



City of Benton Harbor

Tony Saunders, Emergency Manager

Financial and Operating Plan

May 13, 2013

Projected FY 13-14 expenditures will result in nearly \$2 million in total general fund savings over FY 11-12 audited activity as shown below. The cost savings are exclusive of pension contributions which are estimated at \$851,151 for FY 13-14.

**CITY OF BENTON HARBOR
GENERAL FUND
FY2012 AUDITED ACTIVITY VS. FY2014 PROJECTED EXPENDITURES**

EXPENDITURES	11-12 AUDITED ACTIVITY	13-14 PROJECTED EXPENDITURES	ANNUALIZED SAVINGS
General Government:			
Mayor and Commissioners	322	400	78
General Administration	1,821,811	1,568,753	(253,058)
City Assessor	152,694	84,388	(68,306)
Emergency Manger	134,932	26,361	(108,571)
City Manager	246,574	140,814	(105,760)
Finance	229,809	184,408	(45,401)
City Clerk	211,278	138,395	(72,883)
Buildings and Grounds	283,156	-	(283,156)
Human Resources	88,541	81,656	(6,885)
Communications	-	29,418	29,418
Aid to Other Governments	47,682	90,697	43,015
	3,216,799	2,345,290	(871,509)
Public Safety:			
Police	2,195,297	1,756,828	(438,469)
Fire	474,222	89,017	(385,205)
Inspections	284,192	172,504	(111,688)
	2,953,711	2,018,349	(935,362)
Public Works	877,367	878,069	702
Parks and Recreation	255,165	16,270	(238,895)
Debt Service	132,816	190,554	57,738
	875,348	1,085,397	(209,049)
TOTAL EXPENDITURES EXCLUDING PENSION CONTRIBUTIONS	7,435,858	5,448,532	(1,987,326)

The attached financial and operations plan consists of all actions taken by the City of Benton Harbor (the "City") since February 1, 2013. It also consists of many plans intended to be executed by the City during the term of the Emergency Manager. With the assistance of the city commission, municipal unions, city staff, and regional stakeholders, many initiatives have already been accomplished since February 1, 2013. An initial review of city finances and operations determined that the City has significant issues in four key areas: wages/staffing levels, health care benefits, pension obligations, and financial controls. After consultation with the city commission and municipal unions, the City immediately began to address these issues.

An analysis of staffing levels began in February 2013 and a reduction in workforce began shortly thereafter. The City has reduced its workforce and wages by \$532,743 since February 1, 2013 and will reduce its workforce and wages by another \$270,867 by July 1, 2013. Along with significant staffing and fringe benefit reductions, the City has made many changes that have resulted in significant cost savings and improved operational efficiencies such as consolidating city hall operations, mothballing many city owned buildings, and renegotiating many city contracts.

In March 2013, the City began a comprehensive review of its health care obligations for FY 12-13 and beyond. It was determined that the City's health care costs were structurally out of balance with the City's ability to pay. The City moved to a fixed contribution health care plan beginning May 1, 2013 for all city employees, excluding public safety. The City also eliminated its contribution to dental and vision insurance for all city employees excluding public safety. The City has reduced its contribution health care premium contribution for public safety employees from 80% to 70% and continues to provide them with dental insurance. These changes have resulted in approximately \$654,802 in savings.

The City's current pension system is drastically underfunded. Significant contributions have not been made to the City's pension system in the last decade. The City began initial conversations with the Michigan Employees Retirement System (MERS) in February 2013. In May 2013, the City signed administrative services agreements with MERS. Pending an actuarial study by MERS, the City plans to move pension assets to the MERS system by August 2013. The City views MERS as a favorable system that will bring accountability to the City in regards to its duty to properly fund its pension system. However, MERS alone is not sufficient in solving the City's pension issues. In April, the City reached agreements with its unions that resulted in much needed structural changes to pension benefits.

Key changes to future pension calculations include:

- Final Average Compensation will be computed using the average of the highest consecutive 3 year (36 month) period of earnings from the member's history.
- Final Average Compensation shall be calculated based on base wage only.
- Multiplier reductions
 - Public safety employees - 2.5% to 2.0%
 - AFSCME employees - 2.25% to 1.5%
 - General employees - 2.25% to 1.0%
- All new hires shall be entered into a hybrid DB/DC plan at a 1.0% multiplier.

