lost revenue with no future ability to repay.** Even in the PPP [Paycheck Protection Program], where the principal is forgiven, borrowers must pay ongoing interest payments, and there are limits on how much of the loan can be forgiven over time."

- For more insight on the CARES Act and nonprofits, I encourage everyone to read: <https://kresge.org/content/mission-money-markets-nonprofit-guide-accessing-capital-through-2020-cares-act>
- I would welcome a future study session proposed by CFO Robert Maleszyk to discuss the City's larger capital needs, especially those that could be financed with new debt millage. It has been important for me to learn how the maintenance and moderate improvement of infrastructure is often prioritized over improvements to facilities. It is important that our residents know this as well. We are operating with a very lean budget.
- It is sensible to suspend the City's Sidewalk Replacement Program in this current environment. I appreciate that the financial situation of residents has been taken into account. For background on this program, how long has it been going on for (e.g., over 2 years?). How many streets or neighborhoods are remaining (or whichever unit of measure is used)? What is the order of selecting neighborhoods for the program? (does it go geographically?) Most importantly, have neighbors been notified of the suspension and the new timeline for replacement? Is there anything that council can do to help spread the word?
- Would it be possible to get a chart or graph of the City's history of personnel numbers, going back to before the Great Recession? I ask because of Council Member Erickson Gault's important comment last week that our budget and staffing is already so lean - if one looks back to the Great Recession and before. Our staffing numbers - even with the new FTEs proposed in this next FY budget - are still not at the levels as before the recession. Having the information in a graph will help us to be able to communicate this to residents. I know I got questions about some of the new positions when I shared the budget with my neighbors last week.

Thank you and all very best,
Rebecca

It is sensible to suspend the City's Sidewalk Replacement Program in this current environment. I appreciate that the financial situation of residents has been taken into account.

- For background on this program, how long has it been going on for (e.g., over 2 years?)

Answers: Kurt Bovensiep, Public Works Director

The current program began around 2002.

- How many streets or neighborhoods are remaining (or whichever unit of measure is used)?

Answers: Kurt Bovensiep, Public Works Director

Sidewalks are evaluated and repaired on a 12 year schedule unless there is a specific concern a resident brings to our attention. They are also divided between residential and major roads.

- What is the order of selecting neighborhoods for the program? (does it go geographically?)

Answers: Kurt Bovensiep, Public Works Director

Attached is the map delineating the rotation for both residential and major roads.

- Most importantly, have neighbors been notified of the suspension and the new timeline for replacement?

Answers: Kurt Bovensiep, Public Works Director

Residents are typically sent out notifications by mail in early April. Notifications were not sent out this year. We will reach out to the Homeowners Associations that we have contact information for regarding sidewalks that were marked with paint for repair.

- Is there anything that council can do to help spread the word?

Answers: Kurt Bovensiep, Public Works Director

Continuing to direct residents to contact DPW at 248.524.3392 to report dangerous sidewalks so we can make temporary repairs to ensure pedestrian safety.

For additional information regarding the program residents can also visit https://troymi.gov/departments/public_works/streets_and_drains/sidewalk/index.php

Would it be possible to get a chart or graph of the City's history of personnel numbers, going back to before the Great Recession?

Answers: Mark F. Miller, City Manager

Below are charts of the City's budgeted employee totals from 2005 through the 2020 proposed budget. These figures are pulled directly from previously approved budgets.

As it pertains to part-time and seasonal employees, previous management began reporting those positions differently starting in 2012 as full-time equivalents (every 40 hours of PT is considered 1 FTE, but could be 2-3 individual positions). Prior to 2012, part-time and seasonal employees were reported by total number of positions.

