Michigan Municipal Executives

Creative Municipal Finance Solutions

Presenters

Tom Tanghe, City Manager Auburn Hills
Bob Kittle, Councilman, Auburn Hills
Today’s discussion will include...

- Reinforcement of the Issues Plaguing Local Units
  - Lost Taxable Value, PPT, state shared revenue declines
  - The effect of delaying capital improvements
  - Increased pressure to fund Pension/OPEB
  - General Fund balances under siege
- Case Study – City of Auburn Hills Recovery Plan
  - Tom Tanghe, City Manager, Auburn Hills
- Presentation of their budget modeling activity
  - the resulting 5-year sustainability plan
- Questions, Open Discussion
Do the numbers add up? (Video)

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help themselves
The Perfect Storm?

- There is an economic S#!t storm on the horizon, and many don’t see it coming
- Prop A and Headlee are outdated
- Taxable Values are declining statewide
- Statewide GF fund balances are declining
- Pension & OPEB requiring more contribution
- Delayed infrastructure investment is starting to catch up to local units
Asset Life Expectancy Curves

Condition vs. Time graph showing the deterioration over time.
At what point should we be concerned?
What started the AH conversation?

A Fund Balance projection was plotted in February 2016, and the picture was quite telling.
Kittle Perspective – No Surprises

• My perspective uses a lens of a local government turn-around & efficiency consultant

• Many elected officials have different lenses

• From a sustainability standpoint, time is your best, if not only, friend.
  – If you see a pothole far enough in advance, you can steer around it. If you find a pothole by blowing a tire, it’s a result of poor visibility
In Auburn Hills, we saw the Hazard

With enough time to make course corrections
How we did it

• One picture was all it took to convince city council we had an issue

• A pre-meeting with City Manager Tanghe and Finance Director Schulz was conducted
  – Afterward they challenged all department heads to come up with a list of structural cost savings

• Bob built the financial model in Munetrix

• Two public workshops were conducted
Sample of the model output

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Model Demonstration

• Uses the North Star approach with General Fund, Fund Balance as the guiding star.

• During the modeling full transparency is the best form of communication and allows for citizen input early and often.
Notable Accomplishments

• Within 90 days of the second workshop, dispatch was moved to Oakland County
• In August 2016, 73% of Auburn Hills voters approved a .74 fire millage increase
• In September, 2016, City Council agreed to ask business taxpayers to pay more for their roads
• Approved a new budget task force
One year later...

This remains a living model & is not a one time event
Conclusion

It’s simple - pay attention!

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help themselves

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Or better yet...

PA-436
Summary

• There’s more to Munetrix than what most people know
• It is a very handy tool for the do-it-yourselfer
• We also offer workgroups and services to local units in a helping hands model
  – Multi-year forecasting/scenario analysis
  – Capital Improvement Priority Planning
  – Facility, Equipment & Energy Use Analysis
Questions?

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