As of February 1, 2013, the City faced significant cash flow issues. The City was on pace to run out of cash by April 2013. Because of liquidity issues, the City had to begin immediate staff and benefit reductions. The City also requested and was granted a revenue sharing advance in March 2013. Without this advance, the City would not have been able to pay its water and sewer debt service payment that was due on March 28, 2013. As of May 2013, cash flow is much healthier, however, still strained. In 2012, general operating millage renewals were rejected by voters. The City levied a special assessment of 10 mills to make up for lost revenue; however, the special assessment did not make up for the lost personal property tax revenue resulting in a total decrease in tax revenue in FY 12-13 from FY 11-12.

In February 2013, the Emergency Manager ordered a special election to place the two previously failed ballot proposals on the May 7, 2013 ballot. The city commission passed a resolution of support, and a millage campaign was spearheaded and chaired by Mayor James Hightower and Commissioner Marcus Muhammad. The city commission was essential in the success of the ballot proposals. On May 7, 2013, both millage efforts passed with over 80% approval. By levying the approved millages in FY 13-14, the City's general fund revenue will increase by approximately \$400 thousand.

In addition to overcoming lost tax revenue in FY 12-13 and the decline of property tax values in prior years, the City has lost over seventy percent of its water customers during the past three years. This has been an unfortunate development for the City after having spent over \$14 million to build a new water plant in 2011. Debt service payments for the plant total approximately \$700 thousand annually. Since February 2013, the City has made significant expenditure reductions which have improved water fund cash flow projections. In FY 13-14, the City has no plans of issuing a water and sewer rate increase to its customers.

Among the most concerning findings of an initial review were the lack of internal financial controls and the dependency on interfund cash borrowing. Overall, the City lacked documented policies and procedures. Since developing formal policies and procedures in the City's Finance Department, the City has seen drastic improvements in revenue and expenditure monitoring. The initial findings and recommendations concerning the City's Finance Department are listed below.

Key findings included:

- No citywide purchase order process
- Bank accounts controlled by department heads and not finance staff
- No formal cash receipting policy
- Department heads unaware of departmental budgets

The Finance Department is implementing the following recommendations and best practices to alleviate the financial inaccuracies and procedural problems that have plagued the City and to create a successfully run department.

Cash Receipting

- Formalized procedure manual for all cash receipting functions, which includes a police escort for daily deposits, appropriate segregation of duties, increased security, consistent and correct recordkeeping, and procedures for tracking accounts receivable items.

Accounts Payable

- Formalized procedure manual for accounts payable functions to include a review/update of vendor master files, accurate vendor outstanding balances, centralized entry into the accounts payable program, appropriate segregation of duties, and a process for each department to follow that will reduce over budgeted expenditures.

Budget Process

- Completion of quarterly budget revisions, at minimum.
- Increase communication with department heads to assist in their understanding of the budgeting process from creation/revision to approval and how the approved budget must guide subsequent departmental decisions (expenditures).
- Creation of a vehicle/equipment replacement schedule for each department.

Reporting to External Entities

- Adherence to all deadlines determined by external reporting agencies.
- Distribution of monthly financial reports to city commission and residents.
- Assurance that prior year audit findings have been addressed and resolved to the extent that the City's resources allow.

Other

- Documentation of all bank transfers between funds to clearly indicate the amount and cause.
- Timely responses to requests by City officials, departments, residents, and vendors.
- Centralized ordering for all departments.

Benton Harbor Plan of Action

March 2013 - August 2014

The City has made significant strides in the past three and a half months; however, there remains much work to be done. The objectives below represent the recommended milestones that need to take place prior to a transition to local control.

Objectives:

1. Reduce annual general fund spending by \$1,500,000; water & sewer fund spending by \$500,000.
2. Significantly reduce rising health care liabilities for active employees.
3. Develop plan to sufficiently fund the City's pension system, reform new hire system, and transfer assets to MERS.
4. Earmark 20 year revenue source for general fund debt service obligations resulting from any borrowing.
5. Institute mechanisms which prevent default of any debt service payments and prevent continued pension underfunding.
6. Reduce emergency loan request to a sustainable amount which the City can feasibly repay.
7. Produce and adopt a five year budget that creates general fund surplus of at least 15% of general fund projected revenues.
8. Successful passage of general operating millage and Headlee amendment override.
9. Improve internal financial controls and reduce interfund cash dependency.
10. Prepare 5 year departmental capital improvement plans and budgets.
11. Facilitate planning and development of economic development/growth strategy
12. Develop citywide, departmental policies and procedures.
13. Develop training, development, and transition plan for city officials to facilitate departure of emergency manager.
14. Work with city commission to introduce charter amendments that will improve city operations.
15. Work with city commission to select new city manager.

