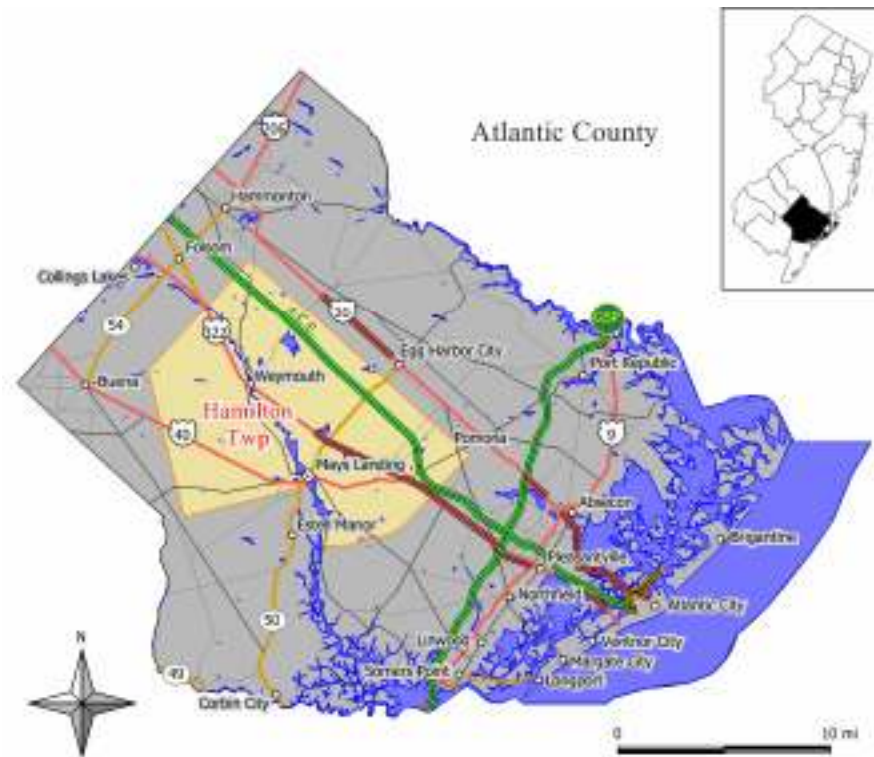




**2010
Budget
Projection/
Options**
Aug 3, 2009

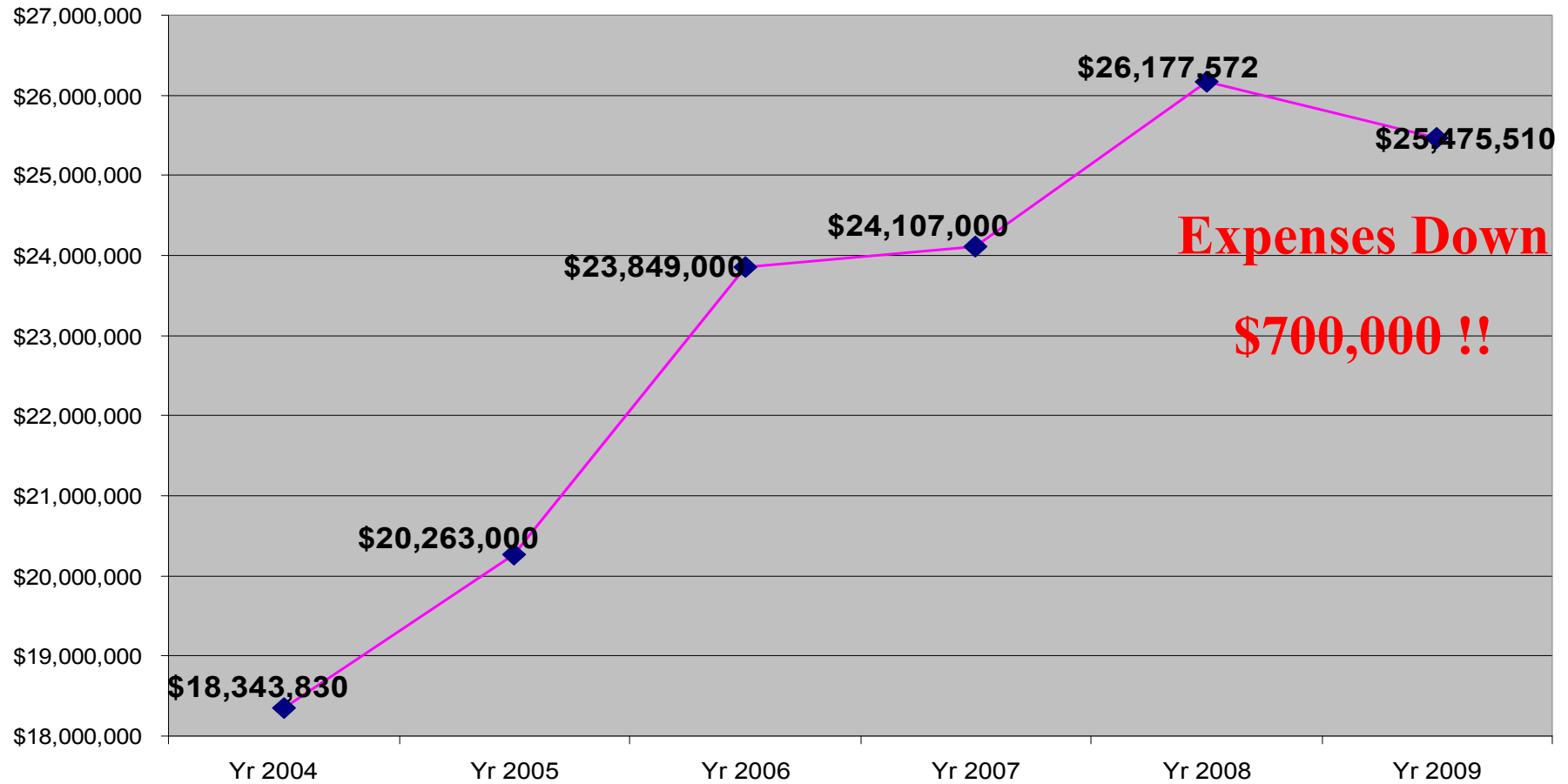


1. Historical Review
2. Where We Left Off, July 9th
3. List Options for 2010



Historical Review

Municipal Expenses (incl: Garbage District)



Township of Hamilton



Historical Review



It takes this armada over 1 mile to stop

Township of Hamilton



Historical Review

- We stopped that “Armada,” put it in neutral, threw it in reverse and are backing up.
- That’s taken about 2.5 years and a lot of behind the scenes work.
- Just because something is not visible doesn’t mean it is not there.
- I know the public is cynical and that’s healthy component of good gov’t.
- We must have some level of trust/confidence in the people we elect.