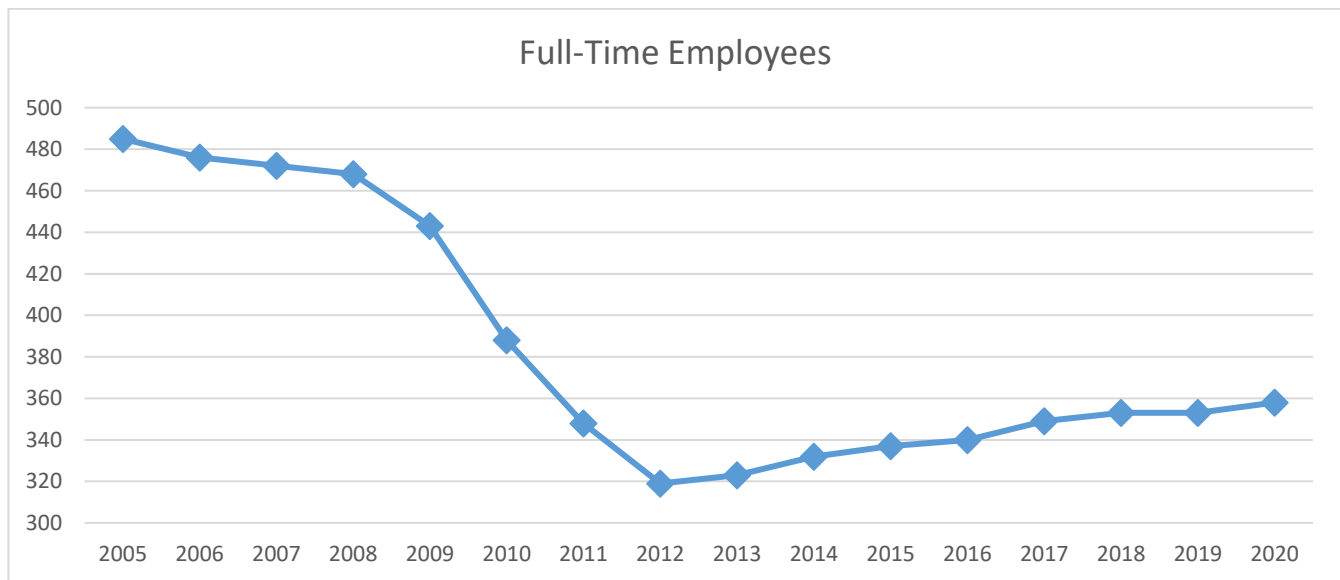
City Staffing - Budgeted

Total positions

Full time-equivalent

Year	Full-Time Employees	PT/Seasonal Employees
2005	485	392
2006	476	449
2007	472	445
2008	468	462
2009	443	496
2010	388	450
2011	348	273
2012	319	116
2013	323	117
2014	332	117
2015	337	122
2016	340	122
2017	349	134
2018	353	134

2019	353	122
2020	358	122



From: Theresa Brooks
Sent: Friday, April 24, 2020 3:25 PM
To: Mark F Miller <Mark.Miller@troymi.gov>
Subject: General Thoughts

Hello Mark,

I hope that you are doing well.

I don't have any specific questions at this time but just some thoughts...

1. Earlier this week I did reach out to Rep Haley Stevens regarding lack of funding for non profits (such as the Stage Nature Center) with the Payment Protection Program. She did indicate that non profits are eligible for the program and that if they needed any assistance to reach out to her office at (734) 853-3040.
2. Regarding the budget--Overall our millage is decreasing it seems mainly due to a reduction in our debt and to a minor degree due to a decrease in our capital expenditures....while on the one hand this is great and as I said in our meeting its great that our city is able to run so efficiently. However I am concerned about the overall outlook and want to make sure that we have enough money to cover our needs in the future. What is the best way to move forward? Is it best to renew a debt millage? Does this require the vote of the people? I know that these are ideas that we have discussed in the past but have never made any firm decisions. This is also likely complicated by the pending decision that has to be made regarding the library. What are your thoughts about the best way to move forward to allow us to maintain our strong fiscal position and AAA bond rating but still ensuring that we have enough money to continue to provide the resources to our residents that have made this city such a desirable place to live. I feel that we probably need to be making these decisions now rather than later.

Thanks!
Have a great weekend :)

Answers: Mark F. Miller, City Manager

Most of this message are statements, but below are answers to the questions we see:

- However I am concerned about the overall outlook and want to make sure that we have enough money to cover our needs in the future. What is the best way to move forward?

As the City begins to see and fully understand the financial impacts of the COVID-19 crisis, there may or may not be difficult decisions to make. It begins with City Management and City Council having a close eye on the City's financial position over the coming months and years, and working together to evaluate how changing circumstances impact the City's finances.

At this time, we simply do not know what the case will be yet. Should the City's finances be significantly impacted for an extended period of time, City Council and City Management will be faced with difficult decisions. In situations of sustained decreases in revenue, some likely decisions could include some combination of cuts to spending, staffing reductions, delaying capital investment, and/or increased fees/taxes. These decisions will be brought to City Council as appropriate.

- Is it best to renew a debt millage? Does this require the vote of the people? I know that these are ideas that we have discussed in the past but have never made any firm decisions.

Renewal of a debt millage is one of many sources of revenue for the City, although this financing method is best served for one-time capital purchases such as physical infrastructure, City facilities, or other fixed assets.

Debt millages require approval from City Council to be placed on the ballot for a vote of the people at a general election. It is recommended to determine what specific projects are desired, determining a cost for those projects, and then considering a debt millage proposal to be requested.

- What are your thoughts about the best way to move forward to allow us to maintain our strong fiscal position and AAA bond rating but still ensuring that we have enough money to continue to provide the resources to our residents that have made this city such a desirable place to live.

