

# **CITY OF ROCHESTER HILLS**



## **SEVEN YEAR FINANCIAL FORECAST**

**For Fiscal Years 2025 – 2031**

**Presented: July 29, 2024**



innovative *by* nature

July 29, 2024

We are pleased to present the Rochester Hills City Council with the City's Seven-Year Financial Forecast covering Fiscal Years 2025-2031.

The City's Seven-Year Financial Forecast was developed to give the City Council and the public a forward look at the City's financial picture. This forecast is intended to identify financial trends, issues, and opportunities to enable the City to **proactively** address issues rather than be forced into a **reactive** position.

The City's Seven-Year Forecast is built by projecting *current* service levels, programs, and policies by a conservative set of financial assumptions to envision the impact of service levels, programs, and policies into the future. The Seven-Year Forecast considers projects identified in the City's Capital Improvement Plan (CIP) and the City's adopted Governmental Funds Fund Balance Policy.

*The Seven-Year Financial Forecast is not intended to be a budget, a proposed spending plan, or a policy recommendation.*

As the name implies, this process is a forecast and is not a formal plan. The Seven-Year Financial Forecast is not intended to be a comprehensive plan for achieving all City Council adopted objectives.

The Seven-Year Financial Forecast rather sets the stage for the annual Three-Year Budget development, by aiding Department Directors, the Mayor, and City Council in establishing priorities and allocating the City's resources most appropriately. The forecast helps to project economic outcomes, their effects on the City's revenues, and the level of services and programs the City may be able to deliver within those forecasted revenue flows.

## July 2024 Financial Forecast Projections:

- **Taxable Value:**

FY 2024	7.20%	Actual
FY 2025	7.16%	Actual
FY 2026	3.90%	Projected
FY 2027	2.46%	Projected
FY 2028-2031	2.46%	Projected

- The City is taking a conservative approach to projecting City Taxable Value growth into the future
- The Consumer Price Index (CPI) used to calculate Taxable Value changes is based on a 24-month rolling average
  - *Taxable Values have increased an average of +4.9% per year the past 5-Years (2020-2024)*

- **City of Rochester Hills Millage Rate:**

	Actual 2024	Projected 2025	Projected 2026	Estimated 2027	Estimated 2028	Estimated 2029	Estimated 2030	Estimated 2031
<b>OPERATING MILLAGE</b>								
Charter Operating	2.8157	2.6979	2.7254	2.7254	2.5458	2.5060	2.4642	2.4216
Local Street I	1.0687	1.0625	1.0625	1.0625	1.0625	1.0625	1.0625	1.0625
Fire Fund	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Police I	1.1359	2.4073	2.4073	2.4073	2.5869	2.6267	2.6685	2.7111
Police II	1.1345	-	-	-	-	-	-	-
Pathway	0.1742	0.1731	0.1731	0.1731	0.1731	0.1731	0.1731	0.1731
Park Infrastructure	0.1645	0.1635	0.1635	0.1635	0.1635	0.1635	0.1635	0.1635
RARA: Operating	0.1829	0.1818	0.1818	0.1818	0.1818	0.1818	0.1818	0.1818
OPC: Operating	0.3146	0.3127	0.3127	0.3127	0.3127	0.3127	0.3127	0.3127
Library: Operating	0.7353	0.7310	0.7310	0.7310	0.7310	0.7310	0.7310	0.7310
<b>TOTAL OPERATING MILLAGE</b>	<b>10.4263</b>	<b>10.4298</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>
<b>DEBT MILLAGE</b>								
Drain Debt Fund	0.0310	0.0275	-	-	-	-	-	-
<b>TOTAL DEBT MILLAGE</b>	<b>0.0310</b>	<b>0.0275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL MILLAGE RATE</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>	<b>10.4573</b>

= Signifies Last Year of Existing Millage

- The City's overall millage rate of 10.4573 in FY 2024 is projected to be maintained into the future
- In FY 2025, the City's two (2) Police millages have been renewed and combined into one (1) single Police millage for the next 10-years through FY 2034
  - Approved by City voters on the November 2023 Election
- In FY 2025, the Drain Debt Fund Millage will fully pay off the remaining debt service and will no longer need to be levied
  - The Drain Debt millage amount of 0.0275 mill is anticipated to generate roughly \$130,000 in FY 2025
  - The City proposes to 'roll' this small levy into the General Charter Operating Levy in FY 2026 to maintain the same bottom line millage rate
- In FY 2026, the City's Pathway millage is up for renewal
  - It is projected that the Pathway millage will be renewed status quo

## July 2024 Financial Forecast Projections:

- In FY 2025, the City will review this funding dedicated to the City’s Pathway network
- Funding is proposed in the FY 2025 Budget for voter education related to a future FY 2025 Ballot Question
- In FY 2026, the RARA millage is up for renewal
  - It is projected that the RARA millage will be renewed status quo
  - City CFO / RARA Treasurer will work with RARA for a future RARA millage Ballot Question

- **State-Shared Revenue:**

FY 2024	2.0%	Projected
FY 2025	1.0%	Projected
FY 2026	1.0%	Projected
FY 2027	1.0%	Projected
FY 2028-2031	1.0%	Projected

- State-Shared revenue represents the share of sales tax distributed by the State of Michigan to the City of Rochester Hills
- Projections are provided by the State of Michigan Consensus Revenue Estimating Conference
  - *Note: State-Shared Revenues have increased an average of +6.9% per year the past 5-Years (2019-2023)*

- **Act 51 Revenue:**

FY 2024	0.0%	Projected
FY 2025	1.0%	Projected
FY 2026	1.0%	Projected
FY 2027	1.0%	Projected
FY 2028-2031	1.0%	Projected

- State of MI Gasoline tax (Act 51) represents the share of gasoline tax and vehicle registration fees distributed to local units
- The future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline)
  - The City will be closely monitoring any legislation at the State of Michigan regarding potential changes to road funding stemming from the transition to electric vehicles
- The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1% growth in Act 51 revenue moving forward
  - *Note: Act 51 Revenues have increased an average of +8.1% per year the past 5-Years (2019-2023)*

## July 2024 Financial Forecast Projections:

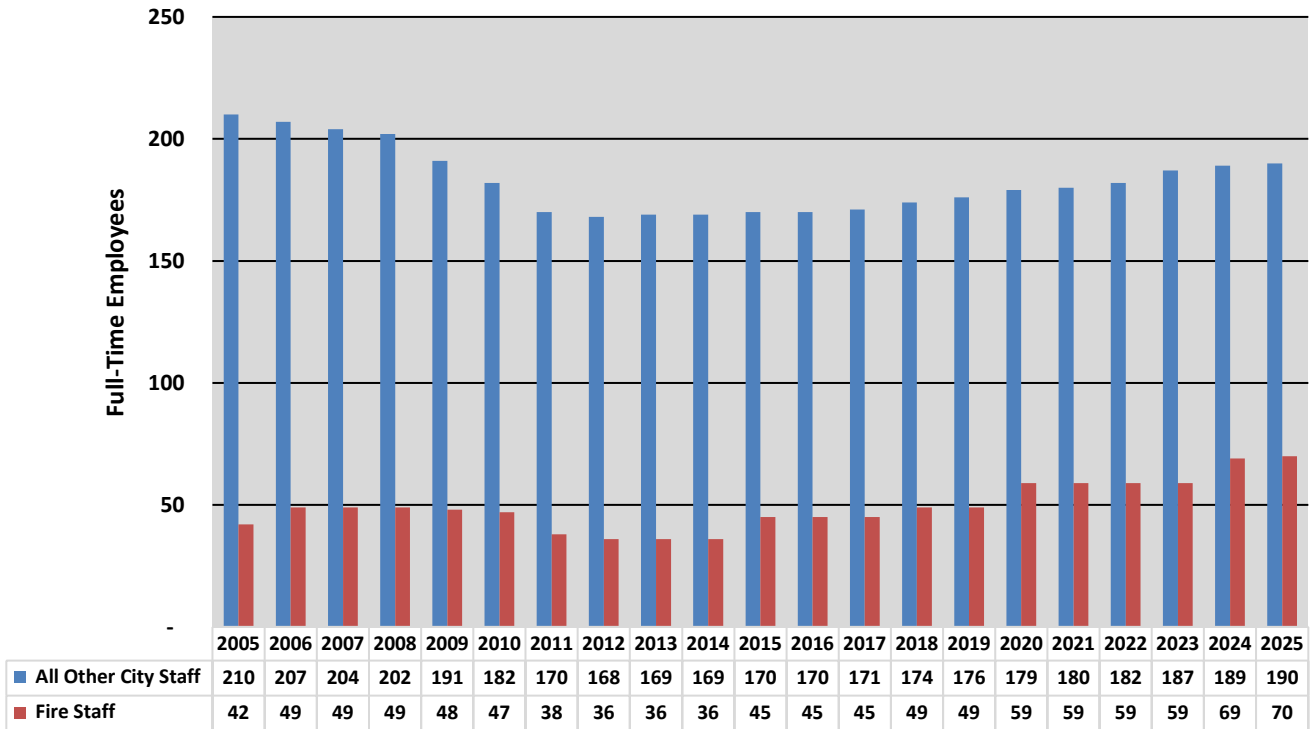
- **Investment Earnings:**

FY 2024	4.87%	6/30/2024
FY 2025	2.50%	Projected
FY 2026	2.50%	Projected
FY 2027	2.50%	Projected
FY 2028-2031	2.50%	Projected

- At their June 2024 meeting, the Federal Open Market Committee (FOMC) voted to pause and maintain the Federal Funds Rate at a target range of 5.00% to 5.25%
    - Federal Funds Rate cuts are anticipated potentially starting in September 2024
  - The City is taking a very conservative approach to projecting investment revenue into the future
- **2024 Budget Information:**
    - Updated with FY 2024 2<sup>nd</sup> Quarter Proposed Budget Amendment data to provide the most up-to-date financial forecast
  - **Capital Projects:**
    - All capital projects were reviewed and updated with revised cost estimates based upon current market conditions as part of the FY 2025-2030 CIP process
  - **Staffing Levels:**
    - 2025-31 Long-Term Forecast projects two (2) additional full-time City employees
      - One (1) Full-Time Parks Deputy Director [General Fund / Parks Department]
        - New Position Request
      - One (1) additional Full-Time Administrative Associate II [Fire Operating Fund]
        - Currently Budgeted Part-Time proposed to move to Full-Time
    - 2025-31 Long-Term Forecast projects two (2) additional OCSO deputies [Police Fund]

## July 2024 Financial Forecast Projections:

### Budgeted Full-Time Employees per Fiscal Year



- **Salary and Wages**

FY 2024	2.75%	Actual
FY 2025	2.75%	Projected
FY 2026	2.75%	Projected
FY 2027	2.75%	Projected
FY 2028-2031	2.75%	Projected

- FY 2024 consistent with existing Union contracts
- FY 2025-31 projected

- **OCSO Contract**

FY 2024	2.80%	Actual
FY 2025	10.00%	Projected
FY 2026	5.00%	Projected
FY 2027	4.00%	Projected
FY 2028-2031	4.00%	Projected

- FY 2024 consistent with existing OCSO contract
- FY 2025-31 projected based on estimate provided by OCSO

## July 2024 Financial Forecast Projections:

- **Health Care**

FY 2024	0.00%	Actual
FY 2025	6.00%	Projected
FY 2026	6.00%	Projected
FY 2027	6.00%	Projected
FY 2028-2031	6.00%	Projected

- FY 2025-31 projected based on conservative estimate provided by City's Healthcare Broker

- **General Inflation**

FY 2024	4.00%	Projected
FY 2025	3.50%	Projected
FY 2026	3.00%	Projected
FY 2027	2.50%	Projected
FY 2028-2031	2.50%	Projected

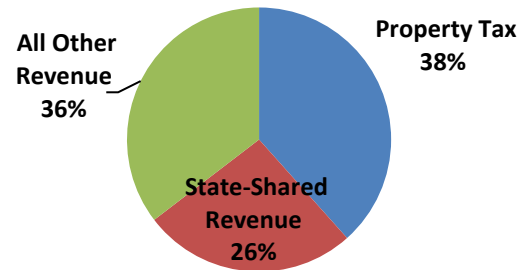
- FY 2025-31 projected based on Federal Reserve Board inflation target

# (101) General Fund Forecast

## GENERAL FUND / REVENUES:

- For FY 2024, the primary sources of General Fund revenue are:
  - 38% = Property Tax
  - 26% = State-Shared Revenue
  - 36% = All Other Revenue
    - Charges for Services, License & Permits, etc...

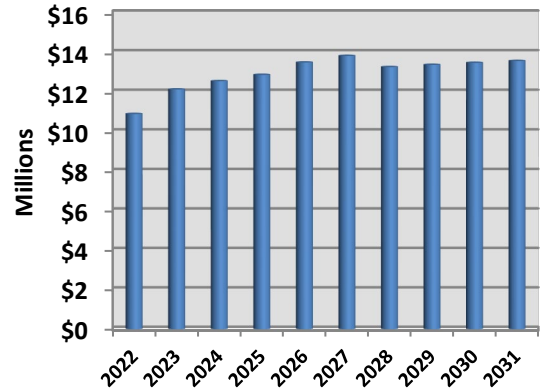
**General Fund:  
FY 2024 Revenue Sources**



## General Fund / Property Tax Revenue:

- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- A slight decrease in the General Fund (Charter Operating) millage in FY 2028 as the Police Fund is projected to hit its 25% Fund Balance target balance, and will need to increase the Police millage to maintain that fund balance level into the future

**General Fund:  
Property Tax Trend**

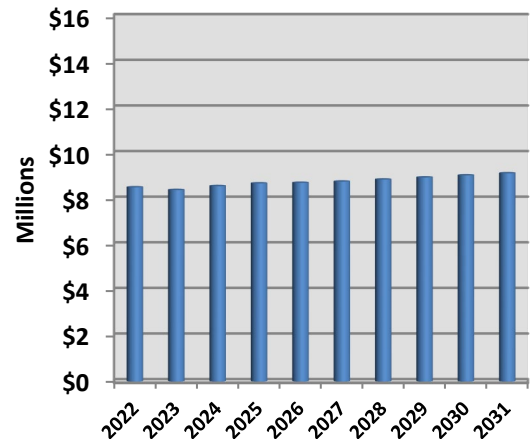


## General Fund / State Shared Revenue:

FY 2024	2.0%	Projected
FY 2025	1.0%	Projected
FY 2026	1.0%	Projected
FY 2027	1.0%	Projected
FY 2028-2031	1.0%	Projected

- Projections are provided by the State of Michigan Consensus Revenue Estimating Conference