Township of Hamilton



Historical Review

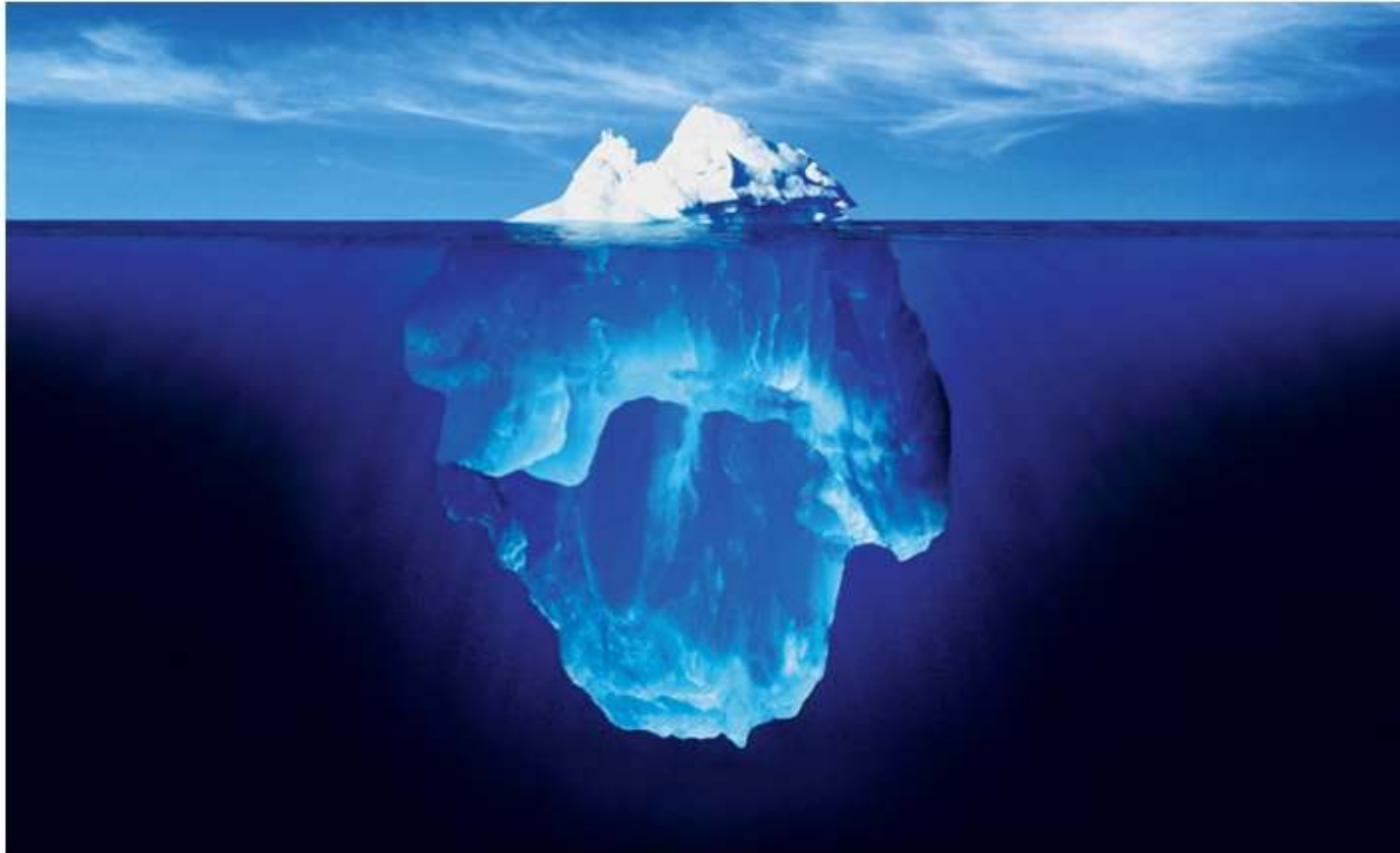


Top of an Iceberg visible by spectators on a ship.

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Historical Review



This is what the ship's radar shows.

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Historical Review

- Although no one foresaw the magnitude of the down turn, we did foresee budget problems and started making corrections.
- HT Gov't is smaller by over 10 employees, spending \$700,000 less than it used to and we decreased regulation.
- That drop in expenses is a result of course corrections that started in 2007 and accelerated in 2008 and 2009.
- \$300,000 was cut out of Operating Expenses in 2007 to slow our rate of growth.
- Then in mid-2008 the Economic Downturn hit – we had to get more drastic than we expected.

