



CITY OF ROYAL OAK, MICHIGAN

BUDGET IN BRIEF

FISCAL YEAR 2024-2025

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Welcome to the Budget



THE CITY'S FUNDS

The City's accounts are organized into funds. A fund is a group of related accounts used to control money that has been earmarked for specific activities or objectives. By keeping revenue in its appropriate funds, the City is able to obey laws that require certain money to be spent on specific uses. For example, that means the City may not raise water bills to pay for police services. Of the City's adopted budget, most of the discretionary funds, and decisions on how to spend them, occur with the City's General Fund.



STRATEGIC PLANNING

In March 2022, City staff and Commissioners engaged in a planning process to identify the goals and objectives that would guide the City's operating goals and priorities and shape the budget through 2025. By combining the Strategic Plan with other initiatives, such as the Aging In Place plan and the Sustainability & Climate Action plan, the City has developed a strong roadmap to follow in making sound financial decisions. This strategic framework is detailed on the next page. To review the complete document, visit www.romi.gov/1723/Strategic-Plan.



CAPITAL IMPROVEMENT PLAN (CIP)

Every year, the City adopts a capital improvement plan for the next five years. Capital improvements include projects such as road construction, park improvements, water and sewer infrastructure, public buildings, public safety vehicles, heavy equipment, and more. Since capital projects tend to be costly, the City may ask voters to approve a special millage to fund a portion of these needs, or the City may issue bonds to help cover the costs. The City then uses the cash generated from the millage or bond sales to pay for these projects.

Open Budget

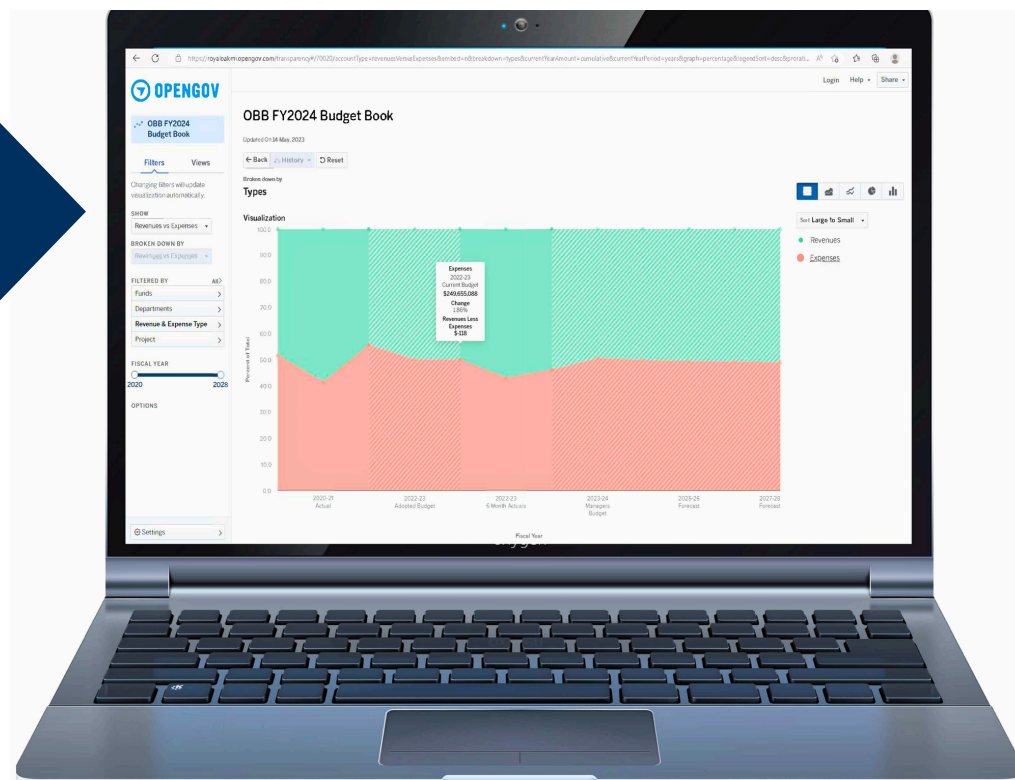
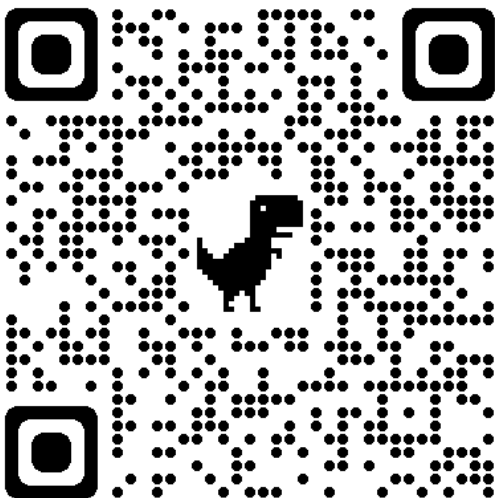
The City of Royal Oak has partnered with OpenGov to enhance transparency and provide residents with a budget document that is easier to understand and navigate. This online tool provides users with different views of the City's budget data by fund, department, revenues and expenditures. The tool can be accessed by visiting the City's website at: <https://www.romi.gov/198/Budget-Documents>, or by using the QR code below.

Governmental budgets are composed of funds, departments, and accounts. Using the reporting tool filters, you can choose the combination you want to explore. The City has also saved a few common views for easy reference.

The interactive reporting tool can also be directly accessed at [this link](#).

By clicking on one of these icons, you can choose whether you want to display graphs showing changes over the years, a pie chart for a single year, or download portions into Excel.

*Easy viewing from
your mobile device,
also!*



STRATEGIC GOALS

View the entire
Strategic Plan at:
www.romi.gov/1723/Strategic-Plan



Welcoming, Engaged, and Livable Community

Royal Oak is a community that promotes diversity and inclusion; encourages people to participate, care, and respect each other; and offers a variety of housing that works for everyone.



Safe, Healthy, and Just City

Royal Oak values health, safety, and justice by ensuring access to services, spaces, and systems for all residents and visitors.



Environmental Leadership

Royal Oak protects the health and safety of the community and provides an exceptional quality of life by instituting aggressive policies and practices to combat climate change and protect the natural environment.



Vibrant Local Economy

Royal Oak pursues policies that encourage sustained business investment and development in the city, by providing employment, core services, and entertainment opportunities for residents and visitors.



