

# Bloomfield Township

Supervisor's Update 6/12/19

Public Safety Special Assessment District  
(SAD) of 2.3 mills

(net increase of 1.05 mills)

Vote on August 6<sup>th</sup>, 2019



# False Statement #1

Bloomfield Township (BT) is asking for 2.3 mills more on every property for fifteen years.

**Why now?** For years, BT failed to adequately fund retiree benefits, called OPEB. Now, the State says BT must fund ~\$2.5M annually. **This is achievable within the current budget** (only 5% of our annual revenue \$50M), but officials don't want to trim the fat, rejecting spending cuts recommended by citizens and accounting firm Plante Moran.

## The Truth:

- Bloomfield Township is asking for a net increase of 1.05 mills
- Pay-as-you-go has been an acceptable and widely used practice for decades
- The State is not mandating specific dollar amounts; they want to see Bloomfield Township's OPEB plan 40% funded within 30 years
- Of the approx \$4.1M generated, approx \$2.5M will go towards the DB pension plan and the remaining \$1.5M will go towards the OPEB
- Plante Moran did NOT make recommendations; they provided a summary of options and paths that could be taken
- Plante Moran also explained that if implemented, many of these options would decrease Township services drastically; the things that make Bloomfield what it is would no longer exist



## False Statement #2

✓ Your taxes will go up. By a lot.

### The Truth:

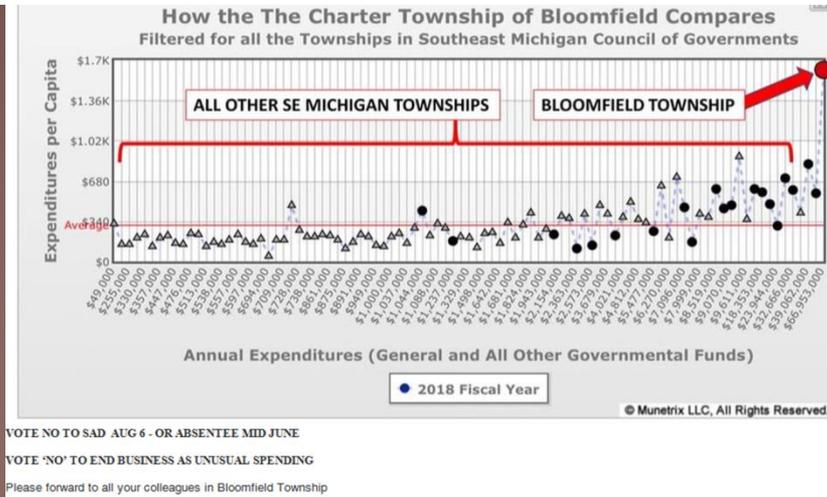
- The average homeowner will pay \$219 more per year
- The median homeowner will pay \$169 more per year
- Two-thirds of homeowners will pay less than \$219
- Use our calculator to see how the millage affects your specific address:

<https://www.bloomfieldtwp.org/Government/Funding-the-Structural-Deficit.aspx>



# False Statement #3

✓ BT already spends more money per resident than other communities (see below.)



## The Truth:

- They deliberately “cut out” the narrative notes that help explain the inaccuracies of this graph-

