

DATE: September 1, 2004

TO: City Council

RE: Tuesday Aug 31 Budget Issues

1. Changes to General Fund – Transfer Out to Capital Improvement Fund / Capital Improvement Fund / Facilities Fund:
  - a. PK-05F – Borden Park / Soccer Field #4 Renovation – *Withdrawn*
  - b. PK-18 – Outdoor ADA Site Compliance – *Withdrawn*
  - c. FA-01C – City Hall Erosion Control – *Withdrawn*
  
2. How many City of Rochester Hills residents use the SOCCRA site to drop off or pick up compost per year?
  - a. According to SOCCRA, in 2004 the average number of vehicles per week per month was or is estimated to be:
    - i. April = Approx. 160 vehicles / week
    - ii. May = Approx. 200 vehicles / week
    - iii. June = Approx. 140 vehicles / week
    - iv. July = Approx. 120 vehicles / week
    - v. August = Approx. 110 vehicles / week
    - vi. September = Approx. 160 vehicles / week (estimated)
    - vii. October = Approx. 220 vehicles / week (estimated)
    - viii. November = Approx. 160 vehicles / week (estimated)
    - ix. December = Approx. 100 vehicles / week (estimated)
  
3. Major Roads – Fees / Franchise Utilities (202.603003)
  - a. Added the description – *Metro Act / ROW Maintenance*
  
4. Major Roads – Tuition refund (202.724000)
  - a. Increased to \$500 from \$0
  
5. Major Roads – Construction / Streets (202.970000)
  - a. MR-51 – Rochester Hills Dr. / Rehabilitation – *Withdrawn*
  
6. Fire Fund – Rental / Cell Tower Lease (206.650001) Why did this decrease from 2002 actual to 2003? And why are there odd dollar amounts in the 2003 and 2004 actual revenue columns.
  - a. In February 2002, Nextel began using the Cell Tower to service their customers. As part of the contract, Nextel agreed to pay \$10,000 of up front initial costs and then to pay \$1,650/mo. with a 2% increase per year for a 5-year contract expiring in February 2007. In summary, the decrease from 2002 to 2003 is due to this one-time lump sum payment recorded in 2002.  
The 2% increase causes the “odd” actual revenue amounts in the 2003 and 2004.

7. Why did Fire / Dispatch – Worker’s Compensation (343.721000) increase by 158%?
  - a. According to Worker’s Compensation Table provided by the Michigan Municipal League, Dispatchers were listed at a rate of \$0.40 of Worker’s Compensation premium per \$100 of payroll. To achieve the budget for Dispatch / Worker’s Compensation, Fiscal used the following formula:
    - i.  $\$545,790 \text{ (Dispatch Salary)} * (\$0.40/\$100) = \$2,180$
8. Dispatcher cost to the Water & Sewer Fund is being researched by Fire.
9. EMT verses Paramedic issue is being researched by Fire.
10. Community Alert System is being researched by Fire.
  
11. Request for Fund Balance and millage information options for the Fire Operating Fund.

Attached are options demonstrating what the Fire Levy would equal should the City budget Fund Balance at 15% (attachment A), 17.5% (attachment B), and 20% (attachment C) of operating costs at the end of 2005 assuming no transfers to the Fire Apparatus Fund. Attachments also report what the variance between the proposed 1.9 mills and the various millages above.

**See attachments**

# A

**Statement of Revenues / Expenditures  
and Changes in Fund Balance**

206 Fire Department Revenues	2003 Audited Actual	2004 Amended Budget	2005 Proposed Budget	% Change
City Taxes	\$ 5,725,582	\$ 5,828,358	\$ 5,577,597	-4.3%
Licenses & Permits	11,500	-	13,500	-
Intergovernmental				
State Grants	-	-	-	-
Federal Grants	6,231	3,455	3,450	-0.1%
Other Intergovernmental	-	-	-	-
Service Charges	692,602	587,000	945,500	61.1%
Fines & Forfeitures	11,747	6,000	8,000	33.3%
Investment Earnings	49,804	40,000	48,000	20.0%
Special Assessments	-	-	-	-
Other Revenue	114,812	4,000	2,000	-50.0%
Bond Proceeds	-	-	-	-
Transfer-In	-	50,000	-	-100.0%
<b>TOTAL REVENUES</b>	<b>\$ 6,612,278</b>	<b>\$ 6,518,813</b>	<b>\$ 6,598,047</b>	<b>1.2%</b>
<b>Fire Department Expenditures</b>				
General Government	\$ -	\$ -	\$ -	-
Public Service	-	-	-	-
Public Safety	5,145,175	5,610,718	6,332,780	12.9%
Streets	-	-	-	-
Building & Ordinance Enforcement	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	33,400	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Other Debt Service	-	-	-	-
Transfer-Out	2,010,339	1,468,807	24,000	-98.4%
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,188,914</b>	<b>\$ 7,079,525</b>	<b>\$ 6,356,780</b>	<b>-10.2%</b>
Excess Revenue Over / (Under)				
Expenditures	\$ (576,636)	\$ (560,712)	\$ 241,267	-143.0%
Fund Balance - Beginning	1,845,998	1,269,362	708,650	-44.2%
<b>Fund Balance - Ending</b>	<b>\$ 1,269,362</b>	<b>\$ 708,650</b>	<b>\$ 949,917</b>	<b>34.0%</b>