Efficient and Effective Services

Royal Oak addresses the needs of our community in a timely and respectful manner while being responsible stewards of taxpayer dollars.



Long-Term Fiscal Health

Royal Oak responsibly manages its finances through sound fiscal policy and strategic planning.



Reliable Infrastructure

Royal Oak maintains, replaces, and enhances the city's infrastructure to promote efficient, environmentally responsible, and sustainable delivery of municipal services.

Royal Oak

at a Glance

PRINCIPAL EMPLOYERS

Corewell Health System
Royal Oak Public Schools
City of Royal Oak
Henry Ford Health System
Flex-n-Gate
Consumers Energy
Detroit Zoo
Holiday Market
Oakland Comm. College
Kroger

CITY STATISTICS

Incorporation:
November 8, 1921
Government:
Royal Oak is a charter city
operating under the
"Council-Manager"
form of government.
Population: approx. 58,211
Area: 11.83 square miles
Credit Rating: AA,
very strong

PARKS, RECREATION & SENIOR SERVICES

City Parks: 51
Parks & Green Space: 352 acres
Community/Senior Centers: 2
Soccer, Baseball & Football Fields: 53
Congregate Meals Served: 7,000
Senior Bus Rides: 11,360/year
**Senior Activity
Participants:** 18,000
R.O.S.E.S. Jobs: 750

PUBLIC SAFETY

2023
Annual Calls for Service:
Police: 40,324
Fire/EMS: 7,334

**Average Response Time
for EMS Calls:** 1 min 51 sec.
Police Patrol Vehicles: 28
Fire Response Vehicles: 8
Ambulances: 4
Fire Stations: 3

INFRASTRUCTURE & UTILITIES:

Streets: 212.42 miles
Sidewalks: 428.45 miles
Water Mains: 220.35 miles
Water Delivered to Customers:
432.7 million gallons per day
**Wastewater Sewer
Mains:** 362.96 miles
Fire Hydrants: 2,207
**Trees in Rights-
of-Way:** 18,428

LIBRARY

Cardholders: 30,200
Books: 134,600
eBooks & eMusic: 1,990,000
Lending Transactions: 510,000
Annual Library Visitors: 170,000
Reference Questions: 17,000
Programs Offered: 430
Program Attendance: 11,000
**Summer Youth
Reading Program
Participants:** 620

2024-25 Budget **HIGHLIGHTS**

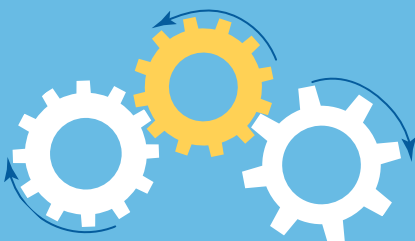


Staffing

The 2024-2025 fiscal year budget reflects the reduction of one position due to a planned retirement. No other changes in staffing levels are planned at this time.

Capital Assets

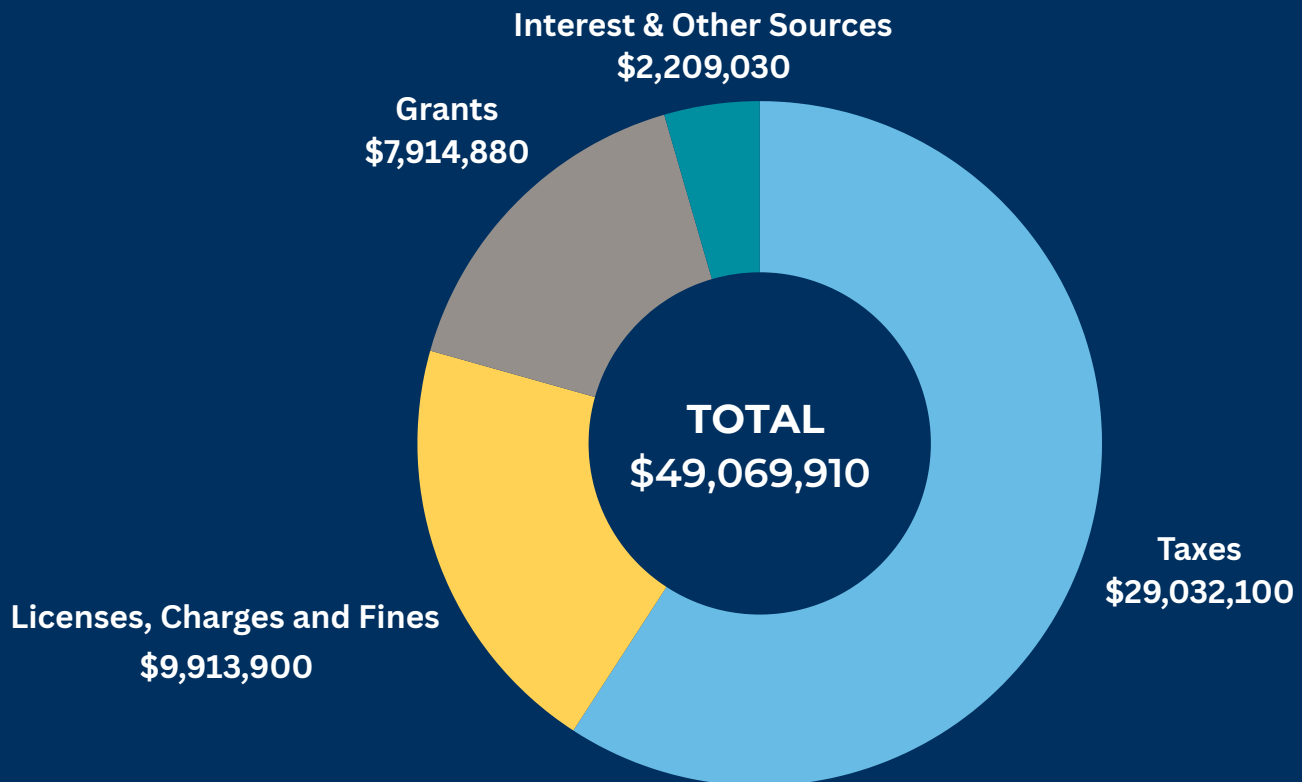
The budget includes over \$30,300,000 of funding for investments in the City's infrastructure, parks, buildings and other long-lived assets. This budget does not call for new debt issuances for the city as budgeted capital projects are accomplished with cash accumulated in funds and current revenues.