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Historical Review

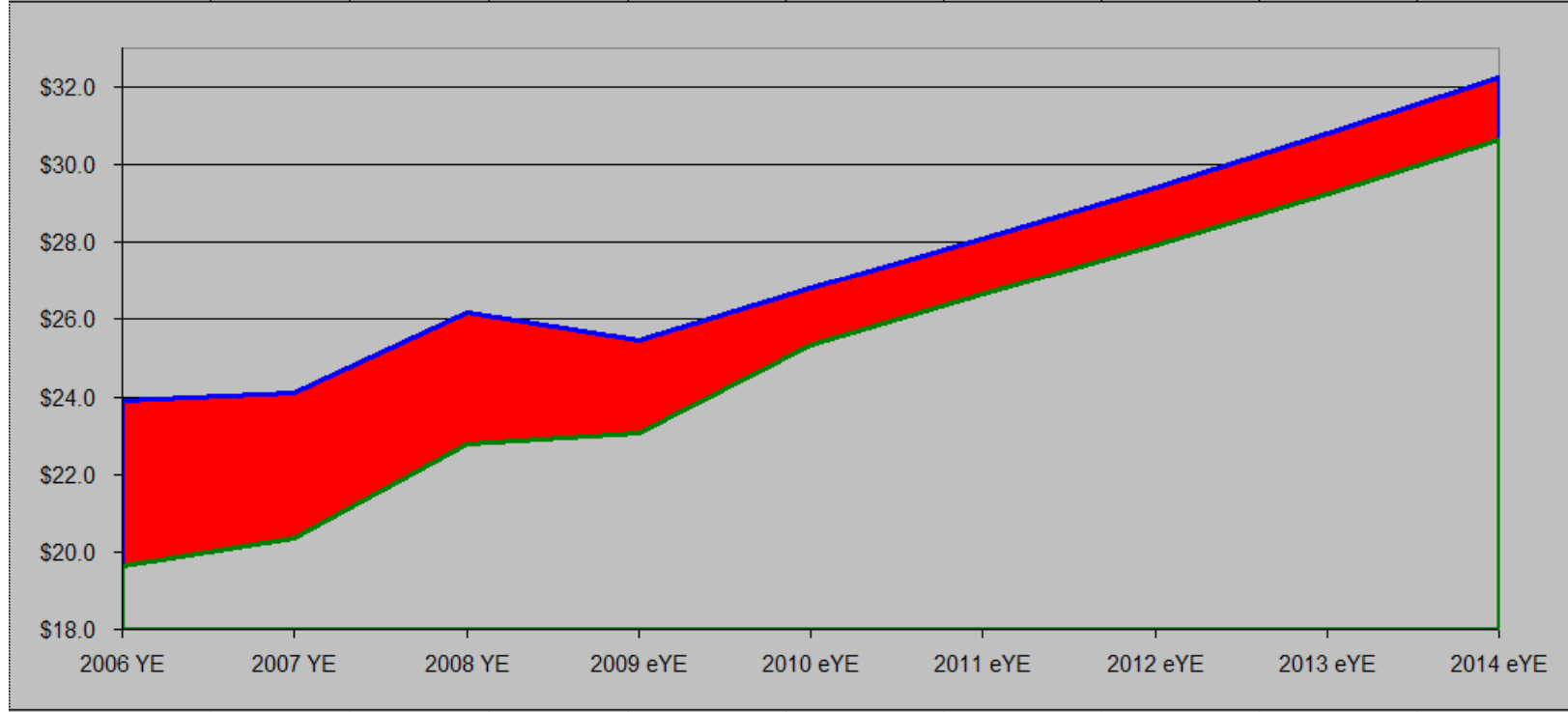
- The combination of the economic downturn and the state-mandated tax levy cap forced us to address a “structural deficit.”
- A situation where our operating expenses exceed our operating revenues.
- How does this structural deficit affect us moving forward?

