



Office of the Mayor

William R. Wild - Mayor

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TO: City Council

FROM: William R. Wild, Mayor

DATE: March 31, 2022

SUBJECT: 2022-23, 2023-24, and 2024-25 Proposed Budget and 2025-26, 2026-27 and 2027-28 Estimated Budgets

This year I am asking City Council to consider the adoption of a three year balance budget. This is considered a best practice in the municipal industry and would be a major milestone in the financial history of the City. Attached are the 2022-23, 2023-24, and 2024-25 proposed General Fund budgets. The Water & Sewer Fund, Capital Improvement Fund, and the Library Fund are also included. The budgets have been incorporated into the City's six-year plan. The proposed budgets include the following columns: the prior three fiscal year's actual numbers, the current amended budget, the actual account balances through March 31, 2022, the projected 2021-22 year end balances, the proposed 2022-23, 2023-24, and 2024-25 budgets and the estimated budgets for the next three fiscal years. The future estimated budgets will be used to help forecast and plan for changes to the budget.

The 2022-23 proposed budgets incorporates various restructuring of personnel and job duties throughout various departments and funds. These changes will be discussed in further detail in the expenditure sections below.

General Fund Revenue:

Increases in property taxable values under Proposal A are limited to the lesser of the annual average increase in the U.S. consumer price index (CPI) or 5 percent. For the 2022-23 fiscal year, the CPI used for taxable value calculations increased by 3.3 percent. With the uncapping of taxable values on properties sold and the additions of new homes, our overall taxable value increase is expected to be 6.15 percent. In real dollars, this translates to an expected increase in general operating tax collections of approximately \$463,087 for 2022-23 compared to the 2021-22 amended budget. We do expect that

taxable value increases will increase by approximately 2.00 to 5.00 percent throughout the remaining years.

The City's current millage rate of 19.3413 mills includes operating, Act 359 of 1925, sanitation, Library, and Police & Fire Retirement. The headlee rollback factor is 0.9858, which reduces the operating, sanitation, and library millages. The City's millage rate for Act 359 of 1925 decreased to stay within the \$50,000 maximum levy. All other millage rates remain the same.

Another major source of funding for local governments is state shared revenue. The revised estimate for constitutional revenue sharing for the 2021-22 fiscal year increased by \$566,861 or 7.29 percent. The projected constitutional revenue sharing for the 2022-23 fiscal year decreased from the revised estimate by \$148,721 or 1.78 percent. The statutory revenue sharing is expected to increase approximately \$148,213 or 10 percent.

Court revenue is projected to be approximately \$5.0 million for the 2022-23 fiscal year. This is an increase of \$100,000 from the 2021-22 projected amount.

Revenues associated with the fee schedule and building department for the 2022-23 fiscal year have been increased by 7 percent to account for the recent inflation results. Additionally, as previously approved by Council, in early 2022-23 fiscal year, a more comprehensive study will be performed on all service related fees throughout the City. Any additional changes will be presented to Council for approval.

The budget years 2022 through 2025 include a total of \$5,000,000 in grant revenue from the American Rescue Plan Act to support General Fund expenditures in each of these fiscal years. The refunds from DDA and TIFA are not included in the 2022 projection and moving forward to allow DDA and TIFA to perform projects within the City using captured dollars.

The sale of the Hawthorn Valley site is included in the sale of fixed assets for \$750,000.

The revenue share from the State of Michigan related to Marijuana Licenses were incorporated into reimbursements in the 2023-24 budget year.

The revenue from the Opioid Settlement was incorporated into reimbursements in the 2022-23 fiscal year.

Other revenue line items have been adjusted to reflect actual revenues being realized.

General Fund Expenditures:

The 2022-23 proposed budget continues to fund an additional retiree healthcare contribution of \$438,500 out of the General Fund and \$61,500 out of the Water & Sewer Fund. In addition, the City's Voluntary Retiree Healthcare Cash Settlement Program received four interested retirees in the 2021-22

fiscal year. The savings to the OPEB liability was approximately \$800,000. The 2022-23 proposed budget continues this program at \$150,000.

A summary of highlighted changes in each department compared to the current year budget are as follows. Below includes the aforementioned restructuring changes with personnel and job duties.

