
CITY OF ROCHESTER HILLS**Fiscal**

Julie Jenuwine, Finance Director

DATE: February 17, 2006

TO: Public Safety Committee

RE: Police funding forecast

The purpose of this memo is to relay projected General Fund transfers/subsidies necessary to sustain the Police Fund at the same level of contracted law enforcement personnel as in FY2006, as well as relay potential consequences of a reduced millage. Discussions of the following scenarios are anticipated to take place in future City Council budget workshops (see "Financial Funding Issues/Polices for discussion-2007 Fiscal Year" page of February 8, City Council workshop packet).

Should only a renewal of 0.4300 mill be approved to be levied Dec 2007, the following General Fund transfer/subsidy is projected, in order to maintain 59 contracted law enforcement personnel:

<u>Fiscal Yr</u>	<u>Subsidy Projected</u>	<u>Additional from Base</u>
FY 2006	\$2,566,700	base year
FY 2007	\$2,774,000	\$207,000
FY 2008	\$3,214,000	\$648,000
FY 2009	\$3,365,000	\$798,000
FY 2010	\$3,537,000	\$970,000
FY 2011	\$3,736,000	\$1,169,000
FY 2012	\$3,988,000	\$1,421,000
FY 2013	\$4,224,000	\$1,657,000
FY 2014	\$4,522,000	\$1,955,000

Should a renewal of 0.4300 not be approved, the following General Fund transfer/subsidy is projected, in order to maintain 59 contracted law enforcement personnel:

<u>Fiscal Yr</u>	<u>Subsidy Projected</u>	<u>Additional from Base</u>
FY 2006	\$2,566,700 *	base year
FY 2007	\$2,774,000	\$207,000
FY 2008	\$4,787,000	\$2,220,000
FY 2009	\$4,992,000	\$2,425,000
FY 2010	\$5,215,000	\$2,648,000
FY 2011	\$5,460,000	\$2,893,000
FY 2012	\$5,751,000	\$3,185,000
FY 2013	\$6,029,000	\$3,462,000
FY 2014	\$6,342,000	\$3,775,000

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Should a *renewal* of 0.4300 not be approved and the General Fund transfer/subsidy remains constant at \$2,566,700, the following is a projection of the number of contracted law enforcement personnel that could be funded.

<u>Fiscal Yr</u>	<u># Contracted</u>
FY 2006	59
FY 2007	57
FY 2008	39
FY 2009	38
FY 2010	38
FY 2011	36
FY 2012	34
FY 2013	34
FY 2014	32

Should a *renewal* of 0.4300 be approved and the General Fund transfer/subsidy be eliminated, the following is a projection of the number of contracted law enforcement personnel that could be funded.

<u>Fiscal Yr</u>	<u># Contracted</u>
FY 2006	59
FY 2007	33
FY 2008	31
FY 2009	30
FY 2010	30
FY 2011	29
FY 2012	29
FY 2013	28
FY 2014	27

General assumptions utilized in the above forecasts are as follow:

- *An approximate 4% annual OCSD contractual increase through 2008*
- *OCSD contract cost is unknown beyond 2008, and a 4% annual increase is assumed beyond 2008*
- *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 multiplier increases each year (see table for each years details)*
- *An average target fund balance of approximately \$100,000 is used*
- *Contracted Personnel reduced are all Deputy II(no fill) positions, which may not be the case*

Note: \$2,566,700 transfer has remained constant since 2003

CC: Mayor Somerville
City Council members