Township of Hamilton



CURRENT STATE

	2006 YE	2007 YE	2008 YE	2009 eYE	2010 eYE	2011 eYE	2012 eYE	2013 eYE	2014 eYE
EXPENSES	\$23.9	\$24.1	\$26.18	\$25.48	\$26.83	\$28.09	\$29.41	\$30.81	\$32.24
REVENUES	\$19.6	\$20.4	\$22.78	\$23.06	\$25.33	\$26.64	\$27.94	\$29.26	\$30.64
GAP	\$4.3	\$3.7	\$3.4	\$2.4	\$1.5	\$1.45	\$1.48	\$1.55	\$1.6

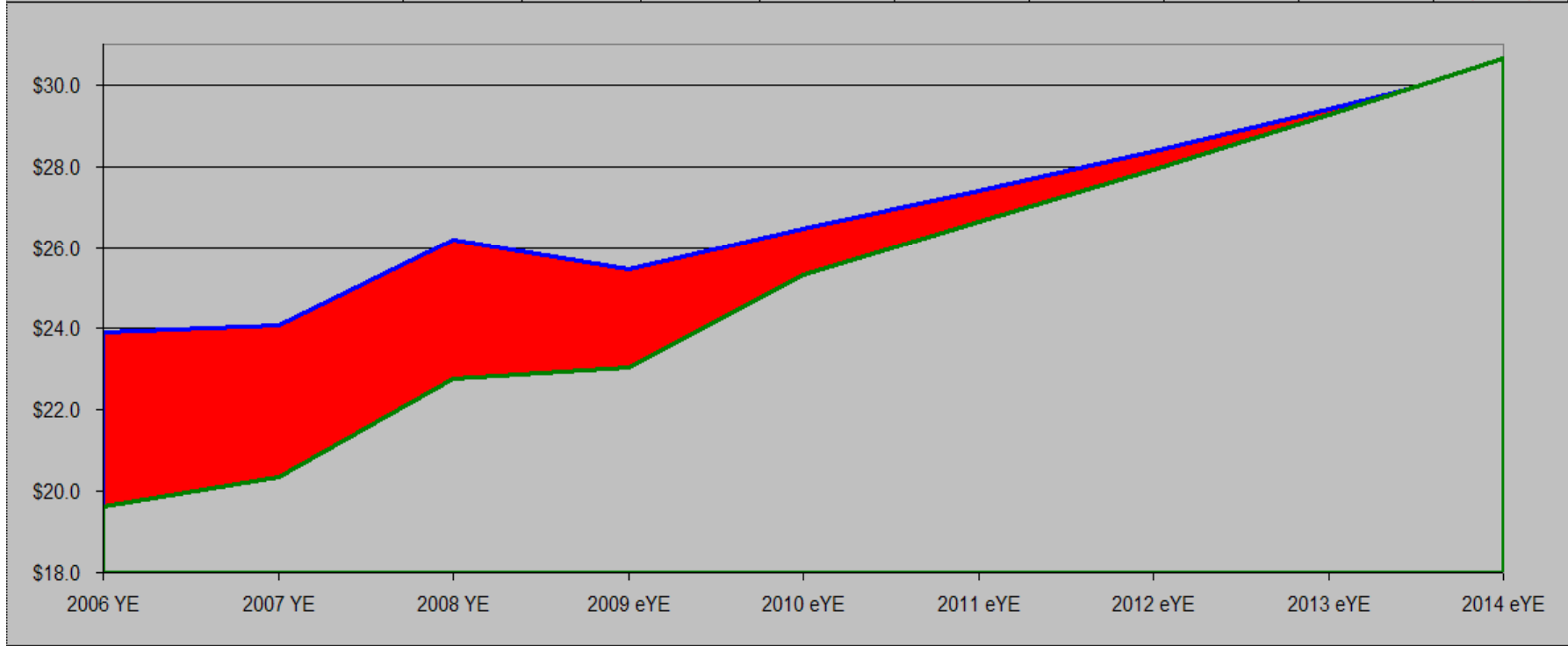


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DESIRED STATE

	2006 YE	2007 YE	2008 YE	2009 eYE	2010 eYE	2011 eYE	2012 eYE	2013 eYE	2014 eYE
CURRENT EXPENSES	\$23.9	\$24.1	\$26.18	\$25.48	\$26.83	\$28.09	\$29.41	\$30.81	\$32.24
RECURRING EXPENSE CUT					\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
DESIRED EXPENSES	\$23.9	\$24.1	\$26.18	\$25.48	\$26.48	\$27.39	\$28.36	\$29.41	\$30.49
CURRENT REVENUES	\$19.6	\$20.4	\$22.78	\$23.06	\$25.33	\$26.64	\$27.94	\$29.26	\$30.64
GAP	\$4.3	\$3.7	\$3.4	\$2.4	\$1.2	\$0.75	\$0.42	\$0.15	(\$0.2)