- ◆ Finance – The 2022-23 proposed budget includes moving the current UAW S3 position to a UAW S4 position and to perform additional supervisory duties with the building department. In addition, it includes moving an AFSCME C3 position to a UAW S3 position to perform additional supervisory duties within the finance department. Contracted services within the Building Department has been reduced to offset the additional expenditures to a zero net cost.
- ◆ Department of Innovation & Technology – The 2022-23 proposed budget includes the addition of a UAW IT Specialist (S3) position and an AFSCME C1 position. The current contracted employees will be reduced to offset this change to a net zero cost.
- ◆ Police Department – In partnership with the Wayne Westland School district, the Police Department will be implementing a new crossing guard safety program. This will be a next level crossing guard program which offers high level training, equipment and uniforms, and double the staffing numbers. The safety program will add additional safety and security. The Police Department will provide training such as ALICE, first aid, traffic control management, stranger danger, and CPR. This will be a shared cost partnership with the School District similar to the school resource officer program.
- ◆ Neighborhood Services – The 2022-23 proposed budget includes the addition of one UAW animal control officer (S3). The related professional services were reduced to offset this to a net zero cost.
- ◆ Highway Maintenance – The 2022-23 proposed budget includes the addition of a UAW Foreman position and also includes moving the Highway Maintenance Department into both the Major and Local Road Funds. The related offsetting revenue was also reduced to account for this move. This is a net zero cost. This was done to more efficiently record activity each year and was a recommendation from our annual audit.
- ◆ Housing Department – The 2022-23 proposed budget includes moving a UAW S6 position to a UAW S4 position; a UAW S1 position to a UAW S4 position; and an AFSCME C2a position to an AFSCME C3 position. The net cost of these changes is zero. Job duties are being redistributed as well for each of these positions.

- ◆ Economic Development – The 2022-23 proposed budget includes a Business Retention Coordinator (UAW S3) position. In addition, the 2022-23 proposed budget includes some additional professional services for business attraction and marketing specialist. The additional cost was approved and funded by the DDA & TIFA Boards.
- ◆ Major and Local Road Funds – The major and local road funds include various road repair projects throughout the City in 25 neighborhoods which includes 51 major and local roads that total \$5,500,000.
- ◆ American Rescue Plan Act Fund – The 2022-23 proposed budget includes an appropriation request for the first \$12,966,016 received.
- ◆ Capital Outlay Fund – All major capital outlay expenses flow through this fund. The proposed budget also includes various other capital needs throughout the City.
- ◆ DDA Fund – The DDA has approved funding for significant improvements at Tattan Park. In the 2022-23 proposed budget, funding has been allocated for a completely new all-inclusive park to be installed at Tattan Park, in the space currently occupied by the Play Planet and auxiliary accessories. These amenities will be relocated to Lincoln-Johnson Field. In addition to the planned strategic public investments, the DDA plans to undertake a comprehensive commercial area revitalization strategy under which additional funding has been allocated to an enhanced DDA façade improvement program as well as funding for property acquisition. The DDA plans to increase its programming throughout the summer with seven events taking place. The DDA plans to establish a marketing strategy and has budgeted for the creation of this plan as well as supporting marketing materials.
- ◆ Water & Sewer – A water & sewer rate study is currently in process. It is currently expected to be completed by July 2022. The final study with recommendations will be brought to Council once completed. The proposed budget includes an estimated increase.

The 2022-23 proposed budget includes four new AFSCME M1 employees and one AFSCME C1 employee to assist with residential basement flooding mitigation throughout the City.

The City will also issue a request for proposals (RFP) to study areas of reoccurring flooding and offer solutions.

The capital outlay line items include projects for improvements to the City’s 611 miles of the water and sewer system which includes 6 neighborhoods and 41 roads for a total of

\$4,380,000. Also included are replacements for aging vehicles and equipment for a total of \$988,000.

- ◆ Library Fund – The 2022-23 approved budget includes funding for expansion plans for a total of \$4,700,000.

This summarizes by Department the major changes anticipated in the coming fiscal year. As you can see from the proposed budgets and extended forecast, now is the time for us to continue to work together to strategically plan for our City's continued growth and future financial health and stability. I am available to answer any questions you may have or to provide additional information. Thank you.

William R. Wild, Mayor

Steve Smith, Finance Director

Dan Block, Budget Director