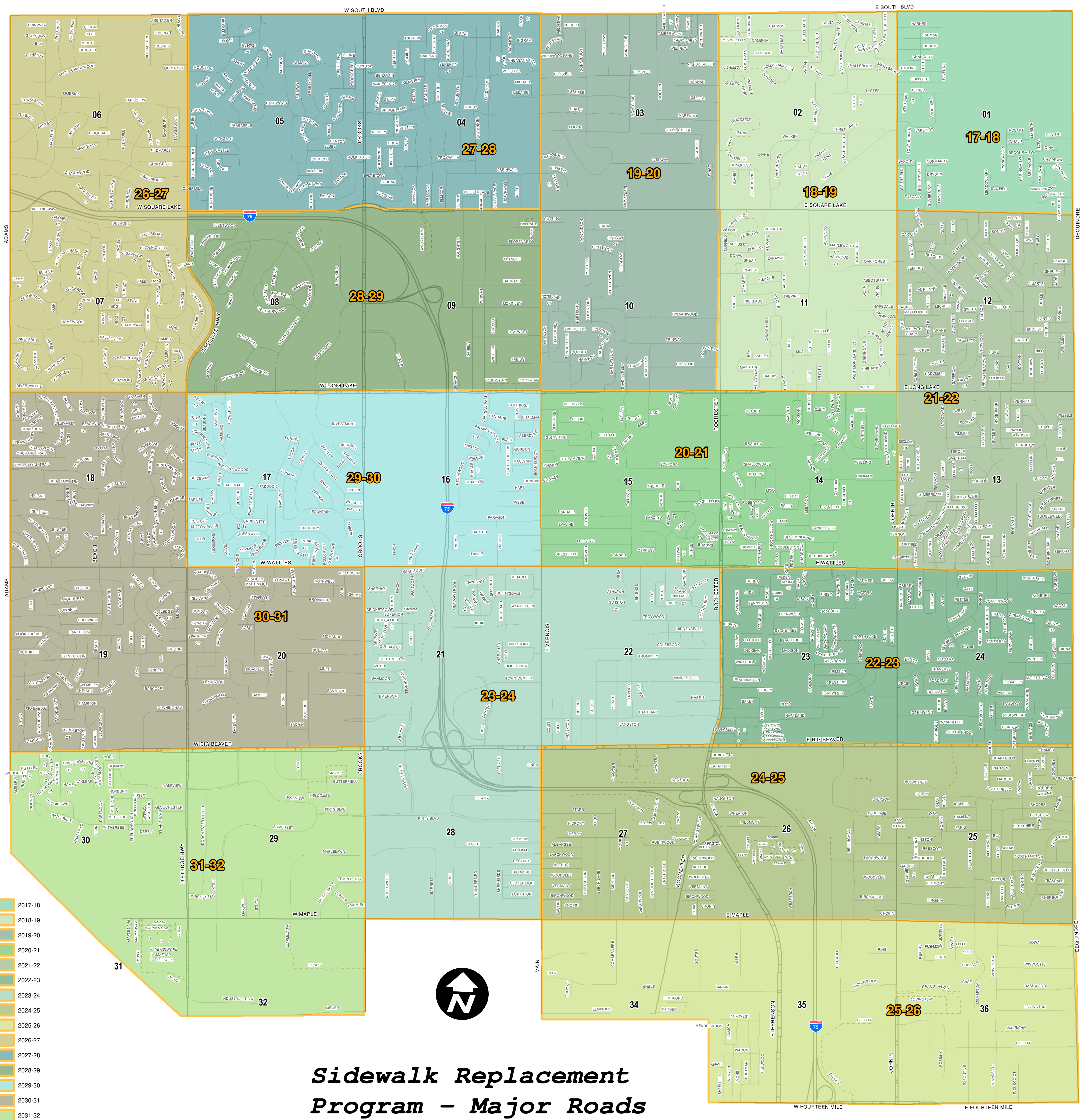
This is a complicated question, that will require more information about the total impact of the COVID-19 before we can make any formal recommendation. Generally speaking, the City's AAA bond rating is based on our very low amount of debt, healthy fund balances, and consistently financially responsible decision making.

As it pertains to the City's financial ability to maintain services in a period with decreased State Shared Revenue, Act 51 road funds, revenue from charged for City services – the City's property tax revenue is our primary form of funding.

As you know, the City's property tax rate is limited by the charter amendment approved in 2010, and leaves us little to no room to increase that revenue to compensate for lower revenues in other areas.

Should the City's property values decrease as well, as they did in the late 2000's, we will have a very difficult time maintaining the same level of services, and continue to invest in our roads and physical infrastructure, at our current millage rate.

As a whole, this is a discussion that will be shaped by the financial impacts we see over the coming months and years. We simply do not know yet how this will all play out, but City Council will be informed at every step as we begin to fully understand what the fallout is.



- 2017-18
- 2018-19
- 2019-20
- 2020-21
- 2021-22
- 2022-23
- 2023-24
- 2024-25
- 2025-26
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Sidewalk Replacement Program – Major Roads