Township of Hamilton



Actions Taken to Reduce Structural Deficit:

- First, we re-focused on our Core Mission:

-Police

-Fire

-Ambulance

-Solid waste/Recycling

-Road Maintenance

- Land Use/Planning

-Property Revaluation

-Stormwater Management

-Tax/Fee Collection

-Snow Removal

Township of Hamilton



Historical Review

- Reorganization plan (eliminated positions & saved \$75,000)
- Adopted a new salary ordinance that
 - eliminated employee stipends
 - lowered vacation time and sick time
 - required employees to pay part of their health insurance
 - eliminated numerous titles
- Adopted new Travel Policy that curtailed business travel, put limits on business reimbursements.
- Doubled the employee health insurance co-pay
- Negotiated labor agreements that required union employees to pay for part of their health insurance.



Historical Review

- Cut Gypsy Moth program (\$102,000)
- Laid off 9 employees, cut work week for 4 others (\$400,000)
- Decreased Police Dept. from 71 to 69 (\$140,000)
- Decreased Overtime (Court, PD & PW)
- Increased our Bond Rating and refinanced debt to save \$218,000 over 4 years.
- Dissolved the Garbage District (\$1.2 million)
- Fire Study = formed a shared service fire truck maintenance, also spec-ed a “used” ladder truck instead of new for savings of \$330,000.
- Changed Landfills from AC to CC, saved \$80,000.

Township of Hamilton



Historical Review

- Re-did professional contracts and saved over \$100,000 per year on money spent on Township professionals.
- Corrected the Mun. Services Fee as per the audit (\$16,000)
- Converted two police positions from uniforms to civilians (\$50,000)
- Applied for a landfill grant of \$549,000 to close landfill
- Applied for \$1 million CHRP grant to help fund PD.
- Used privatization where it made sense to use it:
 - Janitorial Services
 - Trash Collection
 - Recycling
 - Road Paving