Major Concerns/Objectives

1. **One Time Revenues:** Structurally, the City's general fund revenue can only support approximately \$5.5 million in expenditures. When donations and sales of city assets are excluded, current expenditures of more than \$7 million annually cannot be sustained. The City has reduced expenditures in FY 13-14 to approximately \$5.9 million. While pledged contributions to the City have been made by credible funding sources, they should not be depended upon when developing an annual budget. In previous years asset sales have generated significant revenue; these revenue sources should not be assumed in future years. The primary objective is not only to create a structurally balanced budget, but to create a general fund budget where city operations can be performed without one-time revenues and donations.
2. **Weak Tax Base:** Taxable values in FY 13-14 are expected to level off compared to FY 12-13; however, the general tax base is highly dependent upon an industrial tax base that has been reduced dramatically. It is also important to note that the residential tax base is far from stable. Cities in the region with similar size spend more per capita on city services. Economic growth and opportunity are the long term solution for the City. There are very positive signs that economic growth is on the horizon. The City's downtown and midtown core are seeing positive signs of development which have helped to stabilize the total city taxable value.
3. **Pension Funding:** The City will adequately fund its annual recommended pension contribution in FY 13-14. Total pension contributions will increase approximately \$600,000 from FY 11-12. Had appropriate pension funding occurred historically, the dependence on donations and one time revenues to fund current pension contributions would be eliminated or reduced. The Whirlpool Corporation has pledged to donate \$200,000 to the City in FY 13/14. The Whirlpool Corporation has also pledged to contribute \$300,000 annually each year from 2015-2023. Annual contributions will be directed by order to be used for funding of the public safety retirement plan.

Recommendations

The City will pursue inter-local governmental agreements which will guarantee that the City pays its debt service payments in a timely fashion and properly funds its pension system. The City has reduced the requested emergency loan substantially. It will also voluntarily opt to pay debt service payments beginning in Year 1 instead of Year 10 which is required for emergency loans. Emergency loans typically require that interest only payments are made in Years 1-10; however, the City is of the opinion that beginning debt service payments immediately will promote a sound structural budget in future years. By reducing the estimated future annual debt service payments beginning in Year 11 of \$300,000, the City will reduce the risk of default. In addition to planning for repayment of the emergency loan, the City has made much needed reforms to its pension system and is in the final stages of a transfer of assets to MERS. In FY 13-14, substantial contributions will be made by the City to the City's pension system.

Despite its best efforts to implement changes internally, the City's past failure to properly fund its pension system and the necessity to make annual debt service payments on an emergency loan, an interlocal agreement between Berrien County and the Michigan Department of Treasury is recommended. The City will approach Berrien County and the Michigan Department of Treasury to begin negotiations concerning potential agreements in the near future. A potential interlocal agreement would operate as follows:

- Assuming the City fails to make its annual debt service payment in any fiscal year, the Michigan Department of Treasury would then apply the City's revenue sharing payment to pay the debt service annual balance.
- Assuming the City fails to make its annual recommended contribution (ARC) to its pension system in any fiscal year, Berrien County would then apply the City's property tax settlement payment to pay at least 80% of the ARC.
- To request an exemption from the requirements of the interlocal agreement for any fiscal year, the city commission would request a waiver, by resolution, to the Michigan State Treasurer for approval.

Police Union Negotiations

The City began negotiations with its public safety officers in February 2013. The City negotiated a revised union agreement in April 2013. Below are key terms in the revised union agreement:

Salaries and Wages

- The parties agree to establish a new PSO hourly rate of \$18.
- Police officers shall be paid for only 80 hours in a two-week period, despite the fact that they are scheduled to work 84 hours in a two-week period.
- There shall be 4 percent reduction in wages across the board for all members of the bargaining unit.

Shift Differential

- Shift differential shall be eliminated, effective immediately.

Overtime Work, Court Time and Compensation

Overtime Administration: Overtime shall only be paid for actual hours worked. Any hours associated with any form of leave time shall not count towards overtime.

Court Time: Court time shall be paid at straight time.