**General Fund:  
State Shared Revenue Trend**

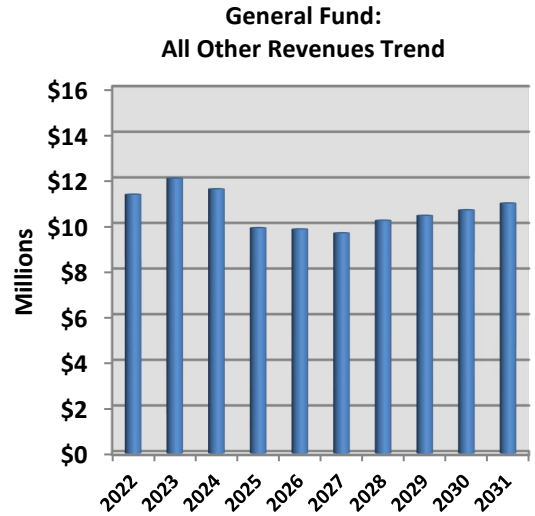




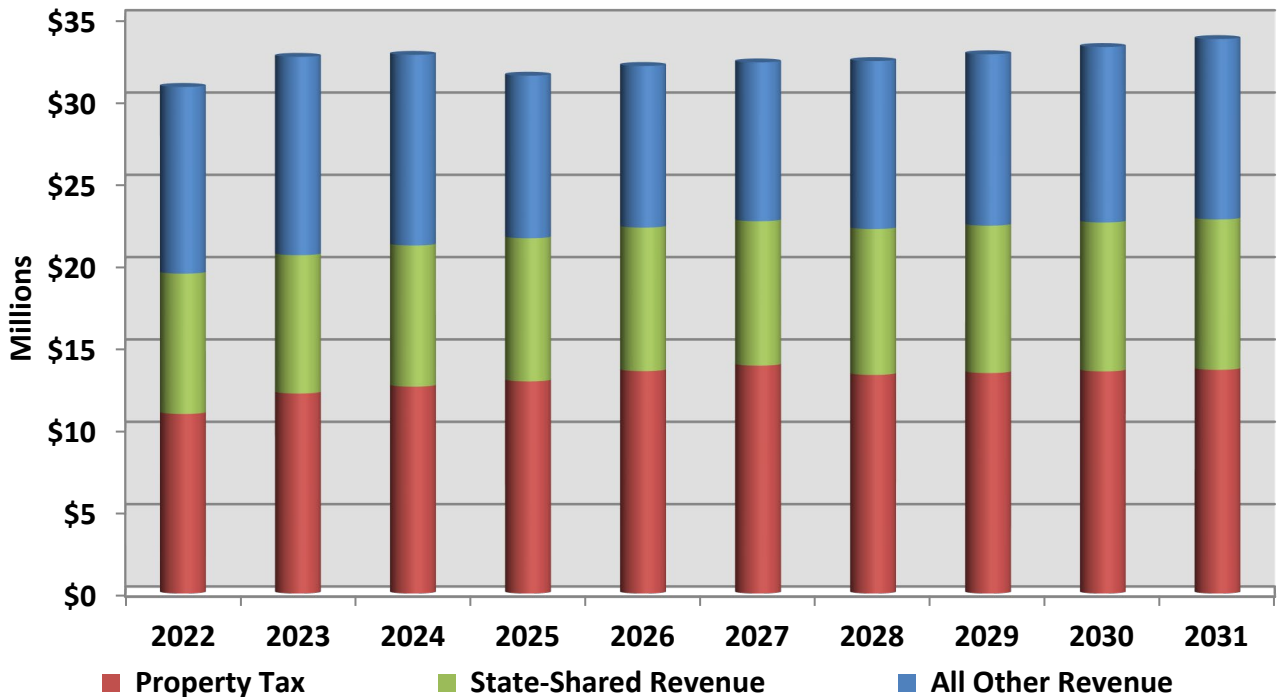
# (101) General Fund Forecast

## General Fund / Other Revenues:

- Various Charges for Services, License & Permits, etc...
  - Examples: Building, Ordinance, Clerks, Planning, Parks Department, Investment Earnings, etc...
- The decrease in Other Revenue projected from FY 2022-23 to 2024+ is primarily due to conservatively projected Investment Earnings and Building Permit Fees



## General Fund: Total Revenue Trend

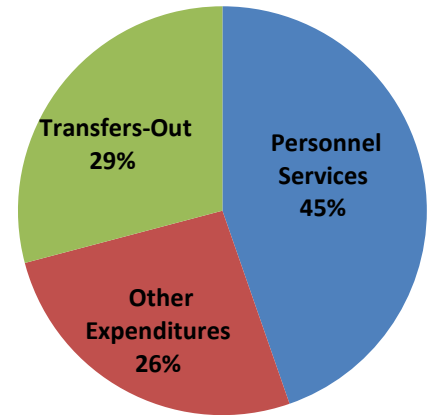


# (101) General Fund Forecast

## GENERAL FUND / EXPENDITURES:

- For FY 2024, the primary sources of General Fund expenditures are:
  - 45% = Personnel Services
  - 26% = Other Expenditures
    - Supplies, Services, Interfund Charges, Memberships, etc...
  - 29% = Transfers-Out to other funds
    - *Includes transfer to the Capital Improvement Fund (420) to set the General Fund Balance at 80% of annual expenditures*

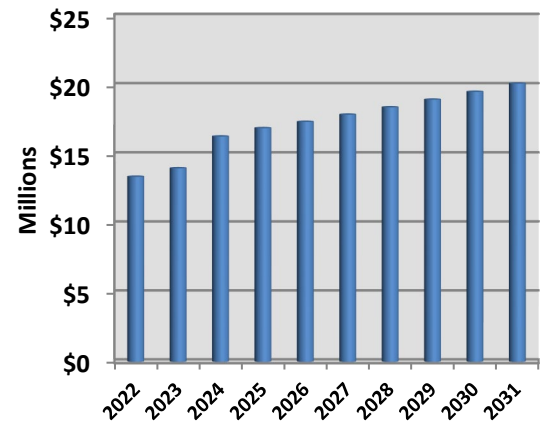
**General Fund:  
FY 2024 Expenditure Sources**



## **General Fund / Personnel Services:**

- 2025-31 Long-Term Forecast projects one (1) additional full-time City employees
  - One (1) Full-Time Parks Deputy Director [General Fund / Parks Department]
    - New Position Request
- Salary and Wages are projected to increase +2.75% per year
  - *The increase in trend from 2022-23 Actual to 2024+ is due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year*

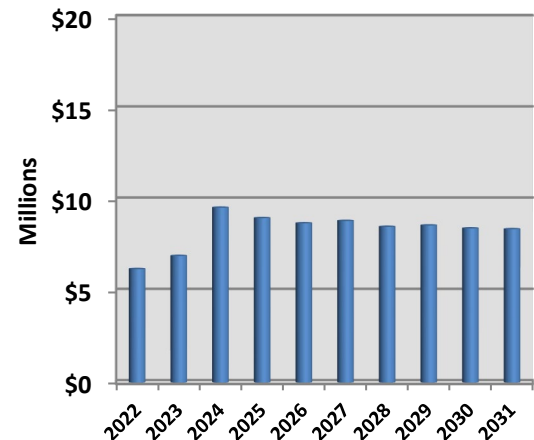
**General Fund:  
Personnel Services Trend**



## **General Fund / Other Expenditures:**

- Supplies, Materials, Professional & Contractual Services, Interfund Charges (Facilities & MIS), Printing & Publishing, etc...
- Other expenditures are projected to increase between 0% to +2.5% per year
  - *The increase in trend from 2022-23 Actual to 2024+ is due to actual operating expenditures routinely coming in under budget each year*

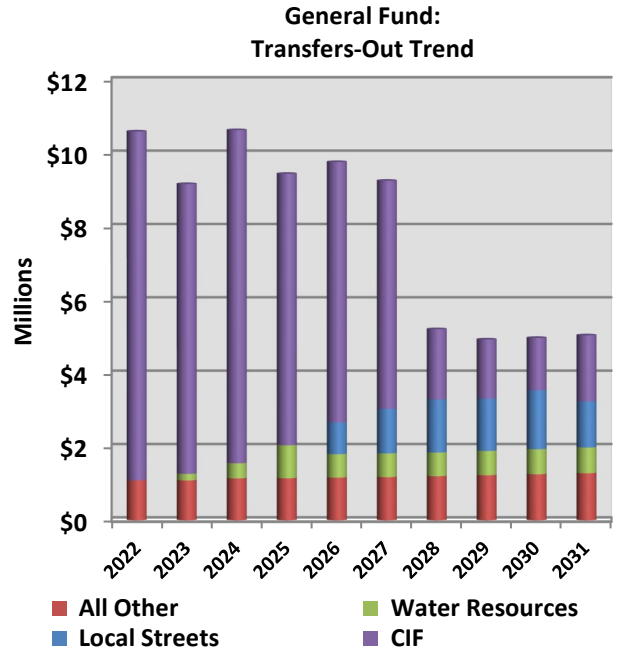
**General Fund:  
Other Expenditures Trend**



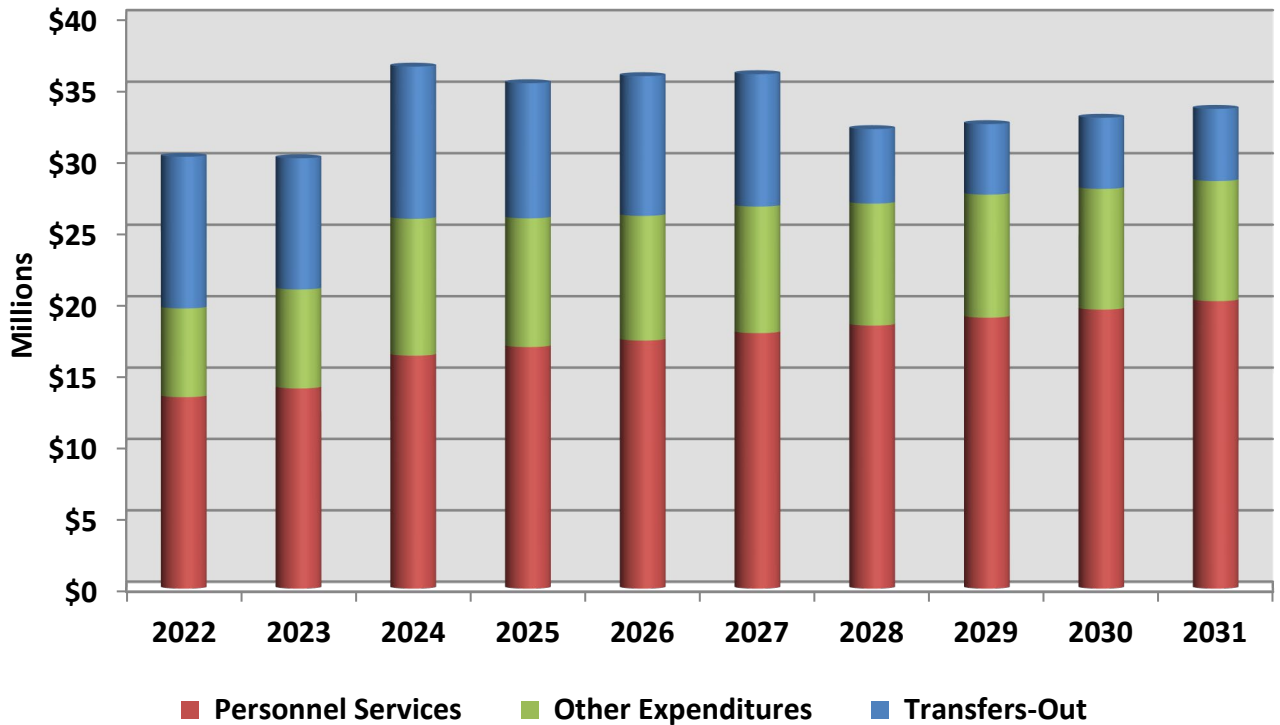
# (101) General Fund Forecast

## General Fund / Transfers-Out:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures
  - Note: It is proposed to move from the current 80% level to the 35% level over the course of three (3) years
- The annual transfer from the General Fund to the Water Resources Fund will be in an amount to maintain the Water Resources Fund Balance at 25% of annual operating expenditures
- The annual transfer from the General Fund to the Local Street Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures
  - Anticipated to resume in FY 2026, increasing to a more consistent level in FY 2027



## General Fund: Total Expenditure Trend

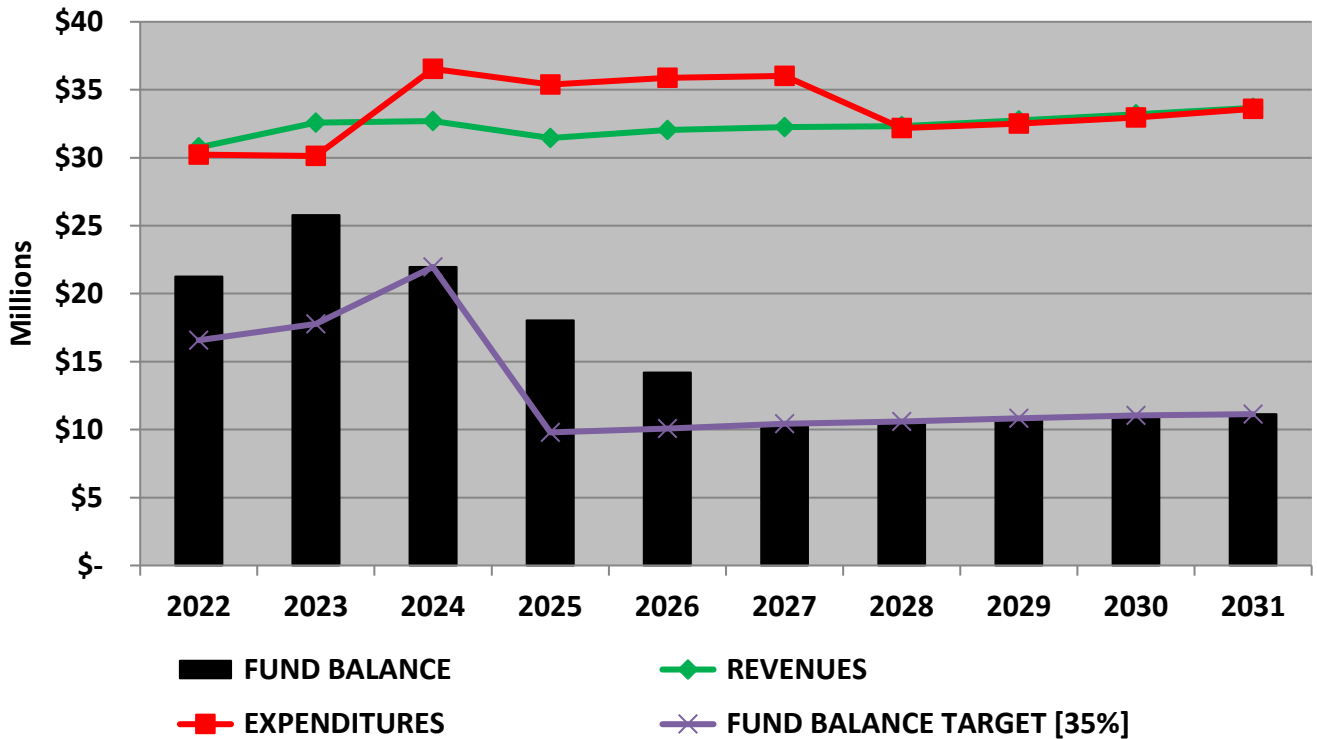


# (101) General Fund Forecast

## General Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures
  - Note: It is proposed to move from the current 80% level to the 35% level over the course of three (3) years