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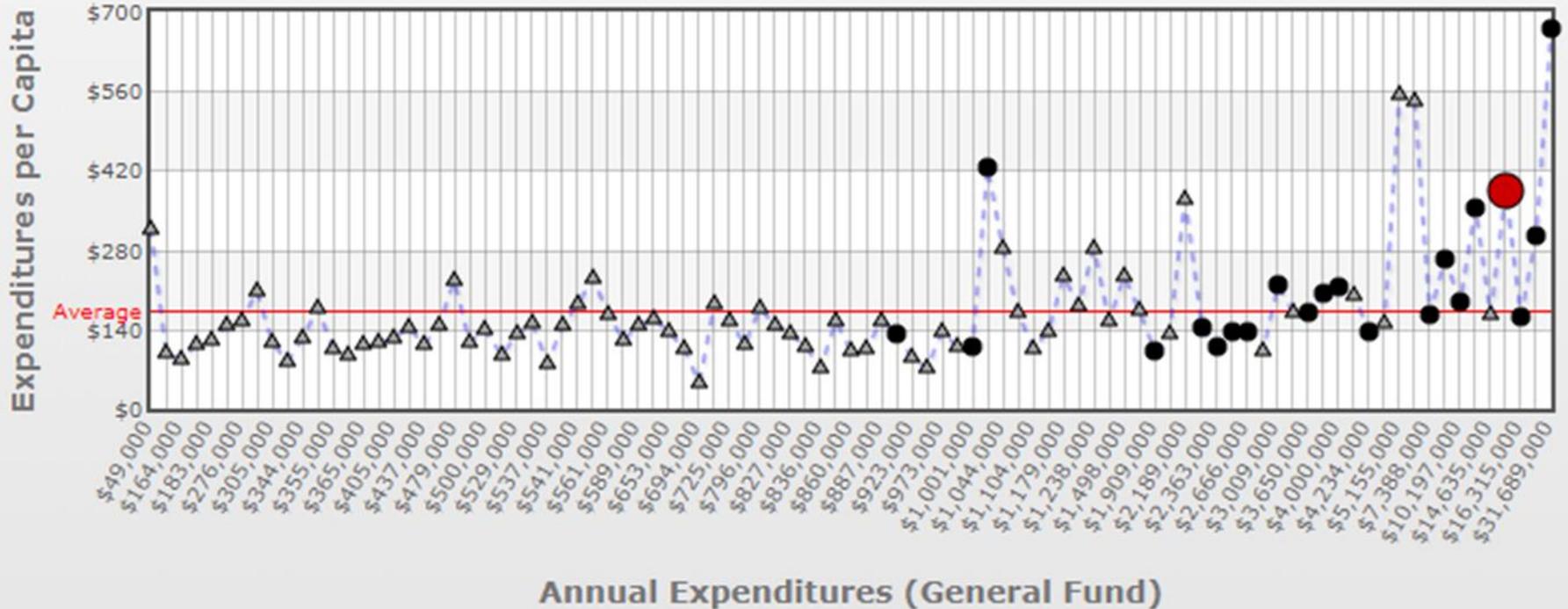
### Municipal-specific comments:

- This data is including all operations EXCEPT the Water & Sewer Fund. That is a total of 17 funds being lumped together into one statistic. For this data to be meaningful, you must **exclude** the following items:
  - For 3/31/14 - \$4.85M of inter-fund transfers
  - For 3/31/14 - \$4.5M ARC payment (extraordinary item, as this was also the first year we had debt payments due on the pension obligation bonds)
  - Road Fund should be **excluded**. (We are the only Township with its own road department, therefore it should be excluded when comparing to other townships)
- Governmental Funds that are not supported by ALL residents through a tax should be **excluded**:
  - Village Police (special assessment)
  - Village Fire (special assessment)
  - Lake Improvement (special assessment)
  - Building Inspection (expenses incurred are covered by permit fees of the customers)
  - Drug Forfeiture (expenses incurred are spent out of state forfeiture funds)
  - Cable Studio (expenses incurred are covered by non-tax revenues such as franchise fees and PEG fees)
  - SAD Capital Projects (special assessment)
  - SAD Debt (special assessment)
- The above exclusions reduce the 3/31/14 per capita expense to \$798.