Operational

The budget focuses on maintaining the City's daily operations at the current levels, while also providing funding for facility use and operational studies that will evaluate the effectiveness of the current operating structure and opportunities for service expansion and improvement.

GENERAL FUND REVENUE



Property Taxes

For every \$1,000 in property taxes paid, the City receives approximately \$450. The remaining amount supports the local schools, community college, and county agencies.

Licenses, Charges and Fines

Fees paid for certain permits, rental registrations, vital records, court fines and fees, parking tickets, code enforcement fines, dog licenses, and other charges to ensure the community safety and well-being.

Grants

Funds received from federal and state agencies, including the City's portion of the state sales tax collected (called "state shared revenue").

Interest and Other Sources

Interest income earned on bank accounts, transfers from other City funds, contributions, and other miscellaneous revenue.

PLANNED USE OF FUND BALANCE = \$2,691,379

See page 10 for more information about "fund balance"

GENERAL FUND EXPENDITURES

General Government 34.1%

Mayor / Commission	\$ 61,225
District Court	\$ 4,564,161
City Manager	\$ 1,033,830
City Administrative Services	\$ 12,017,073
Total	\$ 17,676,289

Community and Economic Development 1.5%

Planning and Zoning	\$ 648,237
Economic Development	\$ 147,672
Total	\$ 795,909

Public Safety 0.9%*

Ordinance Enforcement	\$ 382,365
Animal Protection Services	\$ 55,030
Total	\$ 437,395

Public Works 3.2%

Electrical	\$ 129,912
Engineering	\$ 643,968
Street Lighting	\$ 868,193
Total	\$ 1,642,073

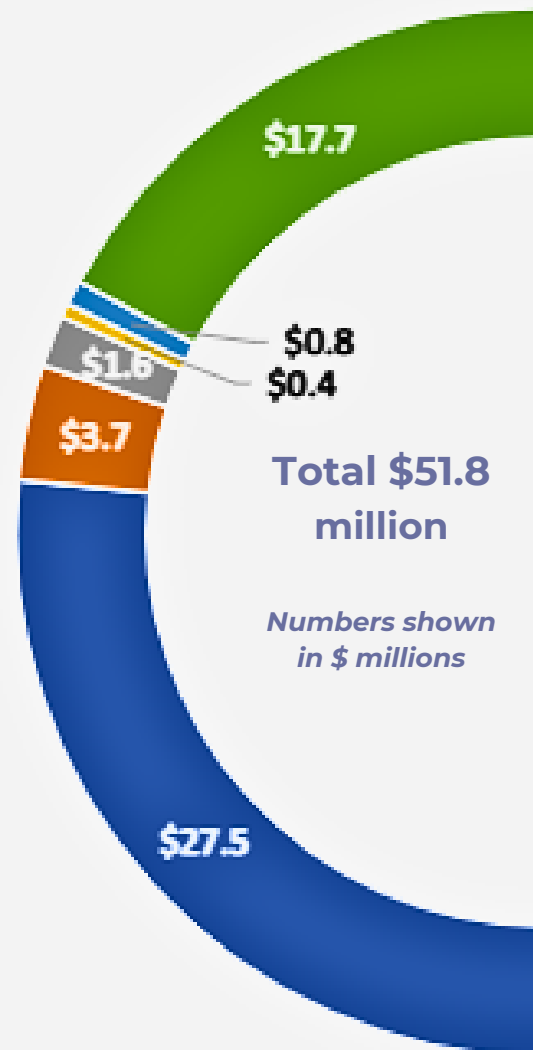
Recreation and Culture 7.1%

Parks and Forestry	\$ 2,981,413
Cable Communications	\$ 159,260
Community Promotion	\$ 550,650
Total	\$ 3,691,323

Transfers-out 53.2%

Transfers-Out to Public Safety Fund*	\$ 24,500,000
Transfers-Out to Debt Service Fund	\$ 2,210,500
Transfers-Out to Other Funds	\$ 807,800
Total	\$ 27,518,300

Expenditures and transfers to other funds total: **\$ 51,761,289**

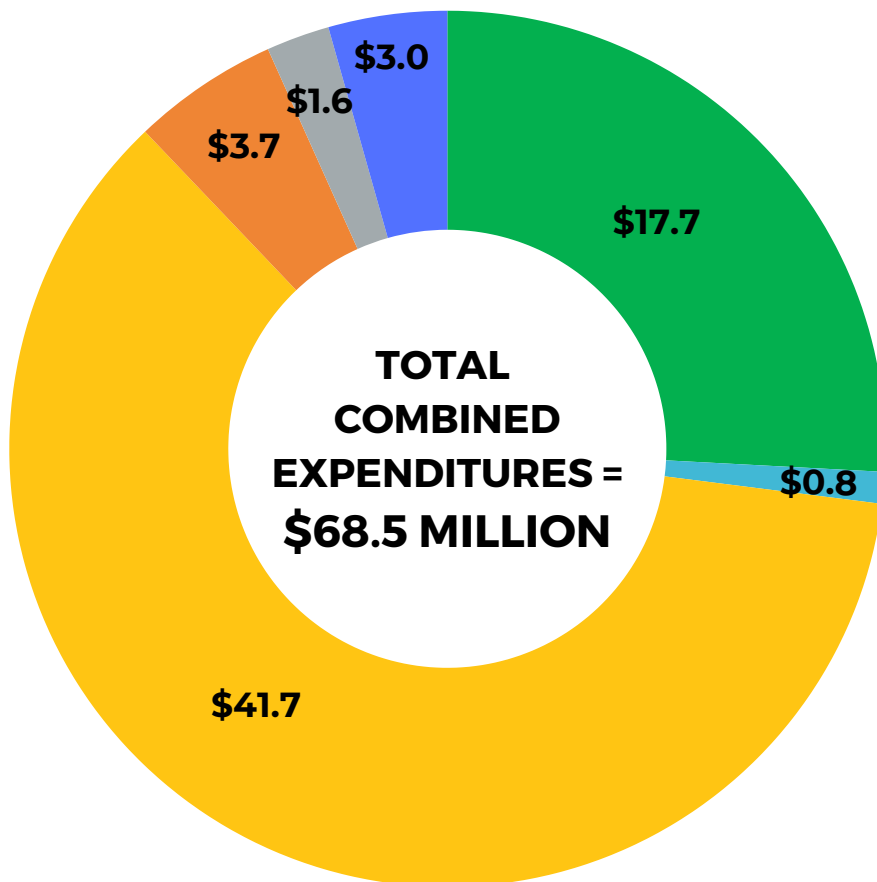
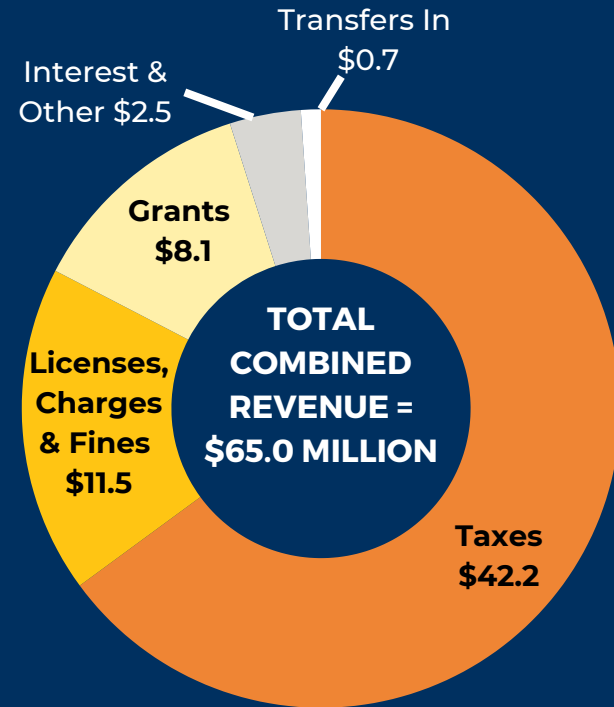


