
CITY OF ROCHESTER HILLS**Fiscal**

DATE: May 9, 2005

TO: Public Safety Committee

RE: Police Millage Scenario

Julie Jenuwine, Finance Director

Please find Police Millage estimated scenarios attached, as requested at the April 4, 2005 Public Safety Committee meeting, along with an additional option (Scenario C). The scenarios project millages starting 2008 through 2015, based on the current police millage expirations.

Scenario A

Assuming General Fund transfer continues for fiscal years 2006 (\$2,566,700) and 2007(\$2,638,478), until Police Millage II expires. No additional officers are hired. A Police Millage II of 1.3268 will be necessary to maintain the 58 officers without a transfer from General Fund in years 2008 through 2014. A total millage of 2.0445 is projected in 2015 (after the expiration of Police Millage I),

Scenario B

Assuming General Fund transfer continues for fiscal years 2006 (\$2,566,700) and 2007(\$2,638,478), until Police Millage II expires. One additional officer is added each year beginning in 2008 through 2015. A millage of 1.4576 will be necessary in 2008 through 2014, after the Police Millage II expires in 2007. A total Police Millage of 2.2580 will be necessary in 2015 assuming the Police Millage II expires in 2014.

Scenario C

Assuming General Fund transfer continues for fiscal years 2006 (\$2,566,700) and 2007(\$2,638,478), until Police Millage II expires. All eight (8) deputies are added in 2008. A Police Millage II of 1.5755 will be necessary in 2008. A total millage of 2.2857 will be necessary in 2015.

Assumptions utilized in these forecasts to determine the minimum millage are as follow:

- *An approximate 4% annual OCSD contractual increase through 2008*
- *OCSD contract cost is unknown beyond 2008, therefore estimated at a 4% annual increase*
- *City employee wages increase 2% each year*
- *City employee health benefit costs increase to \$20,000 in 2006, based on an average, and 12% thereafter*
- *Operating expenditures increase 2% each year except for Interfund charges*
- *Interfund charges (general administration, MIS and occupancy) increase 5%*
- *Taxable Value growth rate decreases each year, as the City builds out (see table for each years details)*
- *Headlee rollback increases each year (see table for each years details)*
- *Keep a target fund balance at 15% of operating expenditures, as opposed to the current policy for this fund (due to the subsidy)*

I hope that this information is helpful. Should you need further information, please contact me.