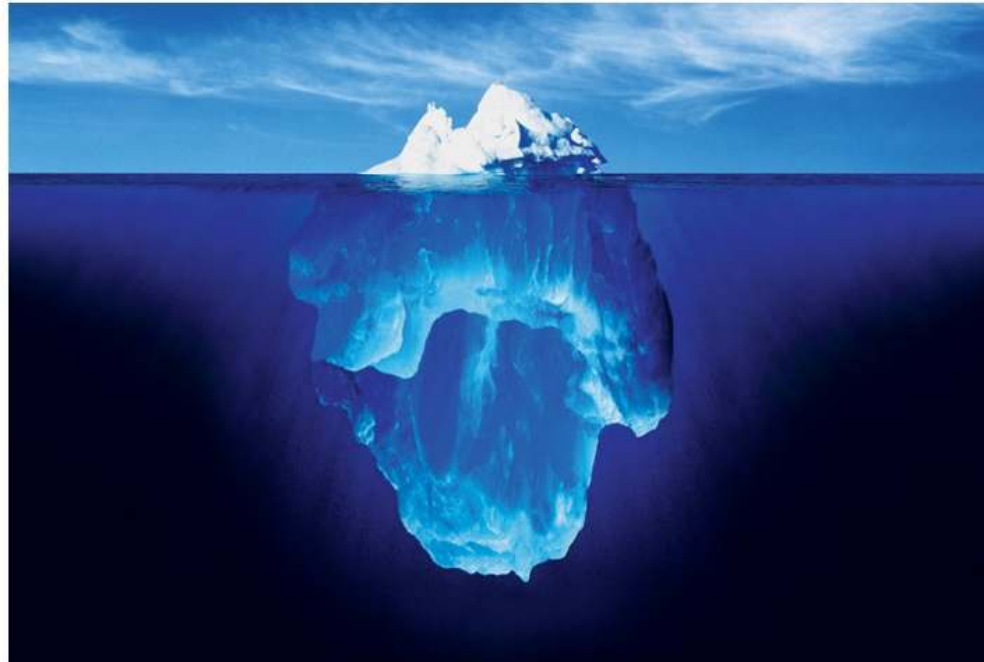
Township of Hamilton



Historical Review

In Summary:

There has been a lot going on below the water line that may not be visible to average viewer.



Township of Hamilton



Part 2: Where we left off July 6, 2009

If we left our operation status quo and made no changes, 2010 budget projection est. at \$2.5 million.



Where We Left Off

Meaning that we would have scheduled expenses and scheduled revenue shortfalls that combined, would total \$2.5 million.

Finance Committee said they would bring back “options” for full Governing Body consideration.

Note: Not recommendations but Options.



Part 3: Options available to address the \$2.5 million projected shortfall.

1. Items that affect structural deficit
2. One time revenues that can be used



Options that Address the Structural Deficit

Tax Levy Cap	\$ (850,000)
transfer Mizpah Center	\$ (30,000)
County Institute of Tech. SRO	\$ (100,000)
Est. Increase in 2010 Fees	\$ (40,000)
CHRP Grant	\$ (353,000)
Privatization of Fleet Maint.*(5)	\$ (100,000)
Elimination of Senior/Social Services*(4.5)	\$ (250,000)
Cease maintenance of Rec Fields*(2)	\$ (100,000)
	\$ (1,823,000)
Changes/Deletion of Trash Collection	up to \$1.7 mil.
MUA Dissolution	????
* require personnel reductions	

Township of Hamilton



One Time Revenues Available for Use

MUA Contribution	\$ (250,000)
Sunshine Park Sale	\$ (300,000)
School Deferral*	\$ (400,000)
	\$ (950,000)
*up to \$4 million is available	



Summary

Structural Deficit Options: Approximately \$1.8 million available

- includes 11.5 employees and elimination of valuable community services.

One Time Revenues Available: \$950,000 available for use.

$\$1.8 + \$950,000 = \mathbf{\$2,750,000}$ (\$250,000 more than we need)

Township of Hamilton



Administrator's Example

Projected 2010 Budget Gap	\$ 2,500,000
Tax Levy Cap	\$ (850,000)
transfer Mizpah Center	\$ (30,000)
County Institute of Tech. SRO	\$ (100,000)
Est. Increase in 2010 Fees	\$ (40,000)
CHRP Grant	\$ (353,000)
Privatization of Fleet Maint.	\$ (100,000)
MUA Contribution	\$ (250,000)
School Deferral	\$ (400,000)
Sunshine Park Sale	\$ (300,000)
	\$ 77,000

Township of Hamilton



Other Options

I have met with all 3 Labor Unions and sent a letter to non-union employees, explained our situation and asked for voluntary concessions to help us avoid more layoffs:

- Wage concessions
- Unpaid furloughs
- Larger health contributions
- Schedule reductions
- etc.



Other Options

Other options if one time revenues are not used:

- trash collection costs \$1.8 million
- Senior/Social Service Division costs \$250,000
- Maintenance of Recreation fields costs \$100,000
- Already reducing Police Dept. from 69 to 67, could reduce it more at \$75,000 p/officer.
- MUA Dissolution (recommended by Auditor)

Township of Hamilton



Digest this information and if we want any of these recommendations to be in place on Jan 1, 2010, we need to start identifying them.

For example: If you choose Privatization of Fleet Maint, we still need to prepare a bid spec, go out to bid, evaluate bids, etc.



Governing Body Questions ?

Township of Hamilton