1.7350

\$ 530,276

Millage Required to Hold Fire  
at 15% of Fund Balance

Variance in \$'s  
from 1.9000 mills

B

**Statement of Revenues / Expenditures  
and Changes in Fund Balance**

<b>206 Fire Department Revenues</b>	<b>2003 Audited Actual</b>	<b>2004 Amended Budget</b>	<b>2005 Proposed Budget</b>	<b>% Change</b>
City Taxes	\$ 5,725,582	\$ 5,828,358	\$ 5,735,917	-1.6%
Licenses & Permits	11,500	-	13,500	-
Intergovernmental				
State Grants	-	-	-	-
Federal Grants	6,231	3,455	3,450	-0.1%
Other Intergovernmental	-	-	-	-
Service Charges	692,602	587,000	945,500	61.1%
Fines & Forfeitures	11,747	6,000	8,000	33.3%
Investment Earnings	49,804	40,000	48,000	20.0%
Special Assessments	-	-	-	-
Other Revenue	114,812	4,000	2,000	-50.0%
Bond Proceeds	-	-	-	-
Transfer-In	-	50,000	-	-100.0%
<b>TOTAL REVENUES</b>	<b>\$ 6,612,278</b>	<b>\$ 6,518,813</b>	<b>\$ 6,756,367</b>	<b>3.6%</b>
<b>Fire Department Expenditures</b>				
General Government	\$ -	\$ -	\$ -	-
Public Service	-	-	-	-
Public Safety	5,145,175	5,610,718	6,332,780	12.9%
Streets	-	-	-	-
Building & Ordinance Enforcement	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	33,400	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Other Debt Service	-	-	-	-
Transfer-Out	2,010,339	1,468,807	24,000	-98.4%
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,188,914</b>	<b>\$ 7,079,525</b>	<b>\$ 6,356,780</b>	<b>-10.2%</b>
Excess Revenue Over / (Under)				
Expenditures	\$ (576,636)	\$ (560,712)	\$ 399,587	-171.3%
Fund Balance - Beginning	1,845,998	1,269,362	708,650	-44.2%
<b>Fund Balance - Ending</b>	<b>\$ 1,269,362</b>	<b>\$ 708,650</b>	<b>\$ 1,108,237</b>	<b>56.4%</b>

**1.7843**

**\$ 371,956**

Millage Required to Hold Fire  
at 17.5% of Fund Balance

Variance in \$'s  
from 1.9000 mills

**Statement of Revenues / Expenditures  
and Changes in Fund Balance**

206 Fire Department Revenues	2003 Audited Actual	2004 Amended Budget	2005 Proposed Budget	% Change
City Taxes	\$ 5,725,582	\$ 5,828,358	\$ 5,894,236	1.1%
Licenses & Permits	11,500	-	13,500	-
Intergovernmental				
State Grants	-	-	-	-
Federal Grants	6,231	3,455	3,450	-0.1%
Other Intergovernmental	-	-	-	-
Service Charges	692,602	587,000	945,500	61.1%
Fines & Forfeitures	11,747	6,000	8,000	33.3%
Investment Earnings	49,804	40,000	48,000	20.0%
Special Assessments	-	-	-	-
Other Revenue	114,812	4,000	2,000	-50.0%
Bond Proceeds	-	-	-	-
Transfer-In	-	50,000	-	-100.0%
<b>TOTAL REVENUES</b>	<b>\$ 6,612,278</b>	<b>\$ 6,518,813</b>	<b>\$ 6,914,686</b>	<b>6.1%</b>
<b>Fire Department Expenditures</b>				
General Government	\$ -	\$ -	\$ -	-
Public Service	-	-	-	-
Public Safety	5,145,175	5,610,718	6,332,780	12.9%
Streets	-	-	-	-
Building & Ordinance Enforcement	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	33,400	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Other Debt Service	-	-	-	-
Transfer-Out	2,010,339	1,468,807	24,000	-98.4%
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,188,914</b>	<b>\$ 7,079,525</b>	<b>\$ 6,356,780</b>	<b>-10.2%</b>
Excess Revenue Over / (Under)				
Expenditures	\$ (576,636)	\$ (560,712)	\$ 557,906	-199.5%
Fund Balance - Beginning	1,845,998	1,269,362	708,650	-44.2%
<b>Fund Balance - Ending</b>	<b>\$ 1,269,362</b>	<b>\$ 708,650</b>	<b>\$ 1,266,556</b>	<b>78.7%</b>

**1.8335**

**\$ 213,637**

Millage Required to Hold Fire  
at 20% of Fund Balance

Variance in \$'s  
from 1.9000 mills