*This represents a portion of the Public Safety related expenditures of the City. An additional \$24,500,000 is transferred from the General Fund to the Public Safety Fund to add to the funding from the Public Safety Property Tax Millage. Combined, 48.2% of the General Fund expenditures are supporting public safety initiatives.

GENERAL FUND AND PUBLIC SAFETY FUND

The Public Safety Fund was created to track the revenue generated by the dedicated Public Safety millage along with the expenditures for police, fire, and ambulance services. Since this dedicated millage was only intended to supplement the funding support from the general operating millage--and not cover the entire cost--a significant transfer is made from the General Fund each year to cover the remaining costs.

In the budget for fiscal year 2024-2025, that transfer amount is expected to be \$24.5 million. To show this funding relationship more clearly, the City also presents these two funds combined. In this combined view, the transfer between the two funds is eliminated from both the combined revenue and combined expenditures.



EXPENDITURES - Shown in \$ millions:		
General Government	\$	17.7
Community & Economic Development	\$	0.8
Public Safety	\$	41.7
Public Works	\$	1.6
Recreation & Culture	\$	3.7
Transfers Out	\$	3.0
TOTAL	\$	68.5

ENTERPRISE FUNDS

Expenditures

Total = \$48.9

All numbers shown in \$ millions

\$39.5

Water & Sewer Fund



\$5.9

Auto Parking Fund



\$0.3

Arts, Beats & Eats Fund



\$1.6

Ice Arena Fund



\$0.8

Farmers' Market Fund

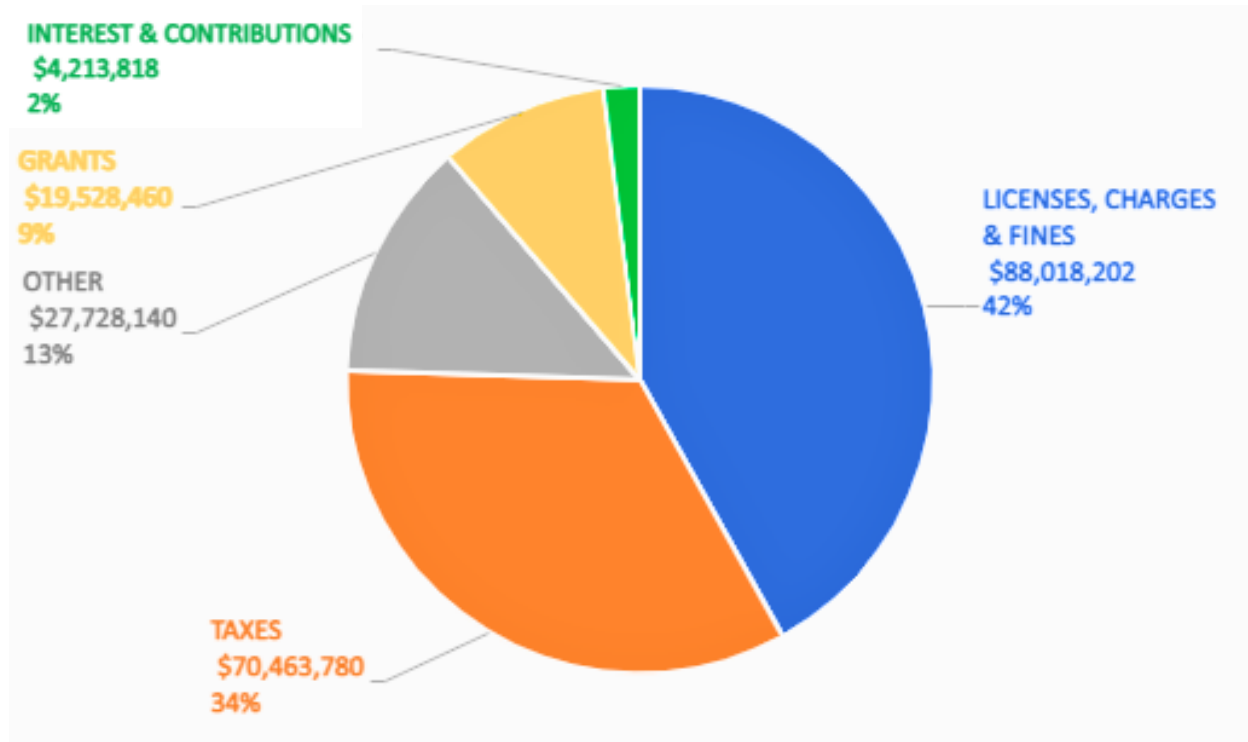


\$0.8

Recreation Fund



CITYWIDE REVENUE



CITYWIDE REVENUE BY CATEGORY TOTAL = \$209,952,400

EXCLUDES INTERFUND TRANSFERS OF \$42,850,671

Revenue is the City's income used to fund operations. Typical revenue sources are taxation, licenses and permits, inter-governmental agreements (e.g., state grants), charges for goods and services, fines and forfeitures, contributions and donations, reimbursements, interest and rent, and gains on the sale of investments or disposal of capital assets.