Fringe Benefits

Insurance Protection - Group Hospital and Medical Insurance: The City will contribute seventy (70) percent of the annual premiums and the employees will pay the remaining thirty (30) percent of the annual premium. In addition, the parties agree that the City shall have the right to change the current provider and plan to a provider and/or plan with comparable coverage, without further negotiations.

Life Insurance: Life insurance shall be eliminated, effective immediately.

Group Optical Insurance: Optical insurance shall be eliminated, effective immediately.

Holidays

- Holiday pay shall be eliminated, effective immediately. Moreover, any employee who is obligated to work any of the referenced holidays shall be paid straight time for all hours worked during the holiday.

Pension

- Notwithstanding anything to the contrary as may contain herein, all current employees shall have the portion of their pension earned for credited service time prior to April 1, 2013, calculated in accordance with the provisions of the parties' expired collective bargaining agreement. Effective April 1, 2012, the multiplier for all employees shall be reduced to 2.0 for all credited service time earned after that date and there shall be a cap of a total of 240 hours of leave time included as part of FAC. Overtime shall not be included in FAC.
- Any employee hired on or after April 1, 2013, shall be provided a MERS standard hybrid plan, with a 1.0 multiplier. These newly hired employees shall have the same pension contributions as current employees.
- The City shall have the sole right and discretion to transfer the administration of its police and fire pension plan to MERS (or another reputable third party), without further discussion or negotiation with the union.

AFSCME Union Negotiations

The City began negotiations with AFSCME in February 2013. The City negotiated a revised union agreement in April 2013. Below are key terms in the revised union agreement:

- The parties agree to a 10% wage reduction for all AFSCME union employees.

Shift Differential

- Shift differential shall be eliminated, effective immediately.

Insurance Protection

Group Hospital and Medical Insurance: The City will contribute fifty (50) percent of the annual premiums of the City's par plan. In addition, the parties agree that the City shall have the right to change the current provider and/or plan to a provider and/or plan to the United Health Care Navigator Plan (that includes a \$1,000 dollar deductible) or comparable coverage, without further negotiations. (Example: The City will pay 50% of the cost of the offered plan, if a dissimilar plan is selected the City will pay an amount equal to 50% of the cost of the offered plan and the AFSCME employee will pay the difference)

Life Insurance: Life insurance shall be eliminated, effective immediately.

Group Dental Insurance: Dental insurance shall be eliminated, effective immediately.

Group Optical Insurance: Optical insurance shall be eliminated, effective immediately.

Holidays

- Holiday pay shall be eliminated, effective immediately. Moreover, any employee who is obligated to work any of the referenced holidays shall be paid straight time for all hours worked during the holiday.

Pension

- Notwithstanding anything to the contrary as may contain herein, all current employees shall have the portion of their pension earned for credited service time prior to April 1, 2013, calculated in accordance with the provisions of the parties' expired collective bargaining agreement. Effective April 1, 2012, the multiplier for all employees shall be reduced to 1.5 for all credited service time earned after that date and there shall be a cap of a total of 240 hours of leave time included as part of FAC. Overtime shall not be included in FAC.

- Any employee hired on or after April 1, 2013, shall be provided a MERS standard hybrid plan, with a 1.0 multiplier. These newly hired employees shall have the same pension contributions as current employees.

- The City shall have the sole right and discretion to transfer the administration of its police and fire pension plan to MERS (or another reputable third party), without further discussion or negotiation with the union.

Pension

The City's pension system has been drastically underfunded for at least the past decade. Both systems are currently under 40% funded. Pension benefits are generous when compared to neighboring municipalities and to the private sector. The changes resulting from recent negotiations with the City's unions will drastically reduce long term liabilities; however, these reductions do not reduce or alter its current liabilities. The only solution to this problem is to properly fund the annual recommended contributions. The City has changed many factors in future retiree calculations, such as calculating final average compensation at base wage only. See the attached "Administrative Services Agreement" for details in regards to changes made in the general and public safety pension systems.

Below is a summary of the City's historical pension contributions including the projected FY 13-14 contribution.

Employer Pension Contributions

2008	2009	2010	2011	2012	2013
118,524.00	277,502.00	1,604.00	191,480.00	226,059.00	851,151.00

Major Expenditure Reductions - Health Care

With the cooperation of the City's union and non-union employees, the City has made major strides in reducing health care costs. The City has transitioned all non-union and AFSCME union employees to a fixed contribution health care plan. The City has also reduced its premium contribution for public safety employees from 80% to 70%. The new health care changes went into effect May 1, 2013. The total projected savings from FY 11-12 to 13-14 is \$654,802.

