

BALLOT PROPOSAL-FEBRUARY 28, 2012

Question and Answer Informational Flier

The City of Clawson will have a ballot request for millage along with the February 28th primary election ballot. In these trying financial times as a resident and taxpayer trying to make ends meet, we provide this Question and Answer (Q & A) fact sheet on this ballot proposal.

Q1: Why is Clawson asking for this millage?

The following facts and figures will explain what brought us to request this millage.

The Taxable Value of your property is the basis by which your property is taxed. To indicate how much values have dropped here in Clawson we can look at the overall drop in taxable values. Since 2008, the taxable value of property in the City of Clawson has dropped from \$408,484,460 to an estimated \$308,242,430 in 2012. That is more than \$100 million in lost taxable value in five years. That is nearly a 25% loss in our operating tax revenues in five years. That equates to a loss in general fund tax revenues of \$1,221,000.

For an average Clawson resident who owns property in Clawson the taxable value in 2008 was \$68,200. The projected average taxable value for property in 2012 is \$48,300. That's an average decrease of 29% in residential taxable values. Using our general operating millage rate of 12.6834, (which is the same rate we have levied each year since 2008) the average taxpayer was paying **\$865.01 in 2008** for Clawson's general operating services. With this request to levy millage back to the Charter allowable 15 mills, the same average resident would now pay **\$724.50 in 2012** for those same services even at the maximum 15 mil levy. The fact here is that the average Clawson property owner will still be paying **\$140.51 less per year for those same services** than they were in 2008.

Q2: If Clawson currently levies 12.6834 mills for general operating services and you are asking to uncap to 15 mills, why are you asking for 4.2398 mills on this ballot question?

Back in 2003, the City had a Headlee override millage approved for up to 2 mills for 10 years. For those that remember, that millage saved our Clawson Police Department from being outsourced to the Oakland County Sheriff Department. Unfortunately, that millage will expire in 2013. If taxable values had continued to increase, we would likely not need to ask for any additional millage since we have cut a significant amount from our expense side of the budget. The huge losses in taxable values combined with the Headlee rollback of our original Charter allowed amount of 15 mills has now reduced our maximum allowable levy to 10.7602 mills. The 2 mil levy from 2003 has been rolled back to 1.9232 and will expire in 2013. **The actual additional millage request from this proposed 4.2398 levy is really just the difference of 2.3166 mills.**

Q3: What does my general operating millage tax dollars pay for?

In Clawson, your general operating revenues pay for Police services, Fire services, Department of Public Works services, Parks and Recreation services, Senior Citizen services, City Hall services, and many other services here in Clawson that we have all grown accustomed to enjoying.

Q4: I have had to cut my personal budget due to the economy, what has Clawson done to scale back the expense budget?

Clawson is very similar to all of the surrounding communities in that we have already made substantial sacrifices to try to help ease the burden on the taxpayers. Since the year 2000, the City has reduced its full time workforce from 62 down to 47 while still providing all of the same services other than curb-side brush pick-up. Employees have taken pay cuts and are also now paying a portion of health care costs. Retirees have also agreed to make concessions to their health care coverage by paying for more services out of pocket. We formed a committee prior to this collapse in property values that saved the City over \$1.2 million in health care costs over the past five years. We continue to look at reductions in operating costs every budget year, but we have run out of viable options because our revenues have dropped by \$1.6 million since 2008. A more detailed look at employee concessions and benefit changes can be found in the **Employee Concessions informational flier**.

Q5: What services would be cut if this millage does not pass?

In terms of personnel, eliminating a \$1.6 million revenue gap would require 18-20 full time positions be cut from the budget. In practical terms that would mean eliminating and/or subsequently paying to outsource **some or all** of the following departments: Our Clawson Police Department, our Clawson Department of Public Works, our Clawson Department of Parks and Recreation, and our Senior Citizen program services. If that seems like a devastating forecast, it's because it is a devastating forecast. The fact is that the City is currently operating all of our Departments at minimum staffing levels to allow us to provide the services that we are currently providing. We have trimmed the Police Department from 23 patrol officers in 2002, down to 17 officers that are currently running the department. Any cuts in the Police Department would result in a **delay in response time** and threaten our current tremendous level of public safety. Our DPW staff has been reduced from 20 back in 2002, down to the current level of 18 full-time employees. Services such as **snow plowing and removal, leaf pick-up, street cleaning, tree-trimming, grounds maintenance, event set-up and support, and parks maintenance** would all be severely reduced or completely eliminated. It is also possible that we would be forced to **close down Hunter Recreation Center and our Senior Center** and discontinue the programs we currently provide.

Q6: How much is this going to cost me?

As the example in Question 1 showed, when comparing the cost in tax dollars to the average taxpayer in Clawson from 2008 to the proposed millage amount on this ballot proposal, most residents will pay less for these services in 2012 than they did back in 2008. The "added" millage is 2.3166 mills, since 1.9232 is being renewed as part of this proposal.