This chart includes all of the City's revenue for all fund types, which includes not only the general fund, but also the special revenue, debt service, capital project, enterprise, internal service, and fiduciary funds. These other fund types are explained more on the next page.

What is "FUND BALANCE"?

Fund balance is an accounting term to describe the difference between a fund's assets and liabilities. A portion of fund balance may be restricted to only be used in certain ways due to legal restrictions or Commission action. The remainder that does not have restrictions is called "unassigned fund balance".

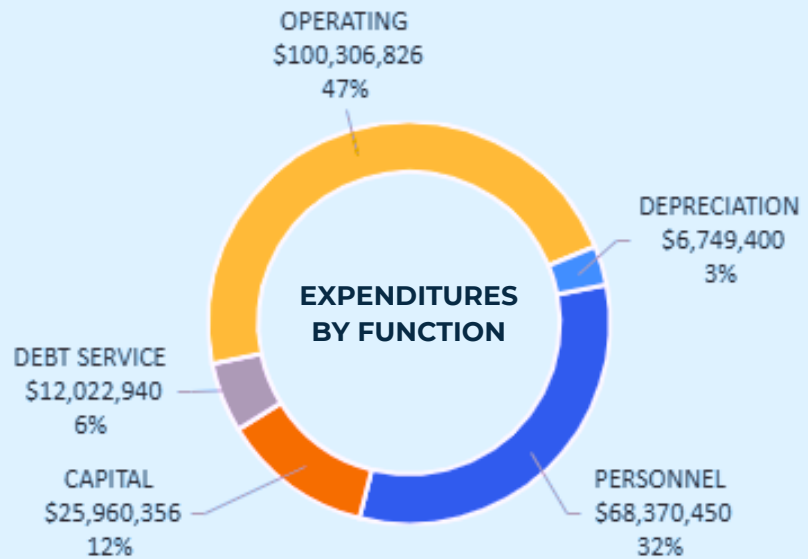
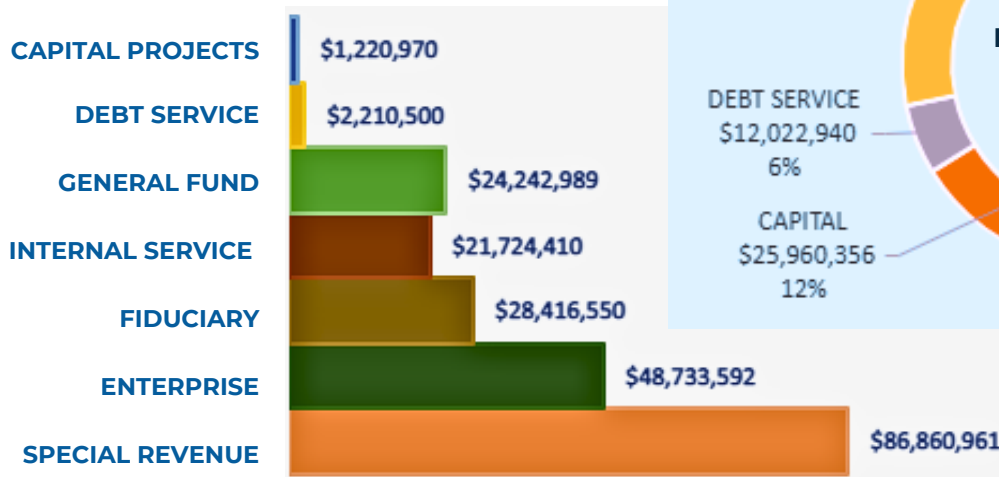
This unassigned portion is commonly referred to as the "rainy day fund".

The City of Royal Oak has instituted a policy to maintain an unassigned fund balance in the General Fund in the range of 10%-25% of budgeted expenditures. The adopted budget for the 2024-2025 fiscal year projects an unassigned fund balance of 15.1%, which complies with this policy.

CITYWIDE EXPENDITURES

**TOTAL CITYWIDE
EXPENDITURES = \$213,409,972**
EXCLUDES INTERFUND TRANSFERS OF \$42,850,671

EXPENDITURES BY FUND TYPE



GENERAL FUND - is the City's major operating fund, accounting for all financial resources of the City except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS - are funds used to record transactions in which a funding source is legally restricted for specific expenditures. The Major and Local Streets funds and the Public Safety Fund are examples of special revenue funds.

DEBT SERVICE FUNDS - are funds established to finance and account for the payment of interest and principal on all tax supported debt, serial and term, including those payable for special assessments.

CAPITAL PROJECTS FUNDS - are funds used to account for the development of municipal capital facilities.

ENTERPRISE FUNDS - are funds established to account for operations that are financed and operated in a manner similar to a private business, i.e., the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Water & sewer is an example of an enterprise fund.

INTERNAL SERVICE FUNDS - are funds used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis. Included in this category are the information technology, motor pool, and workers' compensation funds.

FIDUCIARY FUNDS - are funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. These include the Employees' Retirement System.