**General Fund: Revenue / Expenditure / Fund Balance**



## General Fund / Takeaway Points:

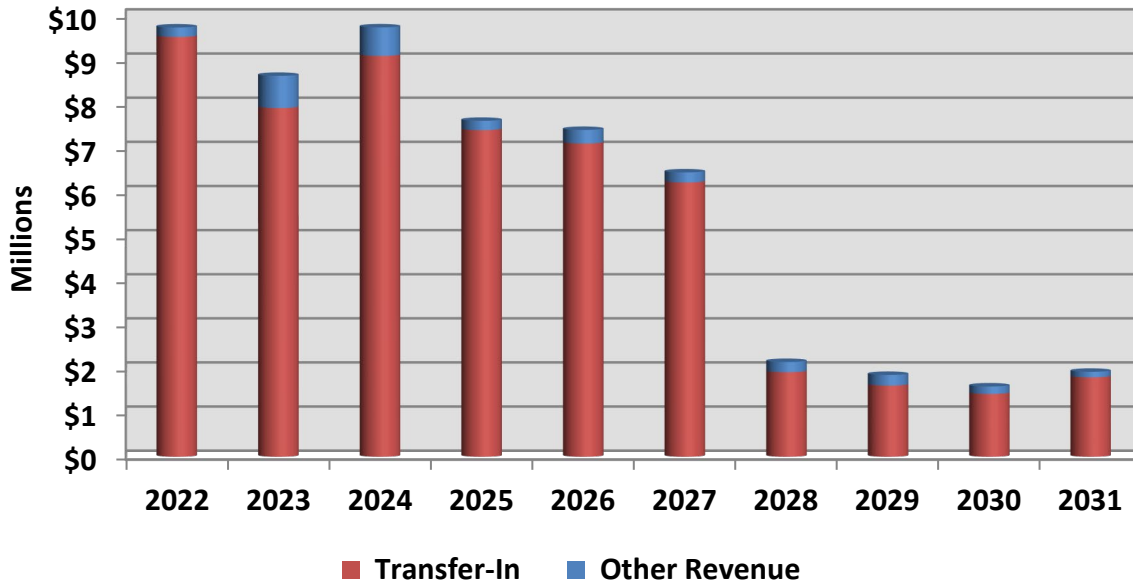
- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- 2025-31 Long-Term Forecast projects one (1) additional full-time City employees
  - One (1) Full-Time Parks Deputy Director [General Fund / Parks Department]
    - New Position Request
- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures
  - Note: It is proposed to move from the current 80% level to the 35% level over the course of three (3) years
- The annual transfer from the General Fund to the Local Street Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures and the Water Resources Fund Balance at 25% of annual operating expenditures

## (420) Capital Improvement Fund Forecast

### Capital Improvement Fund / Revenue Summary:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures
  - Note: It is proposed to move from the current 80% level to the 35% level over the course of three (3) years

### Capital Improvement Fund: Total Revenue Trend



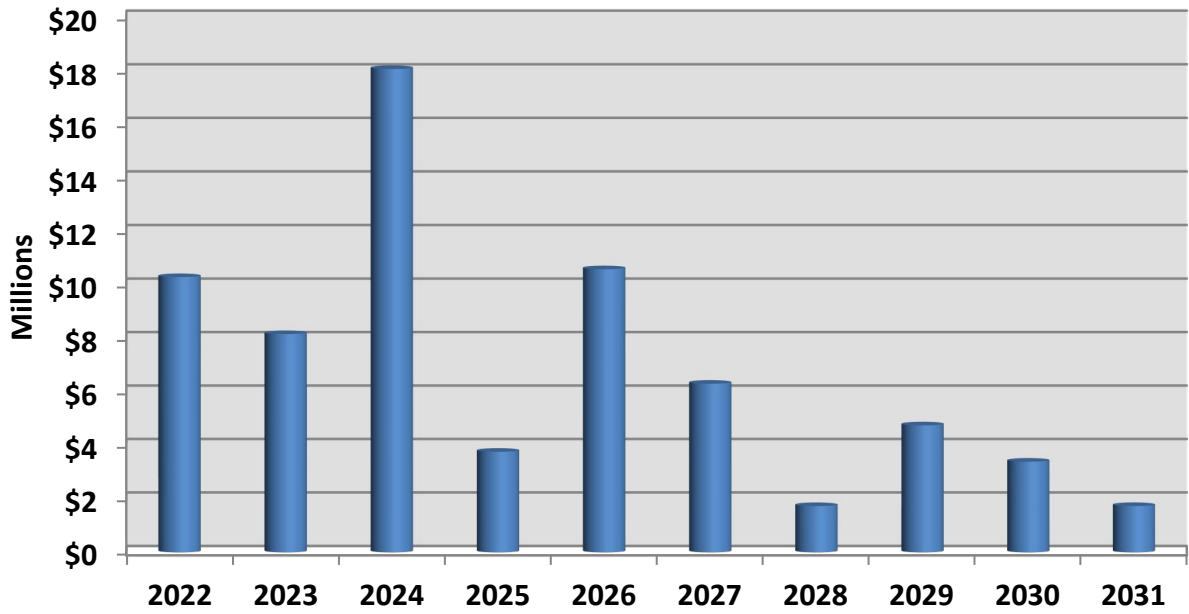
## **(420) Capital Improvement Fund Forecast**

### **Capital Improvement Fund / Expenditure Summary:**

- Capital Outlay costs for 2022-2031 include projects as included in the City's annual Capital Improvement Plan (CIP):
  - 2022 Actual:
    - \$3.5M = Innovation Hills: Development & Ranger Station
    - \$3.2M = Borden Park: Parking Lot Replacement
    - \$1.5M = Citywide Parks: Roof Replacements
    - \$1.4M = Auburn Corridor: Parking Lot & Parcel Purchase
    - \$0.5M = Various Facility & Other Improvement projects
  - 2023 Actual:
    - \$2.4M = Bloomer Park: Parking Lot Replacement
    - \$1.8M = 3308 South Blvd Parcel Purchase
    - \$1.0M = DPS Garage: HVAC and CO2 Sensor Replacement
    - \$0.9M = Innovation Hills: Development
    - \$0.8M = Citywide: Gateways
    - \$1.3M = Various Facility & Other Improvement projects
  - 2024 Budget:
    - \$4.6M = Spencer Park: Parking Lot Replacement and Pathways
    - \$2.7M = Innovation Hills: Rope Bridge & Restroom
    - \$2.4M = OCSO Substation: Interior Upgrades and Lobby Security
    - \$1.7M = DPS Garage: Hook Truck Structure & Various Improvements
    - \$1.1M = Parking Lot Replacement Program: Avondale Park
    - \$1.1M = Brookland Plaza Development
    - \$0.5M = 3300 South Blvd Parcel Purchase
    - \$3.1M = Various Facility & Other Improvement projects
  - 2025 Projected:
    - \$1.0M = Nowicki Park: Development (Preliminary Engineering)
    - \$0.5M = OCSO: Car Ports
    - \$2.2M = Various Facility & Other Improvement projects
  - 2026 Projected:
    - \$6.7M = Nowicki Park: Development
    - \$0.7M = DPS Garage: Vehicle Exhaust System
    - \$0.5M = Spencer Park: Redevelopment (Preliminary Engineering)
    - \$0.5M = City Hall: HVAC Replacements
    - \$2.1M = Various Facility & Other Improvement projects
  - 2027 Projected:
    - \$3.0M = Museum: Parking Lot Replacement
    - \$2.8M = Spencer Park: Redevelopment
    - \$0.5M = Various Facility & Other Improvement projects
  - 2028 Projected:
    - \$2.0M = Bloomer Park: Redevelopment
  - 2029 Projected:
    - \$2.8M = Spencer Park: Redevelopment
    - \$2.5M = Bloomer Park: Redevelopment
  - 2030 Projected:
    - \$3.5M = Spencer Park: Redevelopment
  - 2031 Projected:
    - \$2.3M = Adams Road Widening [Hamlin – Walton]

# (420) Capital Improvement Fund Forecast

## Capital Improvement Fund: Total Expenditure Trend

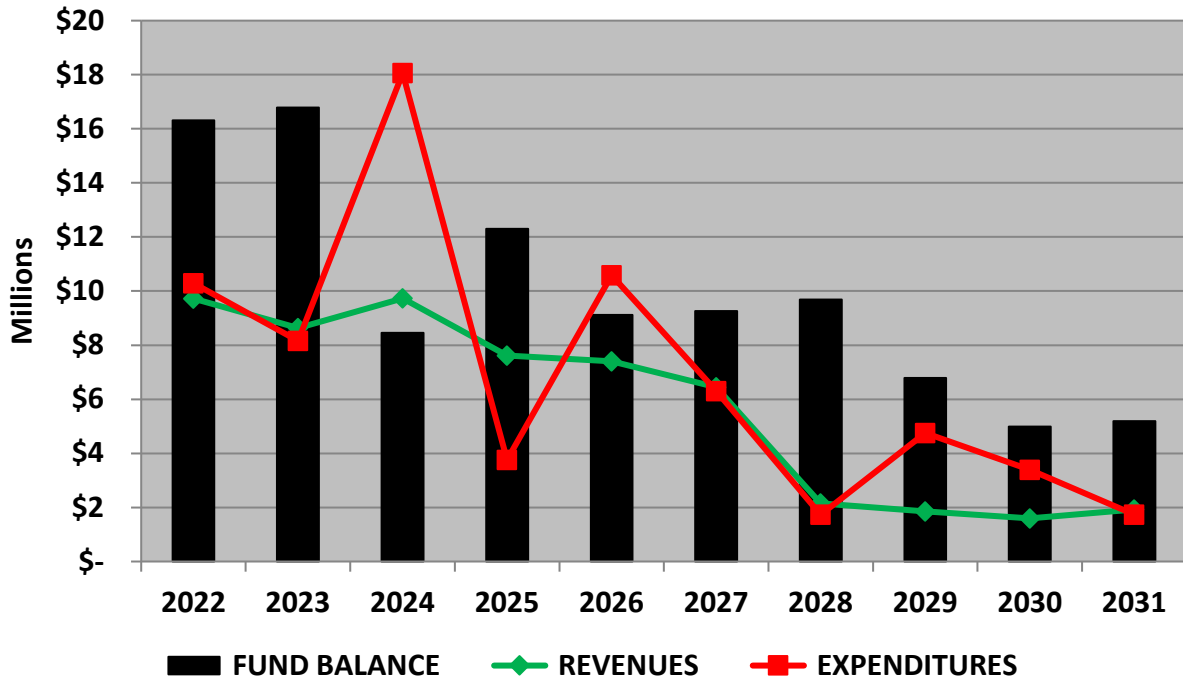


## (420) Capital Improvement Fund Forecast

### Capital Improvement Fund / Revenue, Expenditures, Changes in Fund Balance:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures
  - Note: It is proposed to move from the current 80% level to the 35% level over the course of three (3) years
- Capital Outlay costs for 2022-2031 include projects as included in the City’s annual Capital Improvement Plan (CIP)

### Capital Improvement Fund: Rev / Exp / Fund Balance



### Capital Improvement Fund / Takeaway Points:

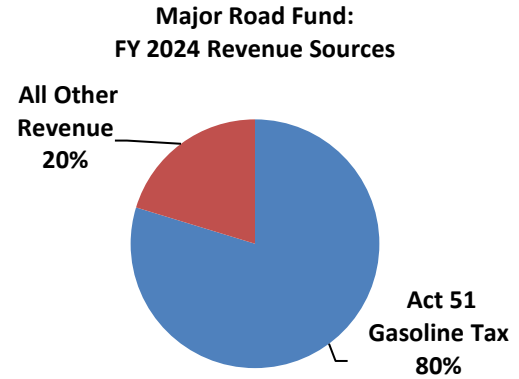
- The mission of the Capital Improvement Fund is to provide a mechanism to fund certain projects identified in the Capital Improvement Plan (CIP)
- Revenues represent the annual structural surplus of the General Fund maintained at 35% of operating expenditures
  - Note: It is proposed to move from the current 80% General Fund Balance level to the 35% General Fund Balance level over the course of three (3) years
- Capital Outlay costs include projects as included in the Adopted CIP



# (202) Major Road Fund Forecast

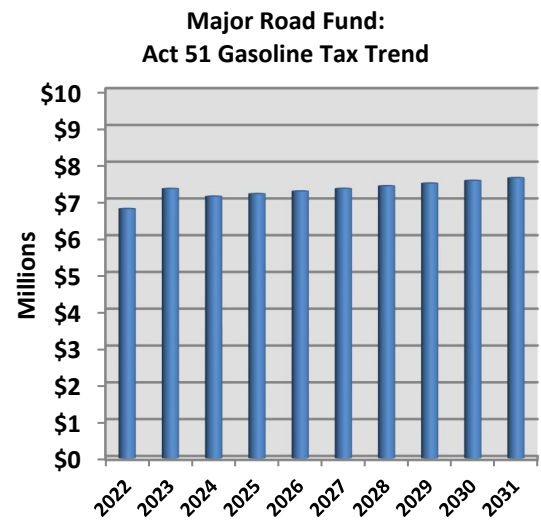
## MAJOR ROAD FUND / REVENUES:

- For FY 2024, the primary sources of Major Road Fund revenue are:
  - 80% = Act 51 Gasoline Tax
  - 20% = All Other Revenue



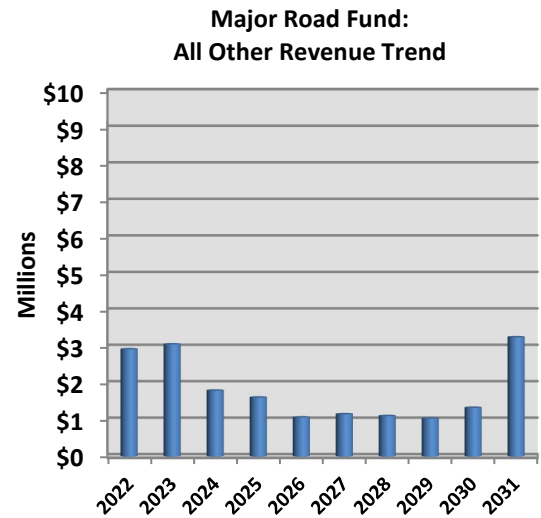
## Major Road / Act 51 Gasoline Tax Revenue:

- The future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline)
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1.0% growth in Act 51 revenue moving forward