# How the The Charter Township of Bloomfield Compares

## Filtered for all the Townships in Southeast Michigan Council of Governments



● 2018 Fiscal Year

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Bingham Farms

Franklin

Beverly Hills

Bloomfield Hills

Birmingham

Rochester Hills

**Bloomfield Township**

Farmington Hills

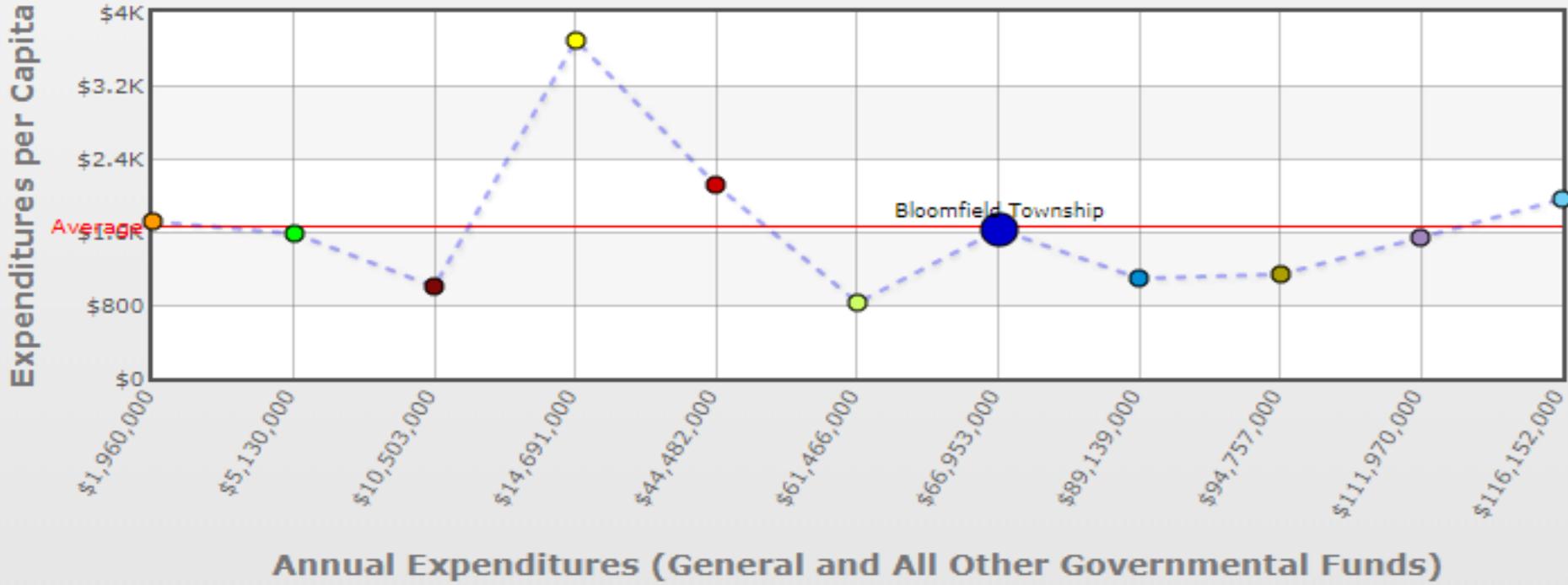
Troy

Southfield

Royal Oak

## How The Charter Township of Bloomfield Compares

Showing all communities in the Comparison of Neighboring Communities List



● 2018 Fiscal Year



## False Statement #4

- ✓ **BT lacks accounting discipline, financial transparency, and prudent spending management.**

### The Truth:

- Bloomfield Township's auditors strongly disagree and continue to issue the highest audit opinion available
- The credit rating agencies disagree and continue to reaffirm the AAA rating
- The Township Finance Director is well educated and respected in his field
- Holds a bachelor's degree in Accounting/Finance (double major)
  - Prior to Township employment was an auditor for 6 years
  - Spent 7 years as Deputy Finance Director before being promoted in 2014
  - Completed a 3 year study program and passed 5 examinations to become a Certified Public Finance Officer (CPFO) in the five major areas of government-
    - Governmental accounting, auditing and financial reporting
    - Operating and capital budgeting
    - Debt management
    - Treasury and investment management
    - Retirement and benefits, risk management, and procurement
  - Bloomfield is the only Township in the state with a certified Finance Director, he is only 1 of 16 holding the certification in the State of MI, and of 553 in the entire country



## False Statement #5

✓ BT sold \$80M in bonds in 2013 to fully fund the defined benefit pension, but now it is also vastly under-funded. Same problem!