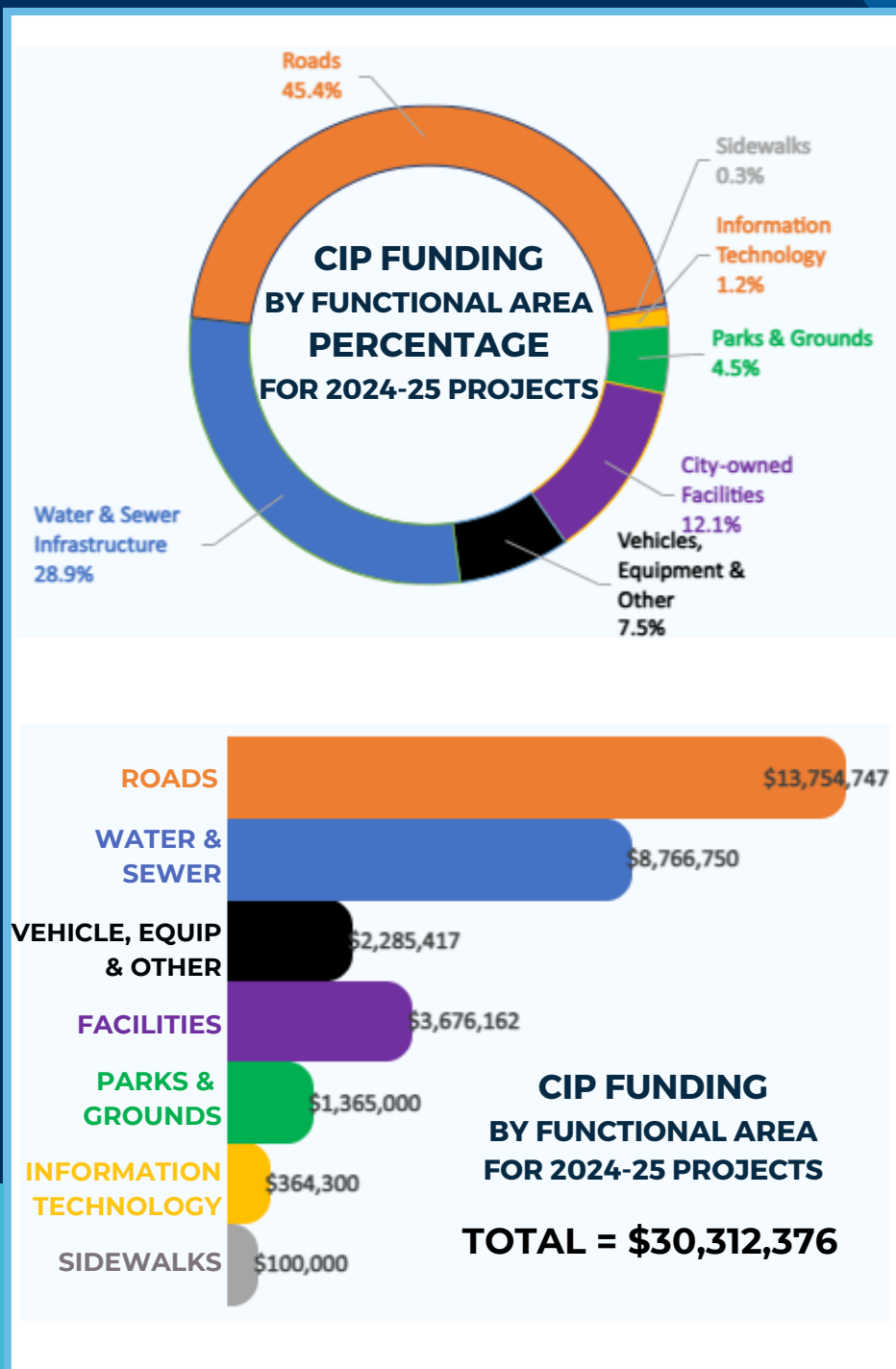
CAPITAL IMPROVEMENT PLAN (CIP)

The City of Royal Oak's Capital Improvement Program (CIP) is a planning tool, with the goal to identify and schedule capital improvements for fiscal years ending 2025-2030.

The CIP is an opportunity to formulate strategic long-term policy decisions that extend beyond the 2024-2025 fiscal year. Each year, the City of Royal Oak invests significant time and resources to design, construct, and maintain the infrastructure and facilities needed to deliver municipal services to residents and businesses. Because of the high costs associated with building and maintaining capital assets, the City must carefully balance the need for such assets with our requirements to sustain a strong financial position.

The full 5-year CIP document is available by visiting: <https://stories.opengov.com/royalokmi/published/e9NoGmU98>

TOTAL COST OF ALL PROJECTS IN THE 5-YEAR CIP PLAN FOR 2025-2030 = \$202,662,621



What is a capital improvement?

A capital improvement is defined as any new equipment, construction, acquisition, or improvement to public lands, buildings, or structures more than \$10,000 on an individual basis with a minimum life expectancy of three years. Maintenance-oriented, operational, or continuous expenditures are not considered to be capital improvements.

Your Tax Dollar at Work

Where does my tax dollar go?



For every tax dollar collected, only \$0.45 stays with the City of Royal Oak.

The remaining \$0.54 is distributed to other taxing authorities, including schools, Oakland Community College, Oakland County, and various other agencies.

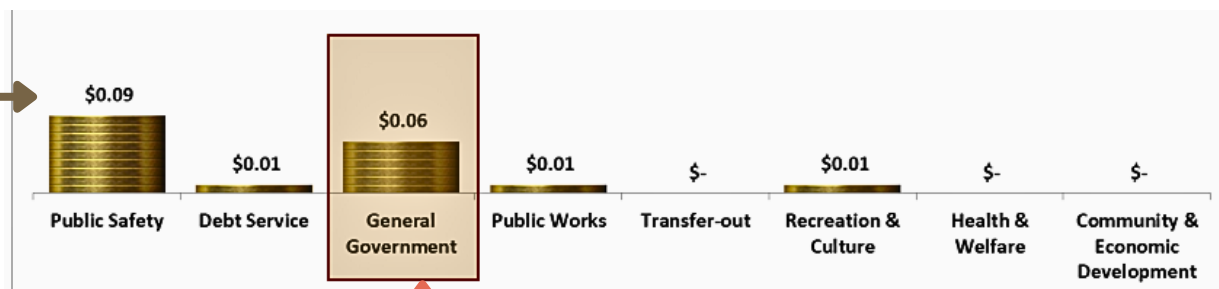
Schools - K-12 \$0.36	Community College \$0.04	Oakland County \$0.15	City of Royal Oak \$0.45
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...and how is that 45 cents used?



Of the \$0.45 of each tax dollar retained by the City, \$0.27 is from dedicated millages that can only be used for the specific purpose approved by the voters.

The remaining \$0.18 of City Operating millage is unrestricted and can be used for general City operations.