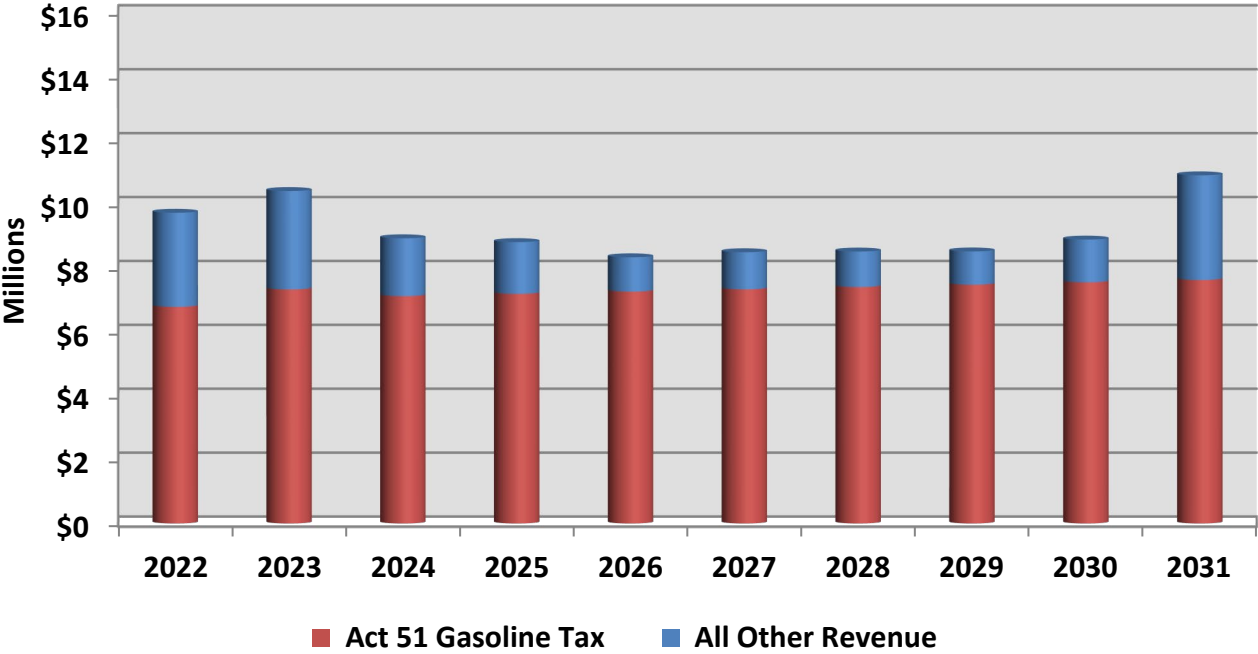
## Major Road / Other Revenues:

- The City continually works with other agencies to leverage the City’s Major Road funding in order to construct needed improvements and rehabilitations to the City’s Major Road network
- 2022:
  - \$2.0M from LDFA for Waterview Reconstruction
- 2023:
  - \$1.9M from ARPA Fund & State of MI Grants for Drexelgate Parkway Reconstruction and Pathway Installation
- 2024:
  - \$400K from LDFA for Marketplace Circle Rehabilitation
- 2025:
  - \$550K from LDFA for Auburn @ Technology Traffic Signal Improvements
- 2031:
  - \$2.3M from CIF for Adams Road Widening [Hamlin – Walton]



# (202) Major Road Fund Forecast

## Major Road Fund: Total Revenue Trend

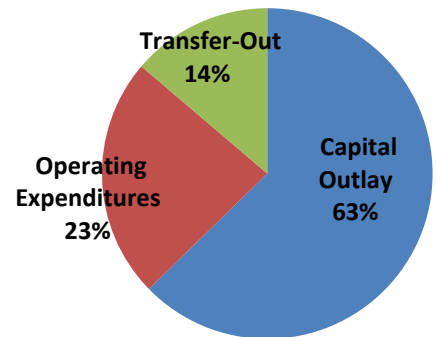


# (202) Major Road Fund Forecast

## MAJOR ROAD FUND / EXPENDITURES:

- For FY 2024, the primary sources of Major Road Fund expenditures are:
  - 23% = Operating Expenditures
  - 63% = Capital Outlay
    - *This proportion will vary significantly based upon the level of capital outlay scheduled in a particular Fiscal Year*
  - 14% = Transfer-Out
    - *Per Act 51 requirements, a community may transfer up to 50% of Major Road Act 51 monies to the Local Street Fund*
    - *The Major Road Fund transfers 25% of Act 51 monies to the Local Street Fund*

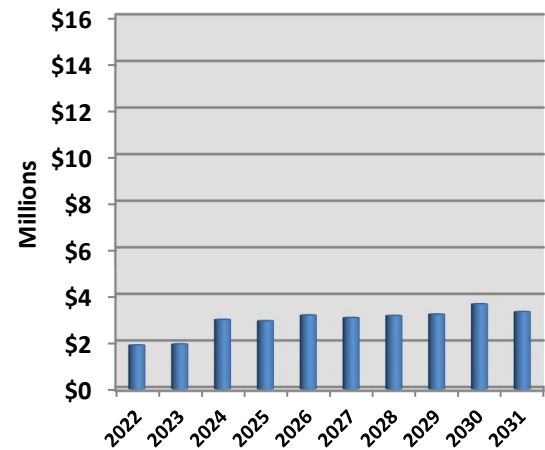
**Major Road Fund:  
FY 2024 Expenditure Sources**



## Major Road Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- The increase in trend from 2022-2023 to 2024+ is due to actual Major Road operating expenditures routinely coming in under budget

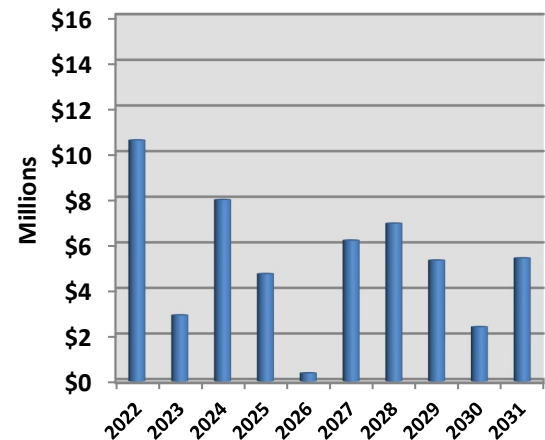
**Major Road Fund:  
Operating Expenditure Trend**



## Major Road Fund / Capital Outlay:

- Capital Outlay costs for 2022-2031 include Major Road projects as included in the CIP
  - 2022 = Auburn [Rochester - Culbertson], Waterview (LDFA Funded), Old Perch
  - 2023 = Drexelgate Road & Pathway, Avon / Dequindre / 23-Mile
  - 2024 = Avon Industrial, Barclay Circle, Marketplace Circle, Walton Road [Adams – Livernois]
  - 2025 = Brewster [Walton - Dutton]
  - 2027 = Rochester Road [M-59 – Tienken]
  - 2028 = Hampton Circle Reconstruction
  - 2029 = John R Rehabilitation [Avon – Auburn]
  - 2031 = Adams Road Widening [Hamlin – Walton]
- The City continually works with other agencies to leverage the City’s Major Road funding in order to construct needed improvements and rehabilitations to the City’s Major Road network

**Major Road Fund:  
Capital Outlay Trend**

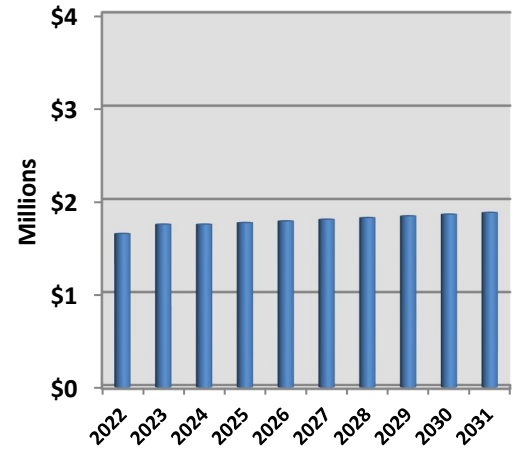


## (202) Major Road Fund Forecast

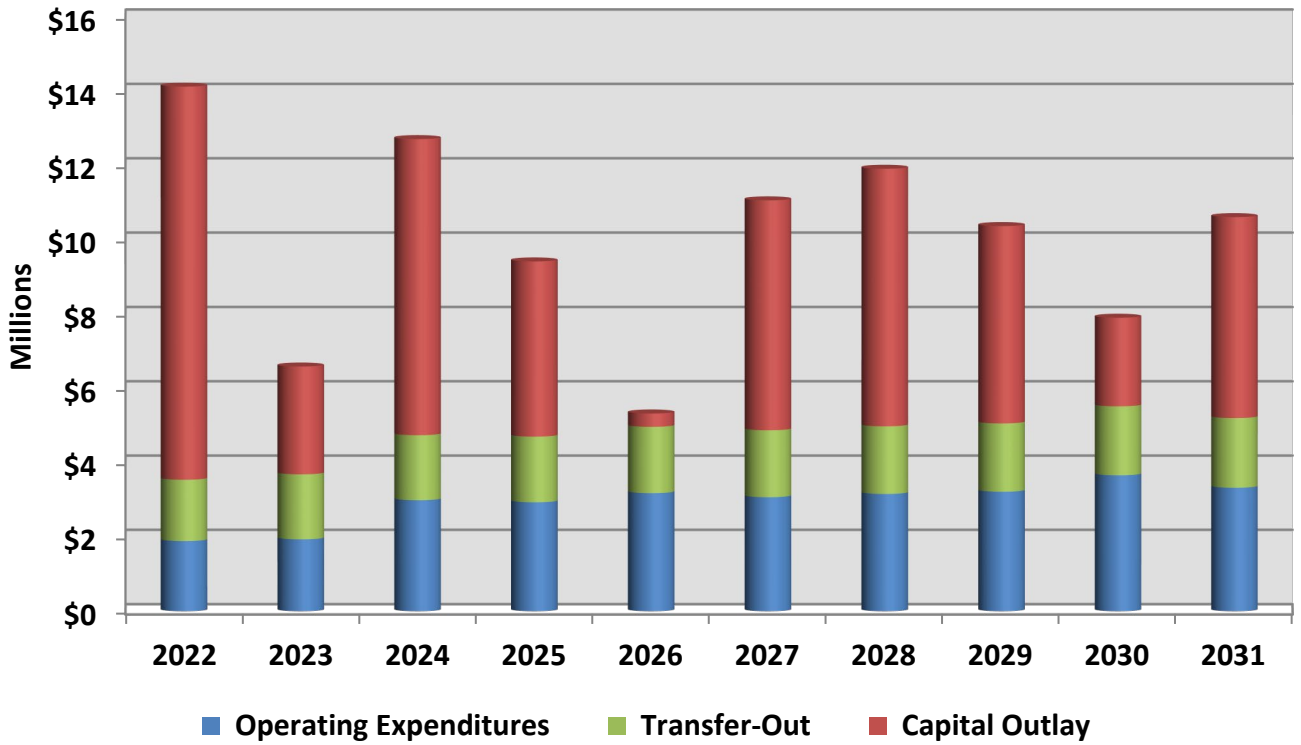
### Major Road Fund / Transfer-Out:

- Per Act 51 requirements, a community can transfer up to 50% of Major Road Act 51 monies to the Local Street Fund
  - The City of Rochester Hills has been transferring 25% of Major Road Act 51 monies to the Local Street Fund

**Major Road Fund:  
Transfer-Out Expenditure Trend**



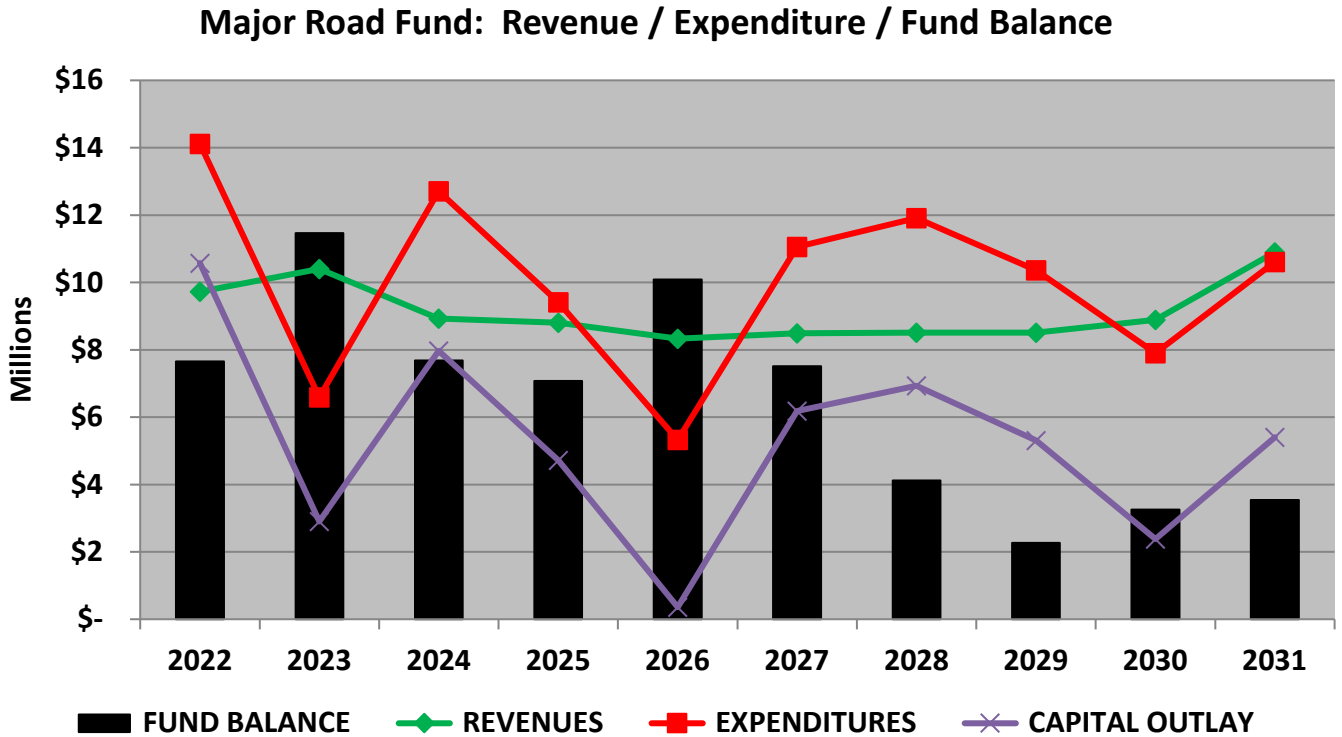
**Major Road Fund: Total Expenditure Trend**



## (202) Major Road Fund Forecast

### Major Road Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Capital Outlay costs for 2025-2031 include Major Road projects as included in the CIP