HEALTHCARE COST ANALYSIS

FYE 6/30/12-Actual Expense

	Medical	Co-Insurance*	HSA (wageworks)	Disability	Dental
General Fund	329,988.24	25,205.07	198,089.12	4,184.11	16,093.50
Major Streets	24,216.76	1,032.50	14,000.88	1,444.54	1,695.93
Local Streets	15,523.24	142.48	11,542.75	808.75	1,100.37
Grant Funds	6,173.10	57.42	-	339.77	677.95
Water	86,122.33	12,482.85	52,069.79	3,481.65	5,955.07
General Pension	12,799.60	-	-	134.10	383.00
PF Pension	56,244.53	-	-	54.18	2,342.77
FYE 12 Actual	531,067.80	38,920.32	275,702.54	10,447.10	28,248.59

FYE 12 Total Medical Cost 884,386.35

FYE 6/30/13-Assumes RECENT CHANGE in Health Coverage

	Medical	Co-Insurance	HSA (wageworks)	Disability***	Dental****
General Fund	139,012.73	20,469.71	123,854.36	3,362.35	12,308.62
5/1-6/30 Est.	14,874.51	-	3,225.00	7.02	1,392.80
Estimated FYE13	153,887.24	20,469.71	127,079.36	3,369.37	13,701.42
Major Streets	7,742.41	-	8,457.34	902.83	1,264.67
5/1-6/30 Est.	351.86	-	-	-	-
Estimated FYE13	8,094.27	-	8,457.34	902.83	1,264.67
Local Streets	5,701.36	-	8,999.00	623.26	852.73
5/1-6/30 Est.	351.86	-	-	-	-
Estimated FYE13	6,053.22	-	8,999.00	623.26	852.73
Grant Funds	3,870.13	-	3,420.16	467.27	904.46
5/1-6/30 Est.	-	-	-	-	-
Estimated FYE13	3,870.13	-	3,420.16	467.27	904.46
Water	44,886.57	1,580.19	35,345.17	2,807.81	3,731.11
5/1-6/30 Est.	2,846.31	-	-	-	-
Estimated FYE13	47,732.88	1,580.19	35,345.17	2,807.81	3,731.11
FYE 13 Projected	219,637.74	22,049.90	183,301.03	8,170.54	20,454.39

FYE 13 Projected Total Medical Cost 453,613.60

FYE 6/30/14-Assumes RECENT CHANGE in Health Coverage

	Medical	Co-Insurance	HSA (wageworks)	Disability	Dental
General Fund	178,494.12	-	-	2,111.00	6,379.00
Major Streets	4,222.26	-	-	-	-
Local Streets	4,222.26	-	-	-	-
Grant Funds	-	-	-	-	-
Water	34,155.72	-	-	-	-
FYE 13 Projected	221,094.36	-	-	2,111.00	6,379.00

FYE 13 Projected Total Medical Cost 229,584.36

Total Savings 654,801.99

Major Expenditure Reductions – Layoff/Consolidations

The majority of the City's costs can be attributed to wages and health care. Since February 1, 2013, the City has examined its operations to determine appropriate staffing levels based on need and financial feasibility.

Consolidation of Department of Public Works & Water Maintenance

The City has consolidated the Department of Public Works and Water & Sewer Maintenance. Employees from both departments perform both general public works duties as well as water maintenance functions. Since this consolidation, the City has already begun to benefit from increased department performance and efficiency while reducing total staffing costs.

Annualized Savings due to consolidation and staff reductions (February 1, 2013 to date):

Department of Public Works Savings in Gross Wages - \$43,921

Water & Sewer Maintenance Savings in Gross Wages - \$136,500

Public Safety

In 2011, the City consolidated police and fire duties by adopting a Public Safety Department model. To assist in this transition, the City maintained a small level of staffing in its Fire Department. By June 1, 2013, the Public Safety Department transition will be complete. Training with Public Safety Officers has increased in preparation for the transition.

Estimated Savings due to complete transition to Public Safety Department model:

Annualized Fire Savings in Gross Wages - \$173,510

Other Wage Reductions and Position Consolidations

The City has performed a comprehensive wage analysis and has adjusted wages by position. Positions have been eliminated and consolidated citywide. The total savings due to position consolidation and wage adjustments including all other items discussed previously are listed below.