Here is a simple example slightly above the average level of taxable value for a Clawson resident to show the impact on a typical residential taxpayer of this millage request:

2008 Taxable Value = \$75,000

2012 Taxable Value = \$53,250 (29% drop)

Since millage rate is levied per 1,000 of TV we would divide the TV by 1,000:

2008 Clawson Gen Op Taxes: $\$75,000/1,000 = \75 per 1 mil x 12.6834 (2008 millage rate) = \$951 tax

2012 Clawson Gen Op Taxes: $\$53,250/1,000 = \53.25 per 1 mil x 15.0000 (2012 mil rate) = \$799 tax

As can be seen in this example, the total cost for general operating services will actually be \$152 lower than it was in 2008.

Although the impact on most property owners from 2011 taxes to 2012 taxes will be a slight increase in taxes (less than \$90 annually or \$7.50 per month) to maintain the current services.

Even if this millage is approved, Clawson is working with revenues that would still be over \$1 million lower than the amount we collected back in 2008. That means that Clawson taxpayers as a whole are paying much less for operating millage services than they were when this whole downturn started. We have cut our expenses by that same \$1,000,000 and we will continue to cut costs wherever we can each year.

Many communities in Oakland County have presented and passed millage proposals by revealing the same information that Clawson is sharing in this notice. We continue to operate efficiently and effectively while realizing that this is our "New Normal". In order to continue to provide the services that we currently provide this millage must be proposed, because cuts alone would decimate the level of services as well as the way services are currently provided here in Clawson.

In order to view the impact on you as an individual taxpayer please visit the website www.mytaxcalc.com/clawson and enter the information requested. This site utilizes an approximation that includes credits for federal income taxes and homestead property tax credits from Michigan. We encourage you to visit the site and see how this proposal will impact you individually as a taxpayer.

BALLOT MILLAGE PROPOSAL-FEBRUARY 28, 2012

Employee and Contract Concessions Informational Flier

The City of Clawson will have a ballot request for millage along with the February 28th primary election ballot. Although there is never a good time to ask taxpayers for more help, this is a ballot question brought on by complete necessity. Our revenues have dropped to a level that leaves a funding gap so severe that additional cuts alone will not fill the gap.

We consistently hear people who live in Clawson repeat the phrase, "**I love the services that I get here in Clawson.**" The employees of this City love to provide those services, but we are now facing a time where significant reductions in service, or complete elimination of services is inevitable without significant replacement revenue. **These service reductions or eliminations would reach every level of our City Government including Police, Fire, Department of Public Works, Parks and Recreation, and Senior Programs.**

It is not our purpose to threaten or try to scare anyone with this information. Every registered voter in Clawson has the right to vote in whichever way they see fit. It is our duty to present the facts to those who are interested in Clawson and reveal exactly what we have done over the years to help keep our costs to the taxpayers as low as possible. The only way to fill the gap now is through employee lay-offs, which ultimately means service cuts. The employees in Clawson have all taken serious concessions over the past several years to help with the deficit. I am here to tell you that the City has been tightening its budget and preparing for the future for over 12 years now. I recently received a voice-mail message with the following statement:

"I moved my family to Clawson for the excellent schools, the friendly atmosphere, and the outstanding services that the City provides to its residents. My husband and I had to tighten our personal financial budget, now I think the City should do the same thing. If you can reveal to me what you have done to cut costs and demonstrate that the City has done its share, then I will be happy to support this millage to save jobs and save our tremendous city services."

That voice-mail prompted me to summarize the following list of major concessions that we have made here in Clawson over the past 12 years to reduce the taxpayer burden and to help reduce our budget.

In 1999, the City of Clawson reached labor agreements with the AFSCME Union and the Non-Union employees of the City to make changes to new hire benefits to eliminate the post-retirement (legacy costs) of pension benefits. Since 1999, the City has offered a Defined Contribution plan for retirement to new hires which ends the City's financial obligation to the employee upon the day they retire from the City. Currently, 26 of our 47 full time employees are covered under the DC plan for retirement. This has saved the City significant annual costs each year and will continue to save substantial amounts well into the future. In 2004, both Police Unions agreed to the same retirement agreement for new hires.

In 1999, the City of Clawson reached labor agreements with the AFSCME Union and the Non-Union employees of the City to make changes to new hire health care benefits. All new hires would be enrolled in an HMO health care plan during their employment years that has lowered premium costs. The Police Unions agreed to the same health care changes in their contracts for new hires in 2004.

In 2003, all employees agreed to a two year wage freeze in order to help with our rapidly declining fund balance reserve. Increasing operating costs and litigation costs utilized all of our resources and required us to look at outsourcing our Police Department. After lengthy discussions and negotiation, all three unions agreed to eliminate positions through retirement and restructure their departments to save money. The Police Department went from 21 full time officers down to 18 full time officers. They also agreed to eliminate three Command Officer Union positions in order to save money. The AFSCME or DPW employees also agreed to not replace full time positions after retirements of several employees and have reduced their full time labor force by 2 employees. (In 2003, the DPW had 4 less full-time employees) Both departments have also significantly reduced their overtime costs and continue to work hard to be more efficient while delivering the same quality services that Clawson residents have come to enjoy and expect. To assist with the operating costs the residents approved a 2 mil levy for 10 years to keep the Clawson Police Department intact.

