



Pittsfield Charter Township

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Office of the Supervisor

MEMORANDUM

TO: Pittsfield Township Board of Trustees

FROM: Mandy Grewal, Supervisor

DATE: November 18, 2015

SUBJECT: Annual Budget Overview, 2009 – 2015 (updated)

1. We inherited a budget in 2009 that reduced the general fund operating millage to 5.15 and assumed – despite widespread media coverage about the deep recession – no change in state revenue sharing and a nominal decline of 2% in overall revenue. What we witnessed instead were double digit declines in revenue, while shouldering a \$1 million annual debt repayment.
2. Despite the gross discrepancy between projected and actual revenue in 2009, the Township balanced its budget by eliminating projects/initiatives such as acquisition of additional property off Textile, which would have used hundreds of thousands from the general fund. We also re-conceptualized and improved, in partnership with the community, the development of the Hickory Woods Park.
3. As a result of the deep recession, in 2010 every department reporting to the Supervisor's Office reduced their budget to accommodate the overall reduction in revenue of more than 7%¹. Part of this reduction in administrative overhead cost included the Supervisor, Clerk and Treasurer forgoing a vehicle allocation and undertaking a salary freeze (which has remained in effect from 2009-2015).
4. While state revenue sharing stabilized in 2011, the general fund suffered from declining property tax revenues. Ongoing administrative restructuring allowed us to leverage administrative cost savings without impacting service delivery to Pittsfield residents. This required team members to do more with less.
5. 2012 continued to witness a decline in property tax revenues. Having adopted a vision, as part of the comprehensively revamped Master Plan, we prioritized certain projects and adopted an aggressive approach to pursue – and receive – grants to institute 'quality of life'

¹ With the exception of the Department of Technology that went from a one-computer operation to supporting township-wide servers. Technology upgrades have improved residents access to services and reduced overall operating costs.

projects such as rain garden, public art, non-motorized amenities (greenways, sidewalks, bike lanes). In addition, the township invested an unprecedented \$629,000 in local road improvements in 2012.

6. 2013 witnessed another year of continued decline in property tax revenues with no change in state revenue sharing. Pittsfield's investment in 'quality of life' projects along with an investment in local infrastructure began to pay dividends by way of attraction/retention within the private sector. In particular, Pittsfield received \$20.1 million in private investments in 2013.
7. Private investments continued to grow in 2014, totaling \$23.5 million for 2014. For the first time in six years – and for the first time under this administration – the 2014 budget projected an increase in property tax revenues. Majority of the increased revenue was re-directed to invest in our transportation infrastructure, including preventative local road maintenance projects spread across Pittsfield. In particular, local road improvements increased from \$268,633 in 2013 to \$542,265 in 2014. An investment of about \$550,000 in local road improvements is now typically required by the Township to ensure an average of a 'good' passer rating for local roads.
8. The 2015 budget provided for a nominal (1.59%) increase in property tax revenues that allowed us to continue investing general fund monies, absent county/state/federal funds, into maintaining our transportation infrastructure. It also allowed the Township to provide nominal wage increases, after a long hiatus, to team members that have taken on additional responsibilities as a result of administrative restructurings that accrued significant cost savings over the last six years.
9. For 2016, Pittsfield will leverage its private sector investments to provide for approximately 3% increase in property tax revenues. However, the CPI is at a historic low that might require some communities, even in Washtenaw County, to (for the first time) institute a Headlee rollback. The Washtenaw County Department of Equalization will make this determination in early 2016.

Highlights of Pittsfield Township's Budget, 2009-2016:

1. Increased general fund reserves from about \$4 million in 2008 to about \$7 million in 2015.
2. Between 2009 and 2015, Pittsfield Township has received \$11.5 million in county/state/federal grant funds that have been used to pay for a multitude of projects, spread throughout the township, such as sidewalk gap-filling, tennis court renovations, improvements to our senior center, 10' pathways that connect to recreational/green spaces, preventative maintenance of our sewage and water infrastructure, expansion of access to local foods for area residents, and energy efficient retrofits within township facilities.

3. Standard & Poor's increased Pittsfield Township's bond rating twice in the last six years. Our bond rating went from A+ in 2008 to AA+ in 2015. The first bond rate upgrade, received in 2010, referenced Pittsfield's "revenue-raising flexibility.....and sound financial practices." In the second bond rating upgrade, received in 2013, Standard & Poor's referenced Pittsfield Township's outstanding budgetary management.
4. Beginning in FY2010, Pittsfield Township became the first (and remains the only) Township in Washtenaw County to submit a Comprehensive Financial Report (CAFR). Pittsfield has received a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for this financial report for each of the past four years: FY 2010, 2011, 2012, 2013 and, just this month, for 2014.
5. In an effort to fully fund its legacy cost, Pittsfield Township has relied on a bi-annual actuarial study to ensure our general fund contributions are sufficient. The 2015 actuarial study noted that while, at the end of 2008, Pittsfield Township's pension plan (MERS) asset was valued at \$11.5 million and health benefits (OPEB) plan asset was valued at \$1.5 million; those numbers rose significantly to \$21.2 million for MERS and \$6.2 for OPEB in 2015. As such, Pittsfield Township jumped from being about 40% funded in 2008 to funding our OPEB at 61.4% in 2015.
6. In 2009, Pittsfield Township levied a 5.3554 millage rate, which was lower than all other charter townships in Washtenaw County with the exception of Augusta (pop: 6,745) and York (pop: 8,708). In 2015, Pittsfield (pop: 34,663) levied a millage rate (6.5916) that reflects the voter-approved increase in the public safety millage rate in 2012. It is now comparable to Ann Arbor Township's (pop: 4,361) millage rate of 5.4181 and Superior Township's (pop: 13,058) millage rate of 6.0522. Pittsfield's millage rate is less than half that of Ypsilanti Township's (pop: 53,362) 14.2681 millage rate.