The remaining \$0.06 is used to fund these general government support services:

Mayor / Commission
District Court
City Manager
Elections
Finance

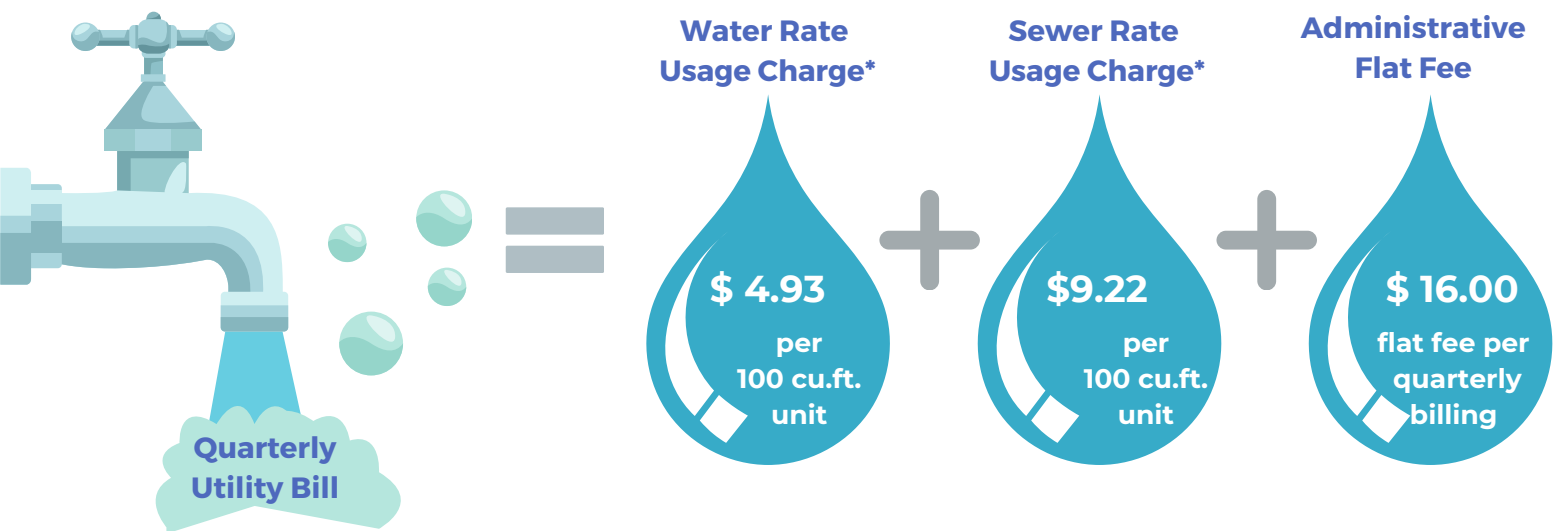
Assessing
City Attorney
City Clerk
Human Resources
Administration

Treasury
City Office Building
Building Maintenance
Community Engagement

WATER & SEWER RATES

The amount customers pay for their quarterly water & sewer service covers the costs of operating the system, including purchasing clean water, disposing of wastewater, maintaining and improving the underground infrastructure, and administrative functions. You can control your quarterly bill by monitoring your water usage. For tips on how to avoid billing surprises, visit the City website at www.romi.gov/water-billing.

The quarterly bill is broken down into these three components:



Every bill includes a charge for water and a charge for sewer based on the actual amount of water used.

- It is assumed that every drop of water that comes out of the faucet will eventually go down the drain, so the same usage amount is used for both calculations.
- A flat rate administrative fee is added to every bill to cover some of the costs of creating and collecting the bills.
- *A 15% premium is charged for each unit in excess of 20 units in a quarter.

Did you know...

Customers who use large amounts of water pay an additional surcharge?

A leaking toilet or dripping faucet are the most common causes of high bills?

If you are getting ready to move, the City will calculate a "final bill" as of the day you request—even if it is the middle of a billing cycle?

AMERICAN RESCUE PLAN ACT (ARPA)

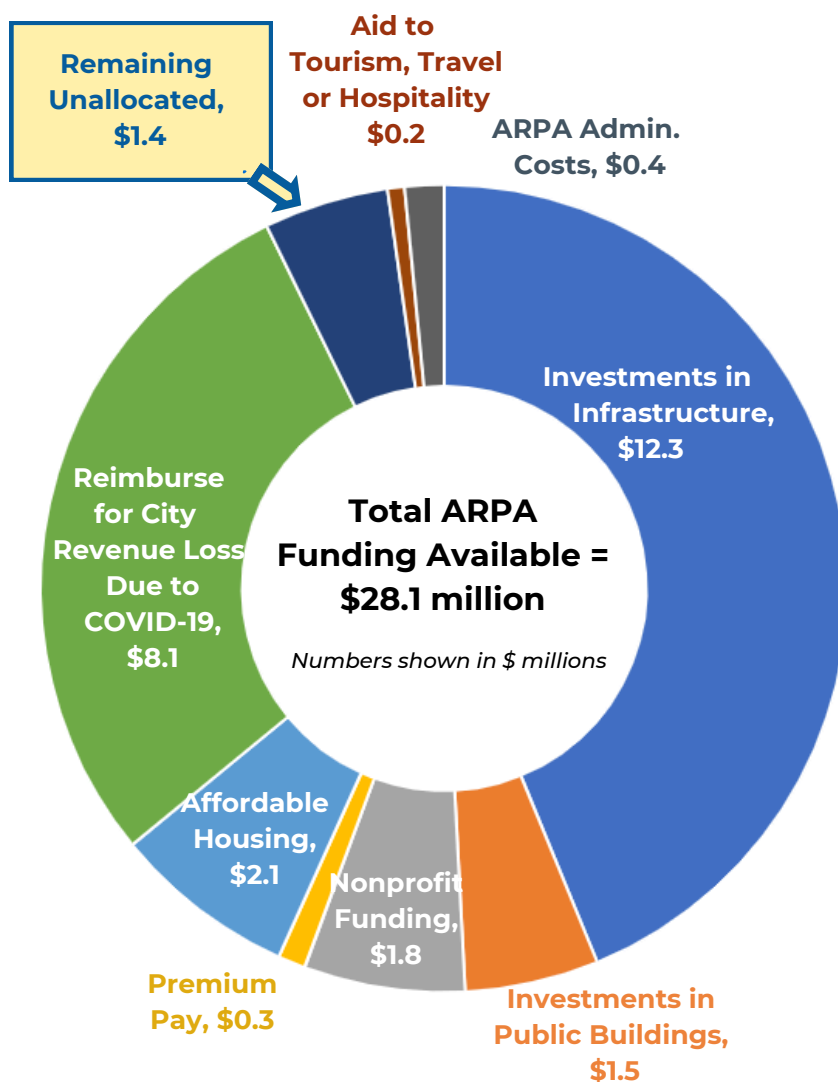
The American Rescue Plan Act (ARPA) was signed into law by President Joseph Biden in March 2021. Pursuant to ARPA, the City's direct allocation of \$28,107,502.00 can be spent on four broad eligible uses:

1. To respond to the COVID-19 public health emergency and its negative impacts;
2. To provide premium pay for essential workers;
3. To make necessary water, sewer, and broadband infrastructure investments; and
4. To provide government services to the extent of eligible governments' revenue losses.