### Major Road Fund / Takeaway Points:

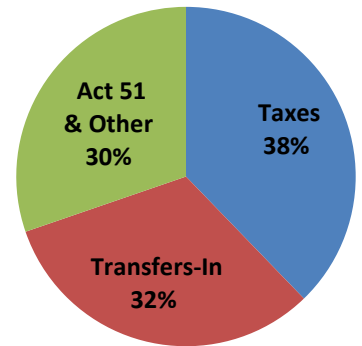
- The future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline)
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1% growth in Act 51 revenue moving forward
- Capital Outlay costs for 2025-2031 include Major Road projects as included in the CIP

# (203) Local Street Fund Forecast

## LOCAL STREET FUND / REVENUES:

- For FY 2024, the primary sources of Local Street Fund revenue are:
  - 38% = Property Taxes
  - 30% = Act 51 & Other Revenue
  - 32% = Transfers-In

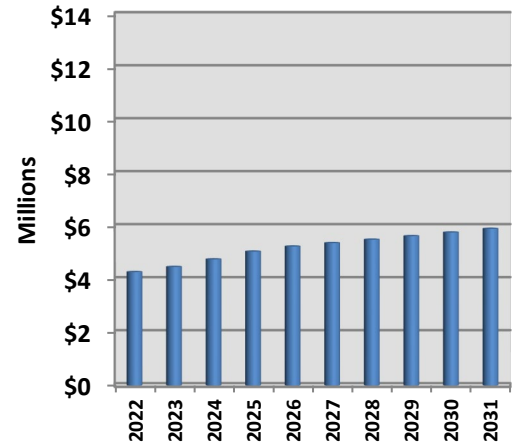
**Local Street Fund:  
FY 2024 Revenue Sources**



## Local Street Fund / Property Taxes:

- The Local Street millage level is maintained at the levy of 1.0625 mill throughout this forecast model

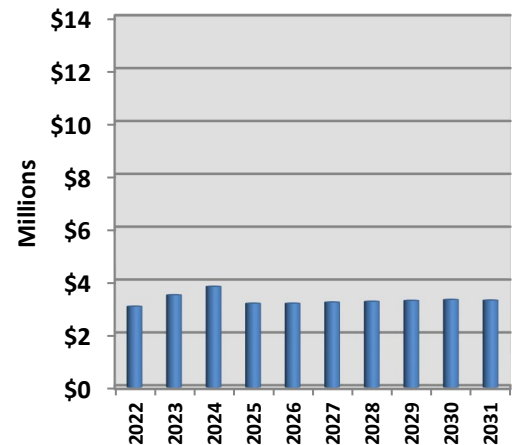
**Local Street Fund:  
Taxes Trend**



## Local Street Fund / Act 51 & Other Revenue:

- The future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline)
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1% growth in Act 51 revenue moving forward

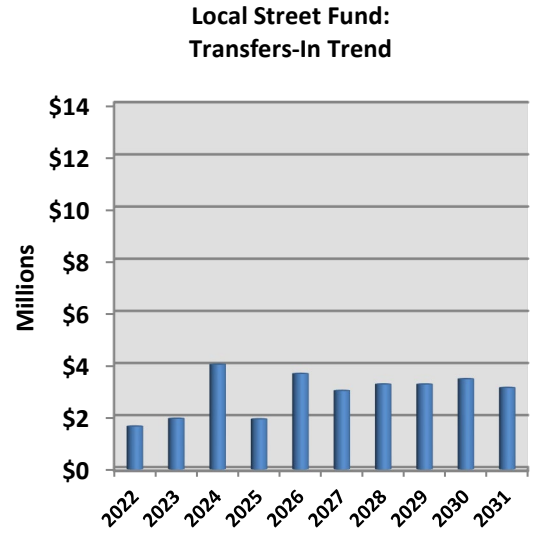
**Local Street Fund:  
Other Revenue Trend**



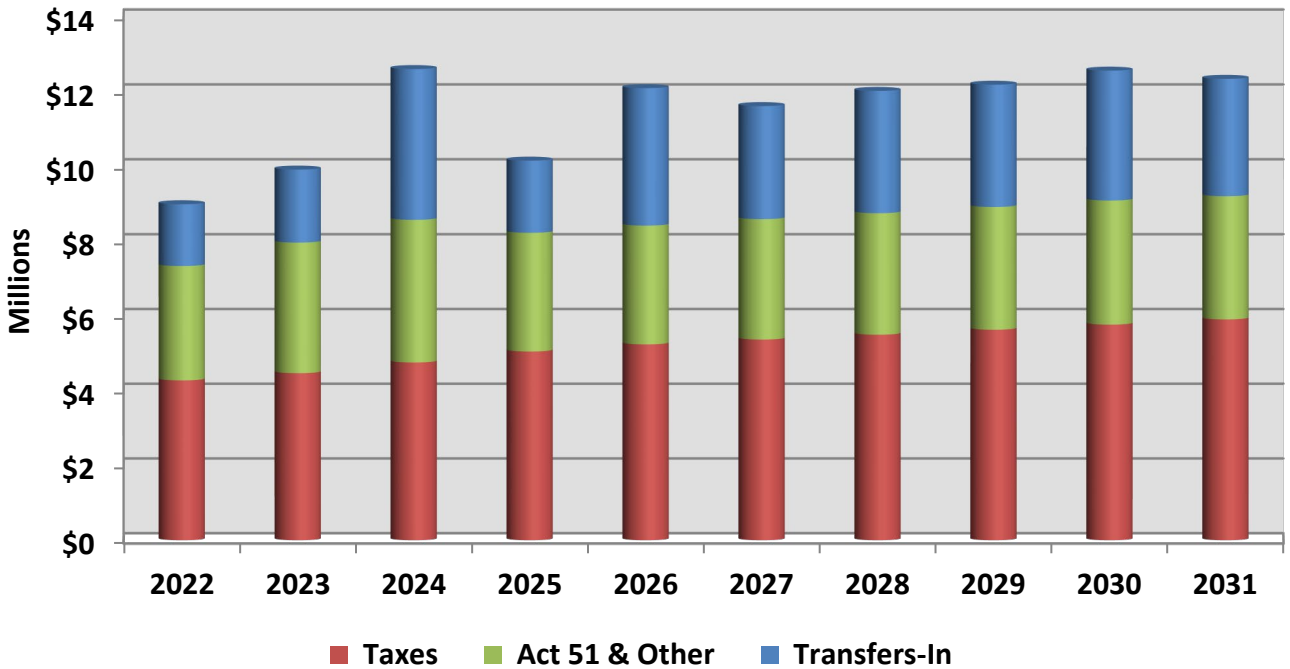
## (203) Local Street Fund Forecast

### Local Street Fund / Transfers-In:

- The annual transfer from the General Fund to the Local Street Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures and is anticipated to resume in FY 2026, increasing to a more consistent level in FY 2026+
  - The decrease in Transfers-In in 2022-25 is to reduce the Local Street Fund Balance to 25%
- In 2024, the LDFA will transfer in \$2.3M for the paving of Leach Road
- In 2026, the CIF will transfer in \$1.0M for the paving of Childress (SAD) and Dunning East of Eastwood (SAD)



### Local Street Fund: Total Revenue Trend

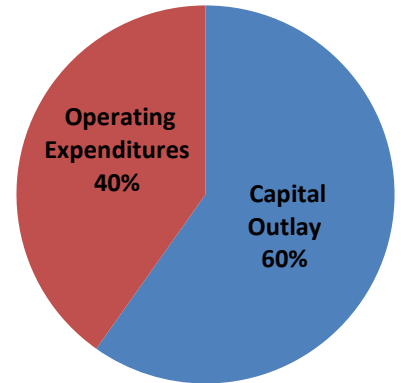


# (203) Local Street Fund Forecast

## LOCAL STREET FUND / EXPENDITURES:

- For FY 2024, the primary sources of Local Street Fund expenditures are:
  - 40% = Operating Expenditures
  - 60% = Capital Outlay

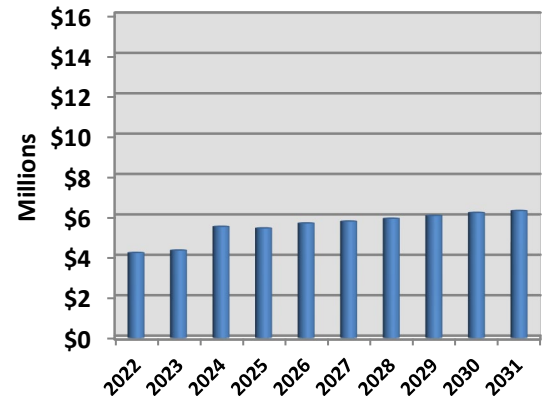
**Local Street Fund:  
FY 2024 Expenditure Sources**



## Local Street Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- The increase in trend from 2022-2023 to 2024+ is due to actual Local Street operating expenditures routinely coming in under budget

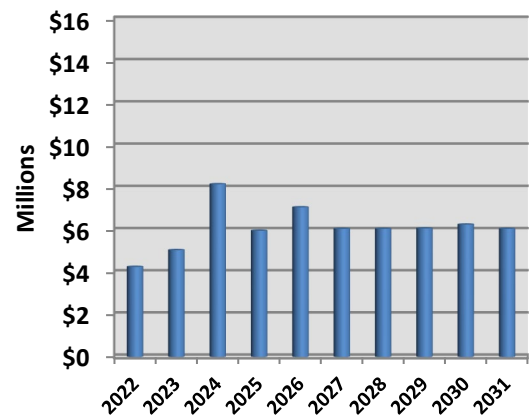
**Local Street Fund:  
Operating Expenditure Trend**



## Local Street Fund / Capital Outlay:

- Using the current forecast assumptions, the Local Street Fund is able to support an annual Local Street Rehabilitation program of \$5-6 million per year within existing Local Street revenue sources as well as support from the General Fund, Major Road Fund, and Capital Improvement Fund
- The City has begun to increase the Local Street Rehabilitation Program from \$5M/year to \$6M/year over a 4-year period (2023-26) due to inflationary increases
- In 2024, the LDFA will transfer in \$2.3M for the paving of Leach Road
- In 2026, the CIF will transfer in \$1.0M for the paving of Childress (SAD) and Dunning East of Eastwood (SAD)

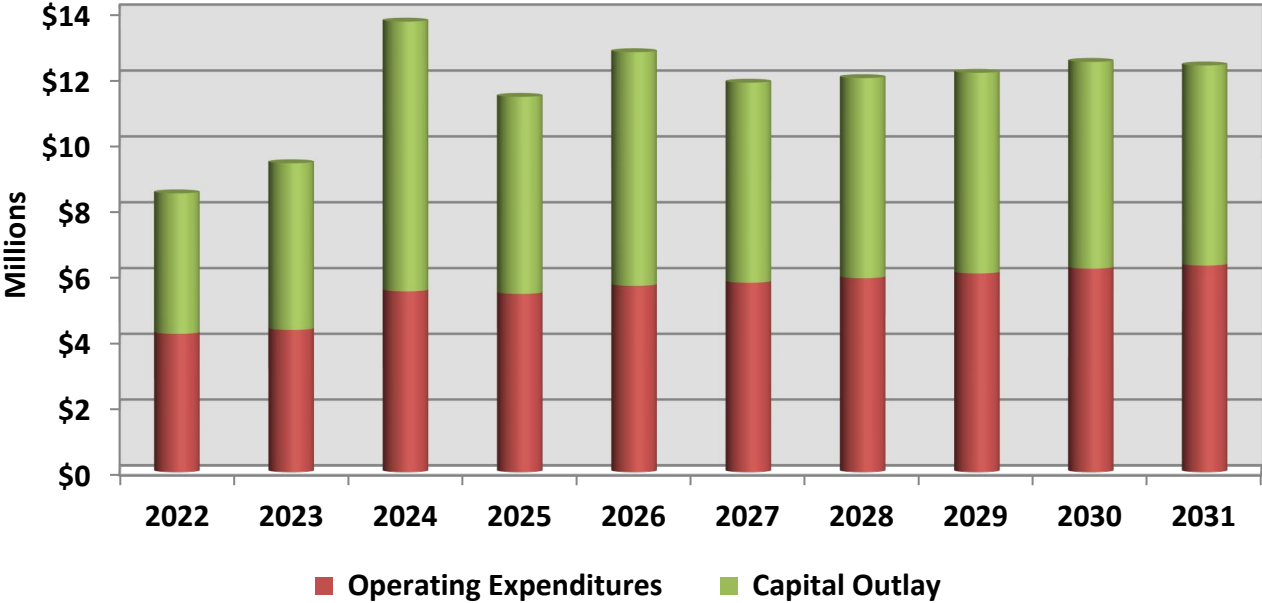
**Local Street Fund:  
Capital Outlay Trend**





# (203) Local Street Fund Forecast

## Local Street Fund: Total Expenditure Trend

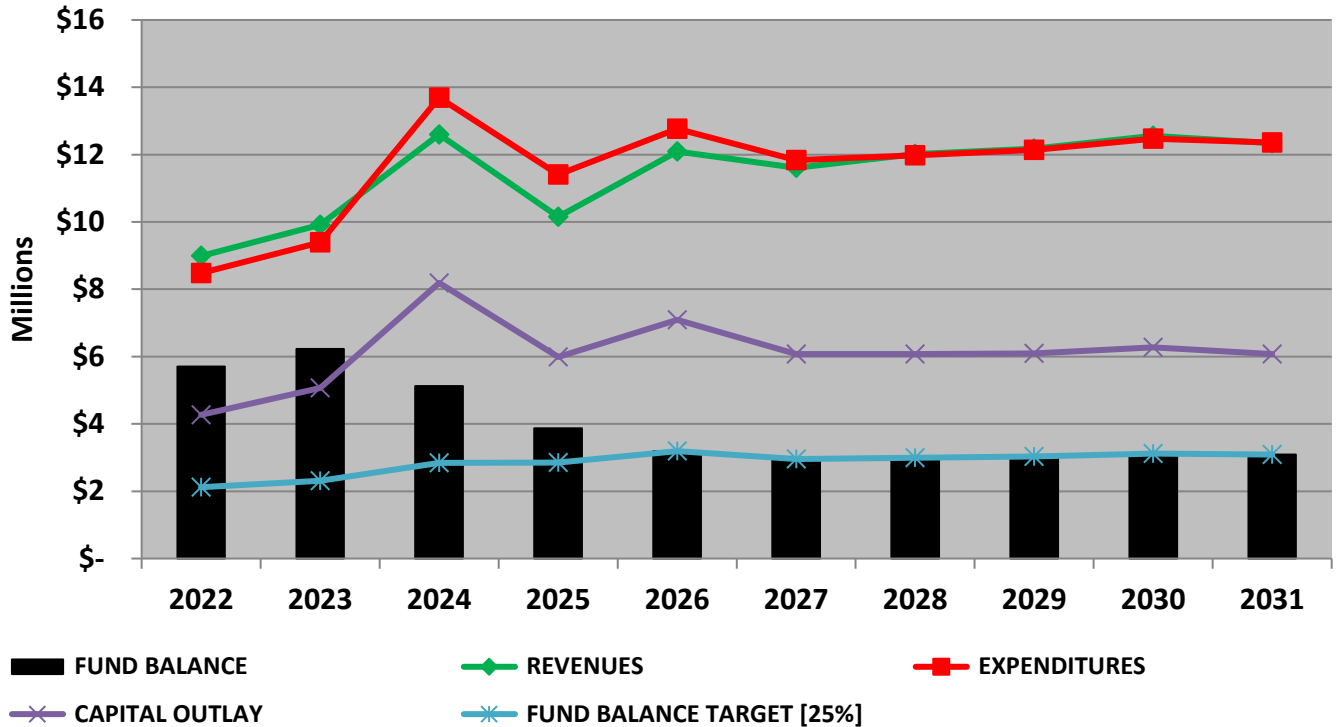


## (203) Local Street Fund Forecast

### Local Street Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Transfers-In revenue decreased in FY 2022-2025 to set Local Street Fund Balance at 25% of annual expenditures
  - The annual transfer-in from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures

### Local Street Fund: Revenue / Expenditure / Fund Balance



### Local Street Fund / Takeaway Points:

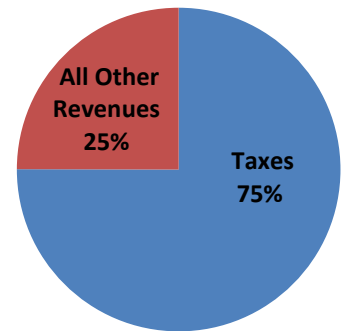
- The Local Street millage level is maintained at the levy of 1.0625 mill
- City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1% growth in Act 51 revenue moving forward
- The annual transfer-in from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures
- The City has begun to increase the Local Street Rehabilitation Program from \$5M/year to \$6M/year over a 4-year period (2023-26) due to inflationary increases

# (206) Fire Operating Fund Forecast

## FIRE OPERATING FUND / REVENUES:

- For FY 2024, the primary sources of Fire Operating Fund revenue are:
  - 75% = Property Taxes
  - 25% = All Other Revenues

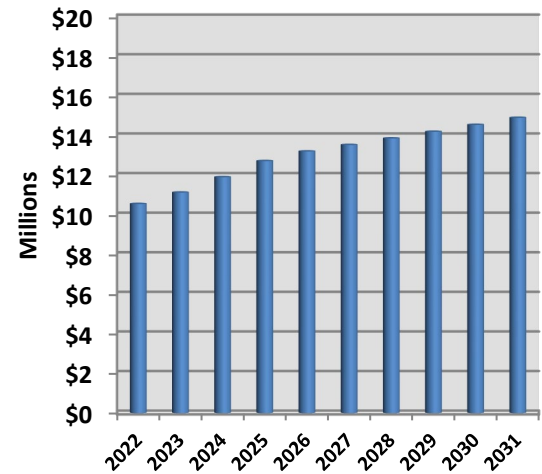
**Fire Fund:  
FY 2024 Revenue Sources**



## Fire Operating Fund / Property Taxes:

- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model

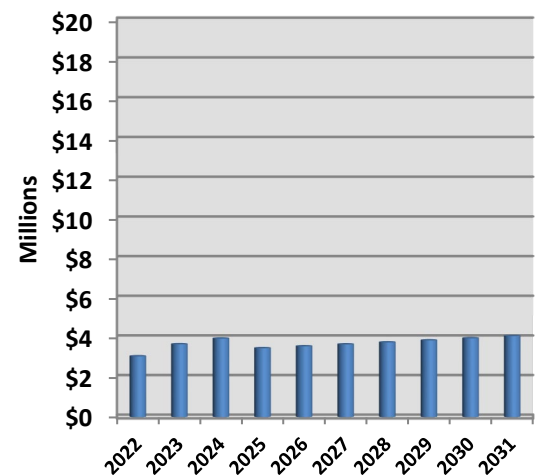
**Fire Fund: Property Tax Trend**



## Fire Operating Fund / Other Revenues:

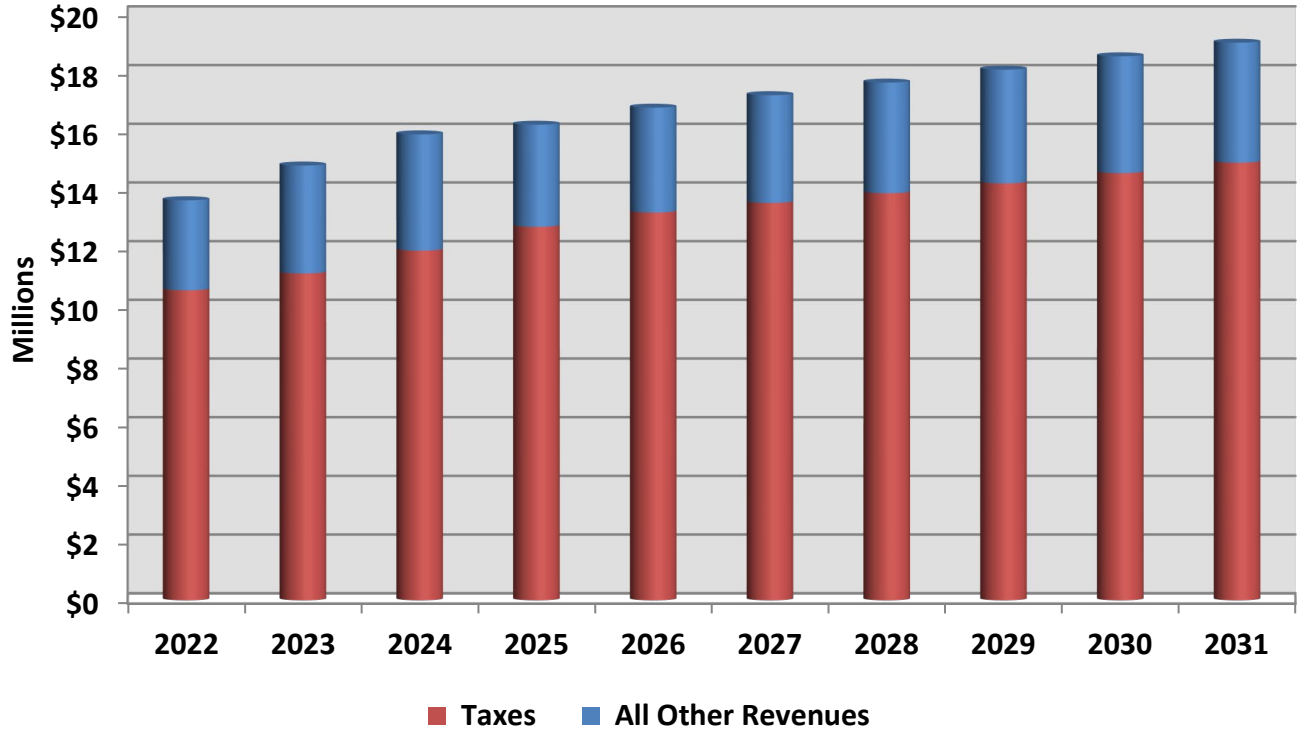
- The primary source of Other Revenue is EMS Charges for Service
- Other revenues are projected to increase from 0.0% to 2.5% per year

**Fire Fund: Other Revenue Trend**



# (206) Fire Operating Fund Forecast

## Fire Fund: Total Revenue Trend

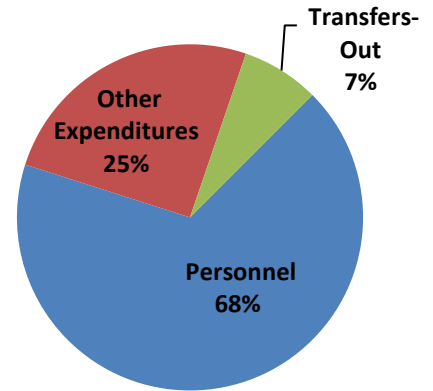


# (206) Fire Operating Fund Forecast

## FIRE OPERATING FUND / EXPENDITURES:

- For FY 2024, the primary sources of Fire Operating expenditures are:
  - 68% = Personnel
  - 25% = Other Expenditures
  - 7% = Transfer-Out
    - *Includes the Transfer to the Fire Capital Fund (402) to set the Fire Operating Fund Balance at 25% of annual expenditures*

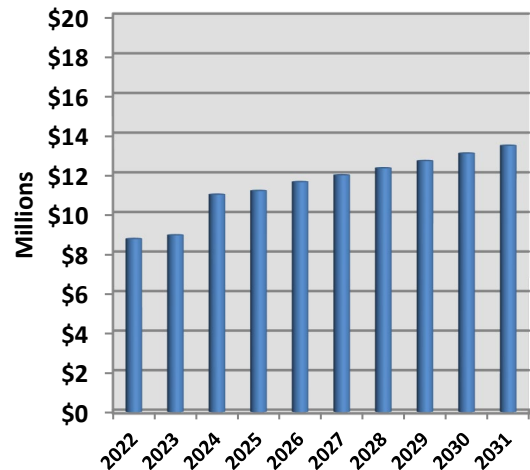
**Fire Fund:  
FY 2024 Expenditure Sources**



## Fire Operating Fund / Personnel Services:

- 2025-2031 Long-Term Forecast includes the addition of one (1) Full-Time Administrative Associate II
  - Currently Budgeted Part-Time proposed to move to Full-Time
- Salary and Wages are projected to increase +2.75% per year (2025-2031)
  - *The increase in trend from 2022-23 Actual to 2024+ is due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year*

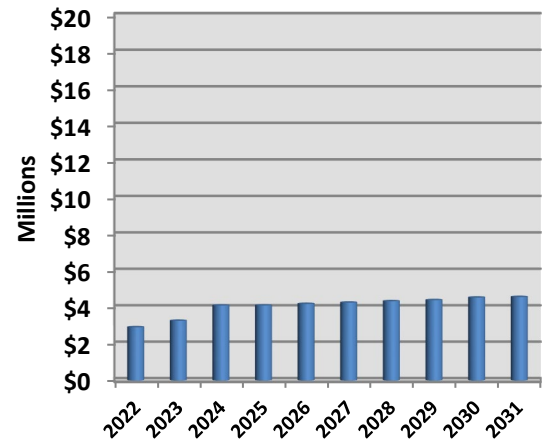
**Fire Operating Fund:  
Personnel Trend**



## Fire Operating Fund / Other Expenditures:

- Supplies, Services, Interfund Charges (including Fleet & Facilities), Memberships, etc...
- The increase in trend from 2022-2023 to 2024+ is due to actual Fire Department operating expenditures routinely coming in under budget

**Fire Operating Fund:  
All Other Expenditure Trend**

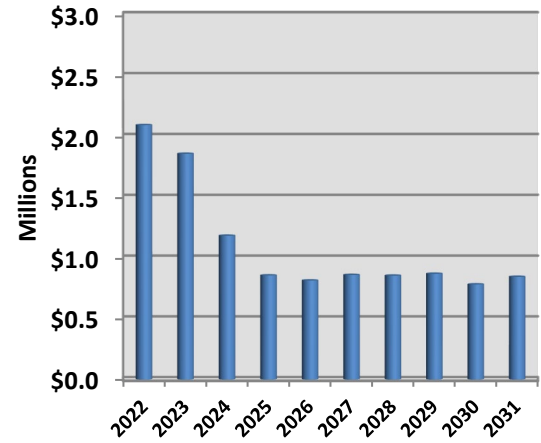


## (206) Fire Operating Fund Forecast

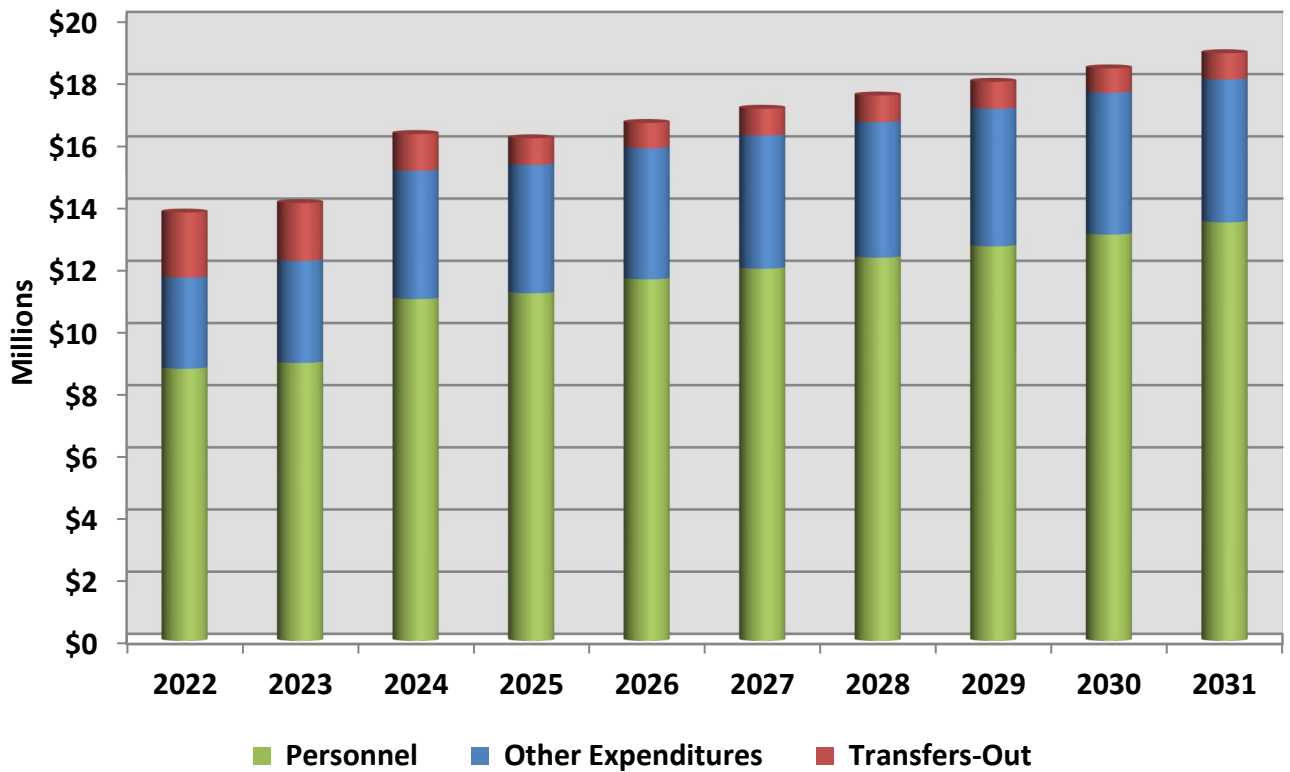
### Fire Operating Fund / Transfer-Out:

- The increase in Transfers-Out in FY 2022-2024 is to set the Fire Operating Fund at 25% of annual operating expenditures by transferring funds out to the Fire Capital Fund (402)
  - The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures

**Fire Operating Fund:  
Transfer-Out Trend**



**Fire Fund: Total Expenditure Trend**

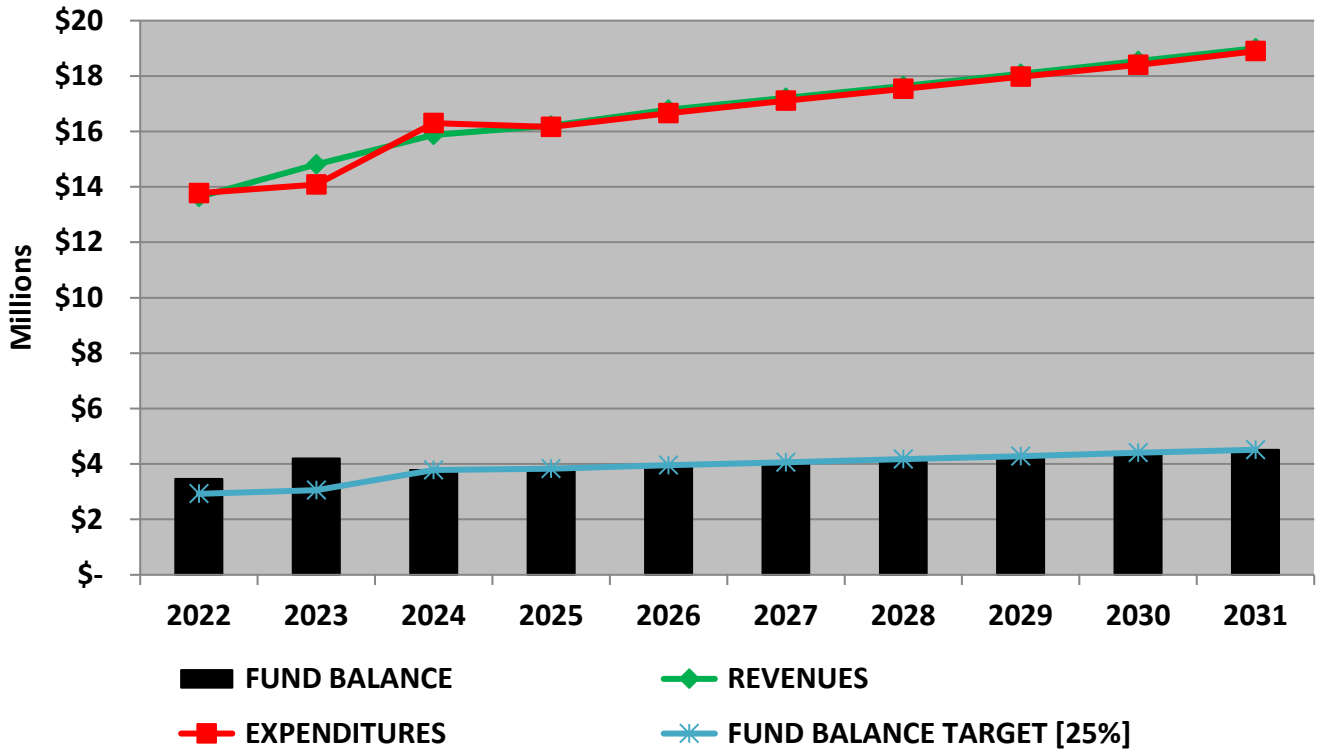


## (206) Fire Operating Fund Forecast

### Fire Operating Fund / Revenue, Expenditures, Changes in Fund Balance:

- The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures

### Fire Operating Fund: Revenue / Expenditure / Fund Balance



### Fire Operating Fund / Takeaway Points:

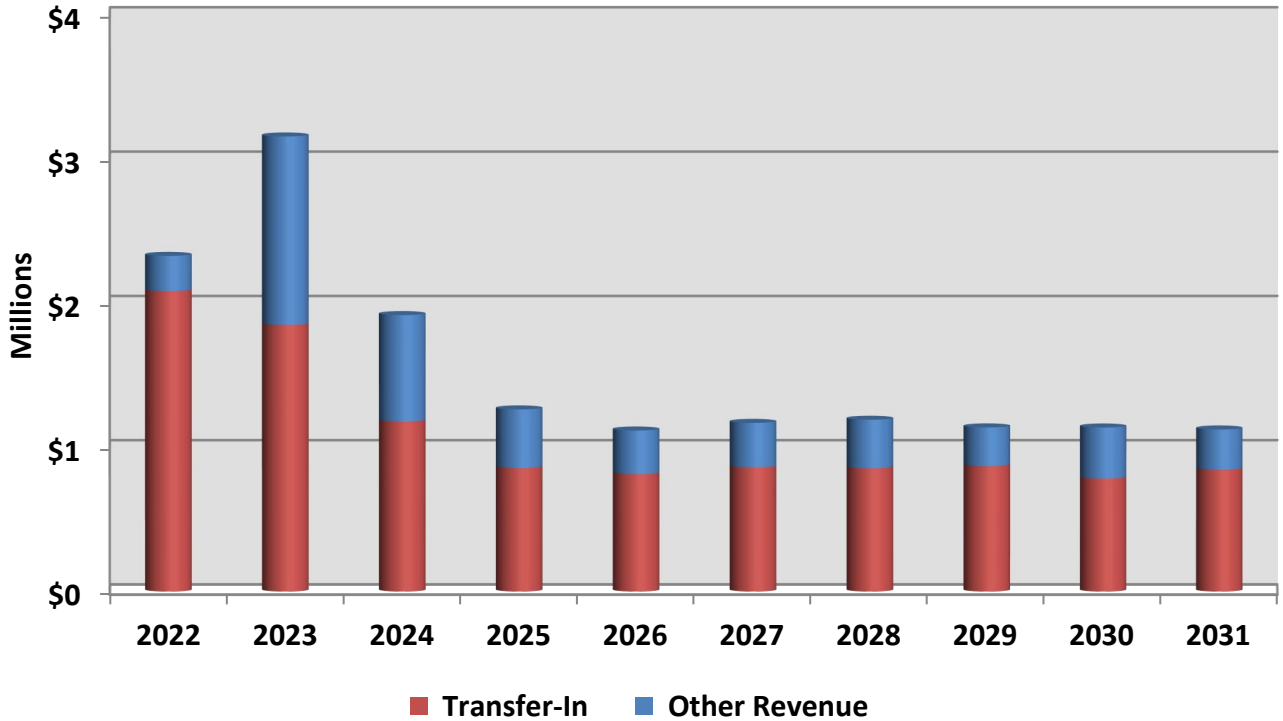
- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model
- 2025-2031 Long-Term Forecast includes the addition of one (1) Full-Time Administrative Associate II
  - Currently Budgeted Part-Time proposed to move to Full-Time
- The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures

## (402) Fire Capital Fund Forecast

### Fire Capital Fund / Revenue Summary:

- The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures
  - FY 2023 includes \$600K transferred into the Fire Capital Fund from Federal ARPA Funds for the replacement of three (3) Ambulances
- Other Revenue includes grants, investment earnings, and Fire asset sales

### Fire Capital Fund: Total Revenue Trend



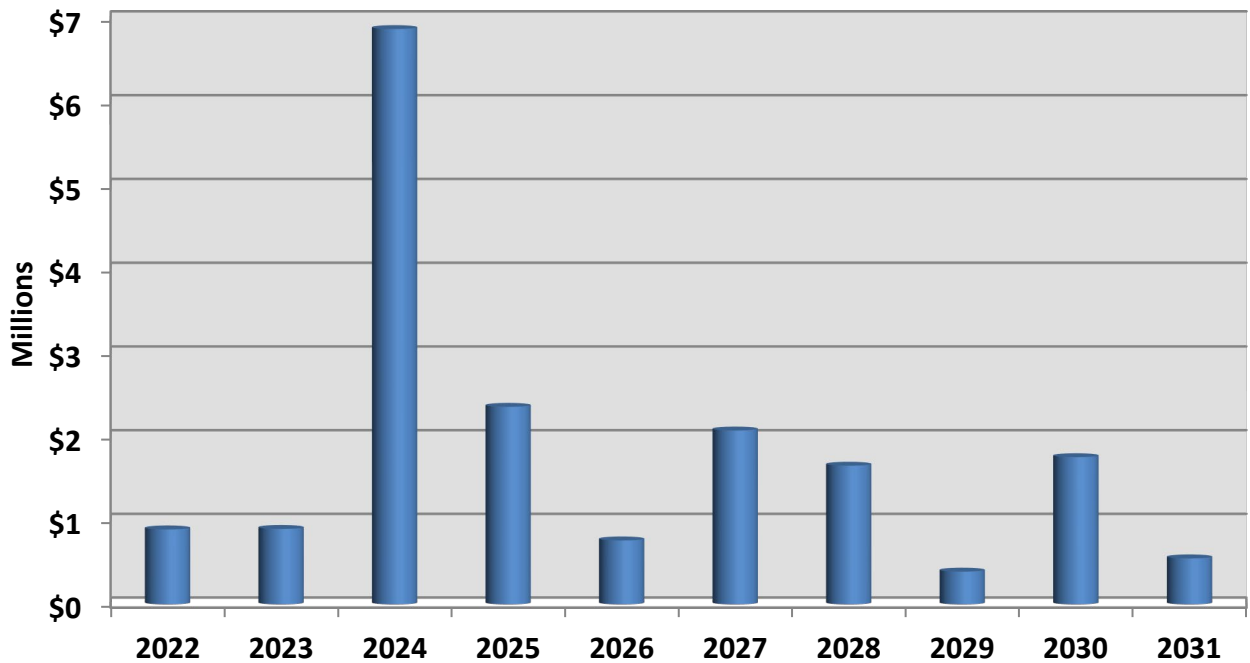


## (402) Fire Capital Fund Forecast

### Fire Capital Fund / Expenditure Summary:

- Capital Outlay costs for 2022-2031 include Fire Capital projects as included in the CIP
  - FY 2022
    - Fire Turnout Gear replacement, Fire Station #1 Overhead Door replacement, various equipment replacements
  - FY 2023
    - Replacement of three (3) Ambulances, Engine #3 replacement, Ladder Truck #5 repair, various equipment replacements
  - FY 2024
    - Fire Station #1 HVAC Replacement, Roof Replacement, Restroom & Locker Room Renovations, Generator, Fire Training Structure, 10x new Turnout Gear sets, various equipment replacements
  - FY 2025
    - SCBA Air Compressor replacement, Heart Monitor replacements
  - FY 2027
    - Heart Monitor replacements. 2x Vehicle replacements
  - FY 2028
    - 2x Ambulance replacements, 4x Vehicle replacements
  - FY 2030
    - 3x Ambulance replacements

### Fire Capital Fund: Total Expenditure Trend

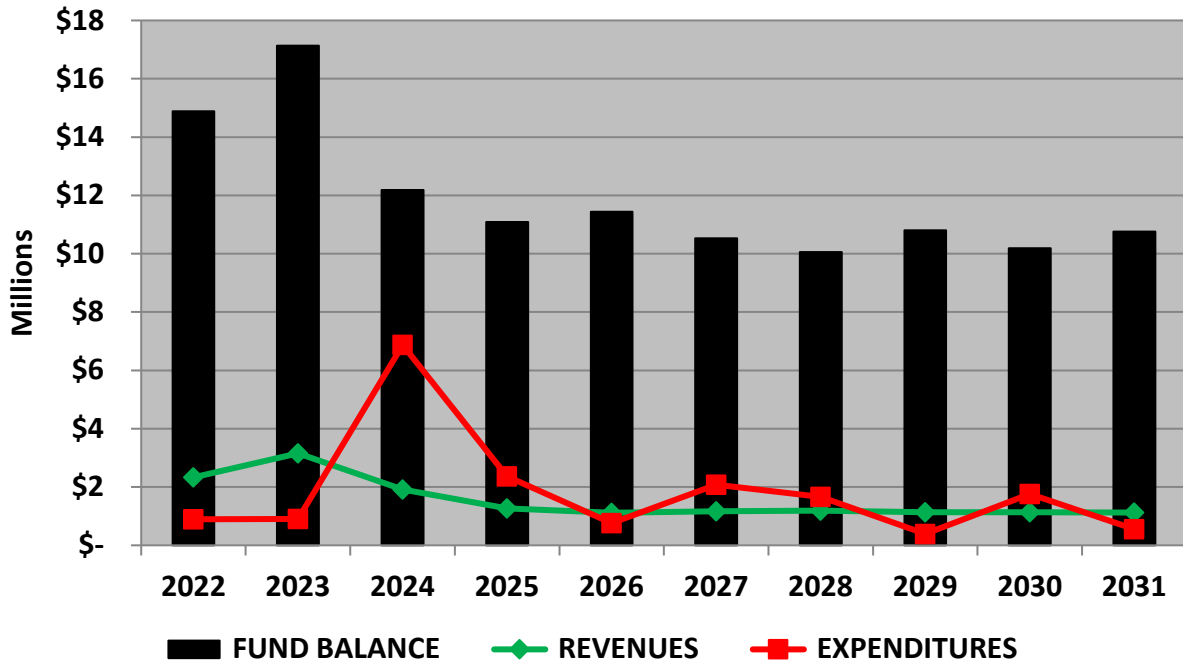


## (402) Fire Capital Fund Forecast

### Fire Capital Fund / Revenue, Expenditures, Changes in Fund Balance:

- The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures
- Capital Outlay costs for 2022-2031 include Fire Capital projects as included in the CIP

**Fire Capital Fund: Revenue / Expenditure / Fund Balance**



### Fire Capital Fund / Takeaway Points:

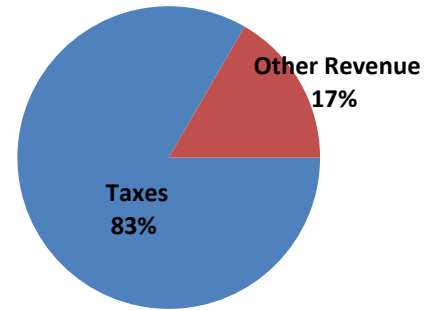
- Capital Outlay costs for 2022-2031 include Fire Capital purchases as included in the CIP and annual budget plan
- It is projected the existing Fire millage levy of 2.7000 mill will be adequate to contribute funding to the Fire Capital Fund (402) through FY 2031+

# (207) Police Fund Forecast

## POLICE FUND / REVENUES:

- For FY 2024, the primary sources of Police Fund revenue are:
  - 83% = Property Taxes
  - 17% = Other Revenues

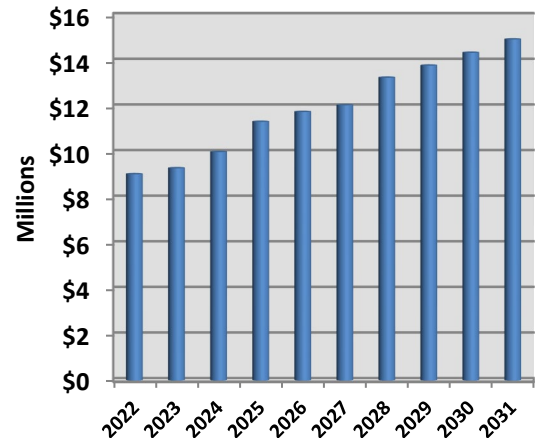
**Police Fund:  
FY 2024 Revenue Sources**