### The Truth:

- Selling pension bonds saved the taxpayers millions of dollars
- The pension plan is 97% funded
- The issue is the obligation to keep the majority of the trust assets within Prudential, per an antiquated contract signed in 1961



## False Statement #6

**Public Safety?** The big deception is that this is written as a “public safety” measure, but it’s actually needed to pay down a “past debt” because officials didn’t fund the plan on a timely basis. This is shuffling around dollars from one account to another -- it’s a shell game. The finances are being deliberately convoluted.

- ✓ There are many opportunities to trim the budgetary fat besides Police and Fire services.

### The Truth:

- This is a public safety “funding” issue; approx two-thirds of the pension and OPEB liabilities are from public safety employees and retirees
- Therefore, it is the Public Safety Fund’s obligation to pay their share of the liability and nobody else’s
- There is no shuffling or skewing or shell game, this is the proper accounting method (both the auditors and actuaries agree)
- It would be improper and in some cases illegal to take funding derived from other sources and departments and use it to pay for Public Safety liabilities



## False Statement #7

That savings is minimal compared to the total package of rich benefits. For example, BT pays a whopping 10 to 14% of base salary for 401a plans, significantly higher than other communities and companies.

### The Truth:

- Many of these benefits were awarded by an arbitrator based upon comparable communities and are binding; including allowing the Township to close its DB pension plan in 2005 and open a Defined Contribution plan saving millions of dollars
- The arbitrator awarded a 14% contribution rate based upon expert testimony that it would provide a retirement benefit comparable to those receiving a DB plan benefit



# False Statement #8

## 1. The Township pays lavish salaries and pensions.

Employees are at the top end of the pay scale with annual pay increases and many perks. The Township pays 14% of salary for 401B plans an extremely expensive cost for taxpayers compared to other communities, paying 2 - 8%. Retired employees hired before 2011, enjoy 75% of their annual salary which includes spikes for overtime, banked vacation time, years of service and cost of living increases. Many retirees are in the \$100K/year club.

## The Truth:

- The average DB pension is \$40,242 (far from \$100k...)
- The DB pension plan has never included overtime, or banked paid time off (it is rare to find it excluded)
- A 75% pension is achievable for a firefighter if they put in over 27 years of service, and a police officer 25 years of service
- The 401A plan contribution of 14% for police and fire, and 10% for everyone else is within the normal range for municipalities

Auburn Hills 9% to 12%	Rochester Hills 12% to 14%
Birmingham 9% to 15%	Novi 8% to 10%
Bloomfield Hills 10% to 16%	Troy 8% to 13%
Farmington Hills 10%	West Bloomfield 10% to 12%



# What Can You Do??

Educate yourself with the facts and frequently asked questions:

- Visit the Township website:  
<https://www.bloomfieldtpw.org/Government/Funding-the-Structural-Deficit.aspx>
- Call the Township with your questions, or set up a meeting for a discussion
- Attend one of the Q&A Town Hall meetings on the following dates:

Senior Center, 4315 Andover Rd	Town Hall, 4200 Telegraph Rd
Thursday, May 16 <sup>th</sup> @ 1:30pm	Wednesday, May 29 <sup>th</sup> @ 3:00pm
Thursday, May 16 <sup>th</sup> @ 3:00pm	Thursday, June 27 <sup>th</sup> @ 7:00pm
Monday, June 17 <sup>th</sup> @ 9:30am	Wednesday, July 10 <sup>th</sup> @ 3:00pm
	Wednesday, July 31 <sup>st</sup> @ 7:00pm

## Please vote on August 6<sup>th</sup>, 2019