After a series of community engagement sessions and in-depth City Commission consideration, the City's ARPA Allocation Plan was adopted on February 27, 2023.

For more details on the decision-making process and the specific projects planned, visit:

www.romi.gov/1654/American-Rescue-Plan-Act-ARPA



Partial list of projects:

Investments in Infrastructure: Green infrastructure, water main improvements, lead water pipe replacement, LED streetlight conversion, etc.

Eligible Investments in Public Buildings: Farmers' Market and Orson Starr home improvements, IT infrastructure upgrades.

Nonprofit Funding to Support Community Programming: YMCA Community Center and nonprofit grants.

Premium Pay for Essential Workers (Police & Fire)

Affordable Housing: Rental assistance & housing initiatives.

Reimbursement for City Revenue Loss Due to COVID-19: Animal Shelter build-out, library IT upgrades, and revenue replacement.

YEAR IN REVIEW AND PREVIEW

STATEMENT OF OVERALL POSITION

The City's 2024-2025 budget is predicated on the following goals:

- **Advancing high-priority initiatives** – The City Commission has approved several plans and initiatives (e.g. Sustainability-Climate Action Plan, Aging in Place, Human Right Ordinance, etc.) which encompass objectives that create a welcoming and inclusive community, provide housing opportunities for a variety of individuals, combat climate change, and protect the natural environment.
- **Commitment to reliable infrastructure** – Careful planning outlines the means of maintaining, replacing, and enhancing the City's infrastructure. The capital improvement plan, along with the ARPA implementation strategy, address public infrastructure improvements and capital purchases that result in the efficient delivery of services that the community desires.
- **Build and enhance community amenities** – The allocation of the ARPA funds, along with grant opportunities from federal, state, and county sources, enable the City to conduct improvements at the Senior Center, construct a new public restroom facility located downtown, build a new animal shelter facility, and explore the feasibility of a new joint YMCA/City community center. Combined, these efforts will provide more resources and services to seniors, youth, and families in the area.
- **Enhancing communications** – Expanding outreach includes making residents aware of resources, and better connecting with stakeholders. This is a priority. This also translates to a public-facing budget community tool, such as the one being utilized now through our partner, OpenGov. This shows the budget in an understandable format, even to non-financial users. This overall approach brings about greater transparency and trust in the City's functions.
- **Achieve long-term fiscal health** – Being prepared for future economic downturns and meeting current obligations is a focus of the proposed spending plan. Many factors can add financial pressures for the City, including, but not limited to, aging population, pensions and health-care costs, and infrastructure maintenance and renewal. Sustainable decision making will assure thoughtful consideration of alternatives and opportunities to minimize the financial consequences of depleted resources and/or unanticipated circumstances.

ORGANIZATIONAL ACCOMPLISHMENTS OVER THE PAST YEAR

- **Master Plan** - This is the long-range policy guide for the physical arrangement and appearance of the City of Royal Oak that provides general direction on the City's future development pattern. It is the City's official statement of policy regarding such issues as land use, community character, and transportation which impact the physical environment. As a policy guide, it must be sufficiently flexible to provide guidance for changing conditions and unanticipated events.
- **Green Infrastructure/Sustainability** - Sustainability – Climate Action Plan (S-CAP) efforts are successfully under way in the community. This includes the planting of 919 street trees. In 2023-24, more than 300 water lead lines have been replaced in residents' homes. This year, Royal Oak offered free composting drop-offs at the Royal Oak Farmers' Market. For the composting pilot, over 3,104 lbs. (approx. 1.5 tons) of food scraps have been diverted from landfills.

YEAR IN REVIEW AND PREVIEW

DEVELOPMENT ACTIVITY AND INFRASTRUCTURE IMPROVEMENTS

In the 2023-24 fiscal year alone, over \$200 million in new construction projects are under way or nearing completion, including:

- A new five story LEED certified building will be opening at the corner of 11 Mile and Main in Summer 2024. Its anchor tenant, **Dassault Systemes**, a French software company, will be moving its headquarters into two floors of the building, making this move the largest metro Detroit office lease in 2023 according to Crain's Detroit Business.
- Two hotels are also nearing completion, one located at Woodward Corners and the other at an outlot at Meijer on Coolidge Highway.
- Demolition and redevelopment of the **Pasquales** site on Woodward is underway and
- **Oakland Community College's** \$70 million state-of-the-art culinary institute will be opening in 2025.

In 2023, Royal Oak was named by eCities as one of five Honored Communities for the City's successes and efforts in contributing to Michigan's growth. The designation was given as part of the annual eCities study conducted by iLabs, the University of Michigan-Dearborn's Office of Engagement and Impact.

Several major road improvements and capital improvement projects were conducted this past year. They include:

- In 2023, the City successfully completed installation of a 4-to-3 lane conversion along **Rochester Road from N. Main Street to 13 Mile Road**. The Michigan Chapter of the American Public Works Association awarded the Rochester Road Resurfacing & Traffic Calming project "Project of the Year" in the category of "Transportation \$1 million to \$4 million."
- The City also resurfaced sections of **Normandy Road, Lincoln Avenue and Vinsetta Boulevard** in 2023, and included traffic calming elements such as bump-outs and pedestrian refuge islands.
- In summer 2024, **Crooks Road will be resurfaced from N. Main Street to 13 Mile Road** with partial funding from the State of Michigan Transportation Improvement Program. Northwood Boulevard will receive much-needed road resurfacing work, along with traffic calming speed humps and a new water main.

COMMITMENT TO FINANCIAL EXCELLENCE

The City has recently affirmed an AA rating (outlook stable) from the Fitch bond rating agency (April 2024). Sound financial management and policies pave the way for accomplishing the City's goals, such as maintaining a fund balance exceeding the 10% minimum of expenditures, building capital reserve funds for future investments in capital projects, and using one-time funds, such as the American Rescue Plan and other grants, for one-time expenditures, not ongoing expenses.



CITY COMMISSION

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