	2/1/2013 to Date	Proposed FY 2013/14	Total Savings
General Fund	389,868	270,867	660,735
Water Fund	142,875	-	142,875
Total	532,743	270,867	803,610

Contracted Services

In an effort to reduce costs and improve city services, the City has contracted with third parties to provide the following services:

Water and Sewer Billing – The City has contracted out its water billing department. Prior to this, water and sewer bills were frequently tardy and staffing levels were inflated. Staffing levels have been reduced by two-thirds and services have improved dramatically.

Total Water and Sewer Fund Annualized Savings – Approximately \$30,000

Date of Completion - April 1, 2013

City Prosecutor – The City moved its city prosecutor function to a local firm and changed its payment model to a flat rate arrangement. This has increased communication and has resulted in substantial savings.

Total General Fund Annualized Savings - Approximately \$17,800

Date of Completion - April 1, 2013

Contract Renegotiation

Phone/Internet Services – The City has consolidated internet and phone service providers and utilized the State of Michigan MiDeal program resulting in substantial cost savings.

Total General Fund Annualized Savings - Approximately \$72,000

Date of Completion - June 1, 2013

Other Major Initiatives

Facility Closures – In an effort to reduce building and grounds expenditures, the City has consolidated city hall facilities. Previously, the public was served at two locations, City Hall and the Federal Building. Eliminating services at the Federal Building has resulted in substantial savings and improved customer service.

Total Annualized Savings - Approximately \$60,000

Date of Completion - March 8, 2013

Lease/Sale of Property

In an effort to reduce costs and liabilities, while increasing economic development opportunities and improving service delivery, the City is exploring leasing options for city owned properties.

Property 1: Federal Building

Status – An RFP was issued for the development of the Federal Building in March 2013. The Federal Building is in the heart of the City's art district and is seen as an essential part of the revitalization of the area. The Federal Building is owned by the federal government and fully operational. A restrictive deed was issued to the City after the federal government left the facility. The City selected a developer for the Federal Building on May 8, 2013. The City and the developer have agreed to enter into a 3-year exclusivity arrangement. During this period the developer has exclusive rights to negotiate a long term lease or purchase agreement with the federal government and to secure additional financing. Beginning in Year 1 and for each of the three years included in the agreement, the City will receive an annual payment of \$10,000. The City will also transfer maintenance and liability responsibilities to the developer for the term of the agreement

Total Annual General Fund Revenue – Approximately \$10,000 plus purchase/lease price to be determined

Estimated Date of Completion – May 2013

Property 2: Crystal Springs Cemetery

Status – The cemetery board will issue an RFP for the long term lease of the City owned cemetery on May 14, 2013. There has been a litany of issues associated with the operation of Crystal Springs Cemetery (the "Cemetery"). As of today, repairs and maintenance have been grossly neglected; the Cemetery files and records are in disarray; and public trust and confidence must be restored. Qualified operators have expressed interest in a long term lease of the Cemetery. At this time, the cemetery has approximately \$300,000 in accounts payable due to the City. It also has approximately \$100,000 in cash on hand and two CD's set to expire in FY 13-14 and FY 14-15. The lease of the Cemetery will allow the cash on hand and the expiring CD'S to be applied to accounts payable due to the City. The expected long term lease of the Cemetery is expected to generate approximately \$125,000 in total revenue.

Total Annual General Fund Revenue – Approximately \$325,000

Estimated Date of Completion – July 2013

Property 3: 200 Paw Paw

Status - The City ended city operations inside of 200 Paw Paw in FY 12-13; however, it continues to pay utilities, insurance, and maintenance. The City submitted an RFP for a real estate agent to lease this property, triple net, in February 2013. The City has selected a realtor and this property has recently been put on the market.

Total Annual Revenue – Approximately \$10,000

Estimated Date of Completion – August 2013

Benton Harbor Parks & Recreation Conservancy

Status – The City has begun the process of leasing its parks and recreation facilities to the Benton Harbor Parks & Recreation Conservancy (the "Conservancy"). The non-profit conservancy is in the development stage and is expected to be fully operational by July 1, 2013. The Conservancy Board of Directors is comprised of over 30 government, non-profit, and business organizations in the Benton Harbor area. The Conservancy will assume the operational and financial responsibility for parks and recreation within the City. This concept was inspired by National Basketball Association player and Benton Harbor native, Wilson Chandler, as well as the Detroit Riverfront Conservancy. Currently, the City spends \$18,000 each year on park and recreation upkeep compared to its neighboring city which spends over \$300,000. FY 13-14 commitments for the conservancy already total over \$300,000. City Commissioner Mary Alice Adams and Mayor James Hightower are leading lease negotiations on behalf of the city commission.