In 2004, all three unions and the non-union employees agreed to post-retirement health care changes for retirees. No new hires after 2004, will receive any post-retirement health care coverage. The City contributes to a Health Care Savings Plan while the employee is working for the City and that money can be used for post-retirement health care. The City has no further obligation to provide health care after the employee retires. This elimination of legacy costs will amount to enormous financial savings in the future.

In 2004, the City reached an agreement with the City of Troy to take over the Police Dispatch, Jail Services, and Animal Control for Clawson. This allowed the Clawson Police to be more efficient with the reduced number of full time officers by getting them back on the road and out in the community. We estimate that this change has saved hundreds of thousands of dollars over the years and will continue to do so in the future.

In 2006, the City formed a Health Care Committee to examine ways to reduce our rapidly rising health care costs. Representatives from each union, administration, and the retiree sector met over a period of months to explore ways to provide quality health care at a significantly reduced amount. The results of those meetings were significant changes to our health care plans and have saved the City well over \$1.3 million since the changes were instituted. The changes were made during a time when our finances were in pretty good shape, but with the knowledge that we needed to be proactive in keeping our costs under control for health care.

In 2009, we made more changes to our health care plans whereby employees and retirees are paying more out of pocket costs for health care. Each Department Head made cuts to their operating budget to reduce costs by approximately 8% within the operating budget. With the large losses in tax revenue beginning to impact the budget, the Clawson City Council supplemented the budget by utilizing fund balance reserve to balance our costs. When our City Manager left, City Council hired the existing Finance Director to take on a dual role of City Manager and Finance Director. That change continues to save the City approximately \$80,000 per year.

In 2010, once again, retirees, union, and non-union employees agreed to pay more out-of-pocket health care costs and all employees agreed to forego contract wage increases and freeze their wages at the then existing levels. Both unions also agreed to reduce their overtime costs and successfully did so. Our full time Administrative Assistant retired and was not replaced by a new full time employee. The City Council once again agreed to utilize fund balance reserve to balance the budget shortage brought on by the significant loss in taxable values which created a large revenue shortfall.

In 2011, all employees and retirees again agreed to more significant changes in health care by taking on more deductible and co-pay costs. All full time employees agreed to a 10% wage cut and closing of City Hall and DPW on Fridays in order to work four- nine hour days. Employees also agreed to give up four paid holidays and reduced overtime to help cut costs. Police also agreed to a 10% wage cut from their contracted rates without any cut in hours and the same health care concessions. City Council once again agreed to supplement the budget deficit using fund balance reserve one final time.

When you add up all of these changes and concessions over the past 12 years, the savings to date have already saved the City of Clawson taxpayers over \$2 million dollars and will continue to save millions more in future legacy costs. To show the commitment of the current employees to helping us get through this crisis, we still provide the same services to our residents in 2012 with 47 full-time employees that we provided back in the year 2000 when we had 62 full-time employees. The only exception to those services is providing free curb-side brush pickup.

I will summarize the major concessions and changes once again:

- Elimination of all legacy costs for new hires in 1999 and 2004
- Reduction in full-time staffing from 62 down to 47 in the last twelve years
- Health care changes that require out-of-pocket costs to both active employees and retirees
- Health care changes for all new hires to provide HMO coverage during employment
- Elimination of in-house Dispatch, Jail Services, and Animal Control and contracting those services with the City of Troy resulting in large cost savings
- Forming a Health Care Committee to further examine and reduce health care costs to the City for both active employees and retirees successfully reducing our costs by over \$1 million to date
- Wage freezes for all employees in 2002 and 2003.
- Wage freezes for all employees in July 2010
- Wage cuts for all employees of 10% in July 2011
- Health care concessions and more out-of-pocket costs for employees and retirees
- Combination of full-time Administrative positions to reduce costs

After sending this information to that same resident who left a voicemail comment and question, her voicemail response four days later was as follows:

“WOW! It’s obvious to me after reading your information on employee concessions that Clawson employees have done MORE than their share to help the budget problems over the years. You have my full support on this millage and I will be happy to spread the word to my neighbors. Thanks to all of the City employees for making Clawson a great place to live, work, and raise a family!

We hope that it is obvious to everyone that the employees of Clawson are committed to delivering the best possible service at the lowest possible cost. We will continue to strive to cut costs wherever we possibly can. If you have any questions, please contact Mark Pollock, City Manager/Finance Director at (248) 435-4500 ext 111 or e-mail me at mpollock@cityofclawson.com .

Thank you for caring about Clawson.