## Special Police Fund / Property Taxes:

- The General Fund levy is offset by the corresponding amount of Police millage each year so that there is no net increase to the bottom line millage rate as a result
  - *Police Millage I & II have been renewed into one (1) single Police Millage for FY 2025+*
- Police Millage slightly reduced (FY 2025-2027) to set Special Police Fund Balance at 25% of annual operating expenditures by the end of FY 2027
- Moving forward, the Police Millage will be set to maintain the Police Fund Balance at 25% of annual operating expenditures

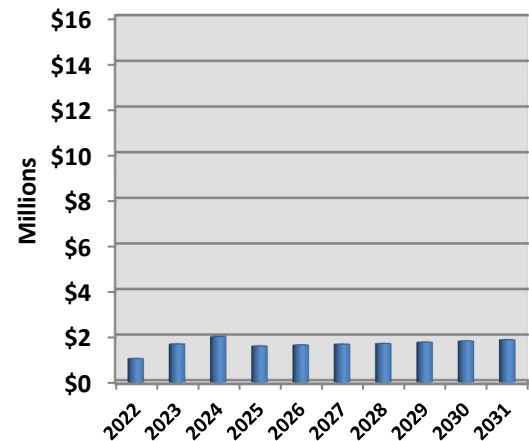
**Police Fund:  
Property Tax Trend**



## Special Police Fund / Other Revenues:

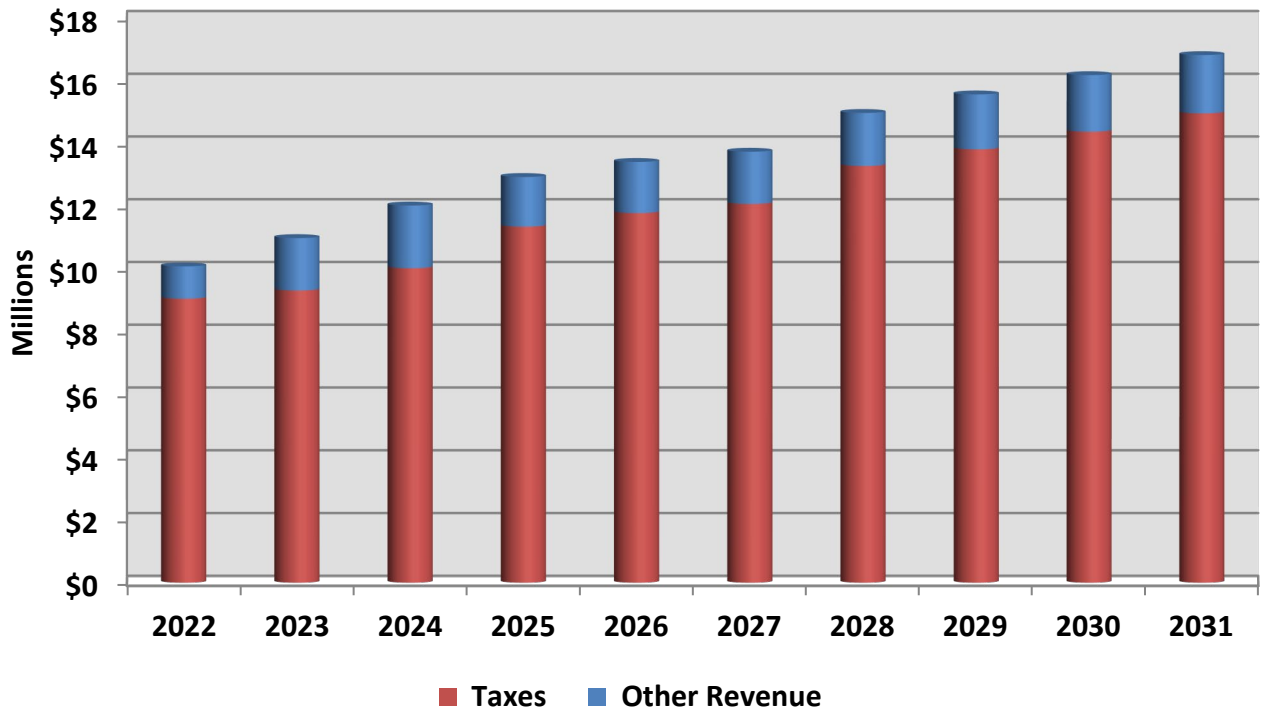
- Includes Fines, District Court Fees, Charges for Service, Mini-Contracts, etc...

**Police Fund:  
Other Revenue Trend**



# (207) Police Fund Forecast

## Police Fund: Total Revenue Trend

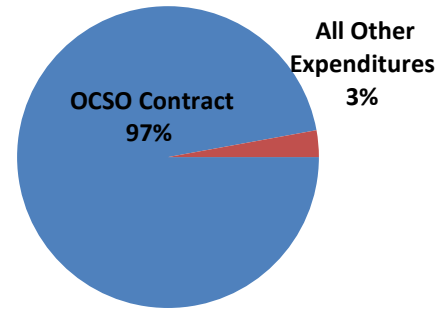


# (207) Police Fund Forecast

## POLICE FUND / EXPENDITURES:

- For FY 2024, the primary sources of Special Police Fund expenditures are:
  - 97% = OCSO Contract
  - 3% = All Other Expenditures

**Police Fund:  
FY 2024 Expenditure Sources**



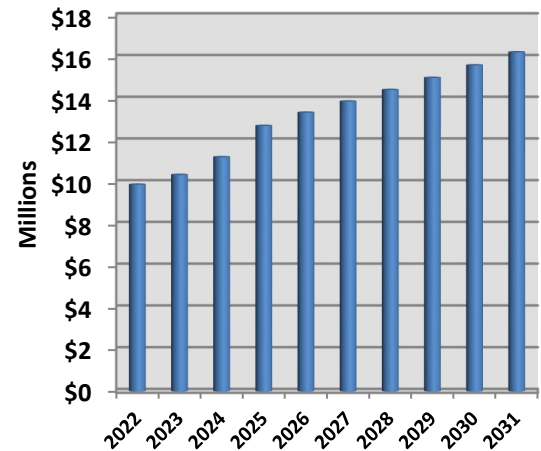
## Police Fund / OCSO Contract:

- Annual projected contractual OCSO rates are anticipated to be higher in upcoming contract

FY 2024	2.80%	Actual
FY 2025	10.00%	Projected
FY 2026	5.00%	Projected
FY 2027	4.00%	Projected
FY 2028-2031	4.00%	Projected

- FY 2025-31 Long-Term Forecast assumes adding two (2) additional OCSO deputies in FY 2025

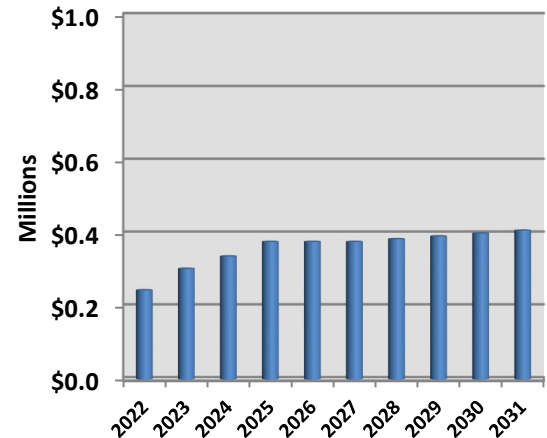
**Police Fund:  
OCSO Contract Trend**



## Special Police Fund / Other Expenditures:

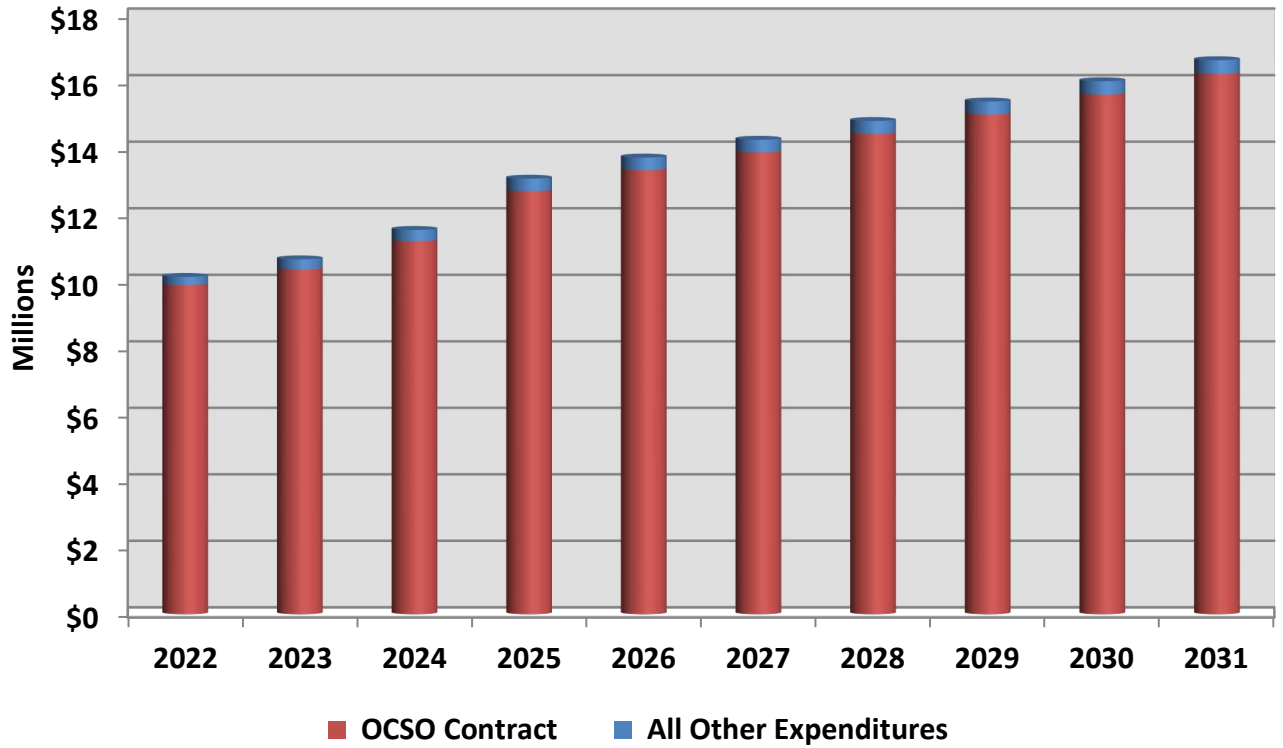
- Supplies, Services, Interfund Charges (including Facilities), Memberships, Debt Service, etc...
- The increase in trend from 2022-2023 to 2024+ is due to actual Police operating expenditures routinely coming in under budget

**Police Fund:  
All Other Expenditure Trend**



# (207) Police Fund Forecast

## Police Fund: Total Expenditure Trend

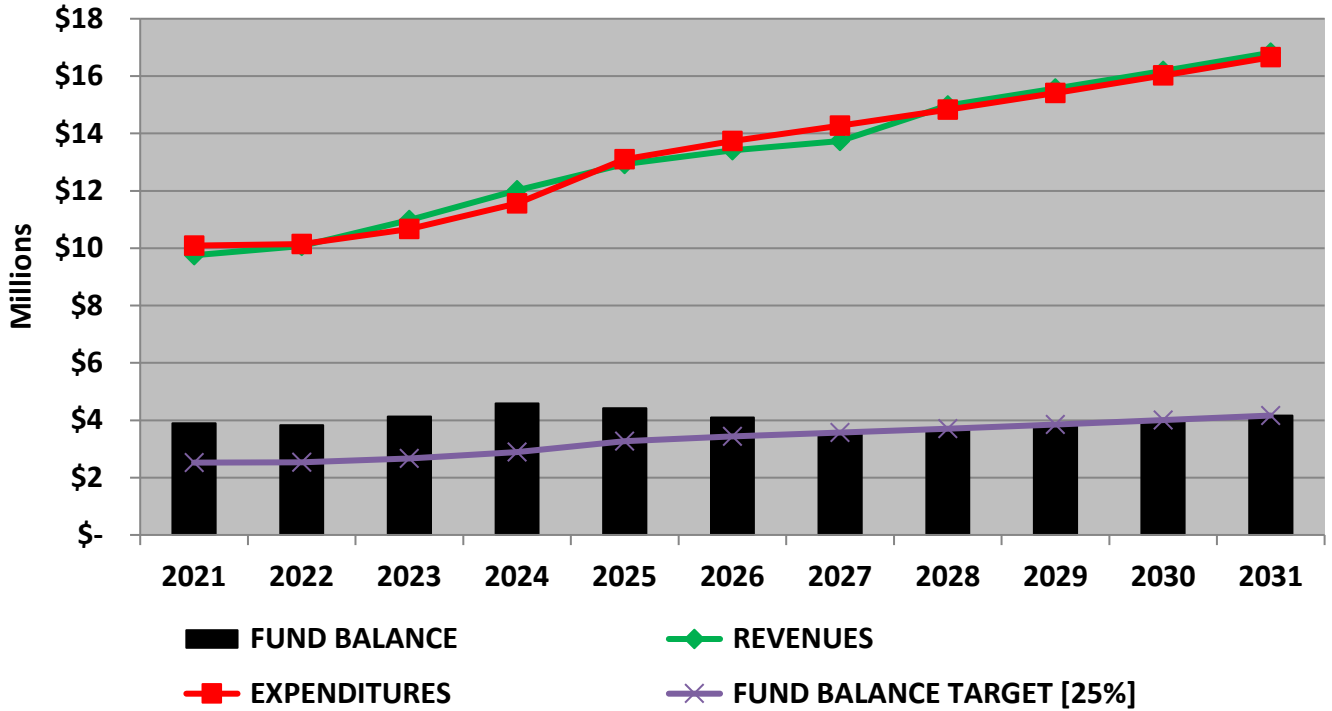


## (207) Police Fund Forecast

### Police Fund / Revenue, Expenditures, Changes in Fund Balance:

- Police Millage slightly reduced (FY 2025-2027) to set Police Fund Balance at 25% of annual operating expenditures by the end of FY 2027
  - Moving forward, the Police Millage will be set to maintain the Police Fund Balance at 25% of annual operating expenditures

### Police Fund: Revenue / Expenditure / Fund Balance



### Police Fund / Takeaway Points:

- Police Millage I & II were renewed into one (1) single Police Millage for FY 2025+
- Police Millage slightly reduced (FY 2025-2027) to set Police Fund Balance at 25% of annual operating expenditures by the end of FY 2027
  - Moving forward, the Police Millage will be set to maintain the Police Fund Balance at 25% of annual operating expenditures

- Annual projected contractual OCSO rates are anticipated to be higher in upcoming contract

FY 2024	2.80%	Actual
FY 2025	10.00%	Projected
FY 2026	5.00%	Projected
FY 2027	4.00%	Projected
FY 2028-2031	4.00%	Projected

- FY 2025-31 Long-Term Forecast assumes adding two (2) additional deputies in FY 2025