Total Annual Savings – Approximately \$18,000+

Estimated Date of Completion – August 2013

** All budget assumptions were made with data which can be accompanied by supporting documentation. The City has based none of its budget projections on the expectation that any estimated revenue or cost savings generated from the "other major initiatives" as described above will occur, therefore these events will simply serve as additional revenue or cost savings at the time they come into fruition.*

**CITY OF BENTON HARBOR
GENERAL FUND BUDGET
FISCAL YEARS JUNE 30, 2013 THROUGH JUNE 30, 2016**

DESCRIPTION	11-12 AUDITED ACTIVITY	12-13 AMENDED BUDGET	13-14 REQUESTED BUDGET	14-15 PROJECTED BUDGET	15-16 PROJECTED BUDGET
REVENUES					
Property Taxes	2,116,748	1,824,258	2,282,158	2,282,158	2,282,158
State Revenue Sharing	1,472,137	1,563,320	1,579,254	1,579,254	1,579,254
PILOT's	450,056	450,000	450,000	450,000	450,000
Administrative Fee - Water	275,000	275,000	275,000	275,000	275,000
Charges for Services	652,852	485,000	485,000	485,000	485,000
Licenses and Permits	332,690	420,661	332,296	332,296	332,296
Rental Income	140,004	298,145	337,145	337,145	337,145
Contributions	200,500	250,000	250,000	350,000	350,000
Other Revenues	915,666	693,961	492,725	492,725	492,725
TOTAL REVENUES	6,555,653	6,260,344	6,483,578	6,583,578	6,583,578
EXPENDITURES					
General Government:					
Mayor and Commissioners	322	200	400	11,800	11,815
General Administration	1,821,811	1,543,223	1,568,753	1,587,450	1,606,438
Employer's Share of Retirement Benefits	-	58,000	58,250	64,075	70,483
Pension Contributions	245,593	450,000	665,625	685,594	706,162
City Assessor	152,694	121,249	84,388	85,646	86,967
Emergency Manger	134,932	97,953	26,361	26,888	27,426
City Manager	246,574	213,174	140,814	184,178	188,291
Finance	229,809	125,273	184,408	187,680	191,047
City Clerk	211,278	185,930	138,395	141,057	143,802
Buildings and Grounds	283,156	-	-	-	-
Human Resources	88,541	51,884	81,656	61,383	62,547
Communications	-	41,104	29,418	30,232	31,084
Aid to Other Governments	47,682	90,259	90,697	90,697	90,697
	3,216,799	2,470,249	2,345,290	2,407,011	2,440,114
Public Safety:					
Police	2,195,297	2,116,806	1,756,828	1,777,889	1,800,478
Fire	474,222	347,411	89,017	90,797	92,613
Inspections	284,192	211,121	172,504	176,482	180,610
	2,953,711	2,675,338	2,018,349	2,045,168	2,073,701
Public Works:					
Public Works	877,367	862,377	878,069	889,886	901,917
Parks and Recreation	255,165	88,873	16,270	16,510	16,754
Debt Service	132,816	20,555	190,554	190,555	190,556
TOTAL EXPENDITURES	7,681,451	6,625,392	6,172,407	6,298,799	6,399,686
REVENUES OVER (UNDER) EXPENDITURES	(1,125,798)	(365,048)	311,171	284,779	183,892
OTHER FINANCING SOURCES AND USES					
Proceeds from Sale of Assets	373,268	10,750	225	225	225
Emergency Loan Proceeds	-	-	2,600,000	-	-
TOTAL OTHER FINANCING SOURCES AND USES	373,268	10,750	2,600,225	225	225
SPECIAL ITEMS	859,079	-	-	-	-
NET CHANGES IN FUND BALANCES	106,549	(354,298)	2,911,396	285,004	184,117
BEGINNING FUND BALANCE, AS RESTATED	(2,339,429)	(2,232,880)	(2,587,178)	324,219	609,223
ENDING FUND BALANCE	(2,232,880)	(2,587,178)	324,219	609,223	793,340

Cash Flow

