

# **CITY OF ROCHESTER HILLS**



## **SEVEN YEAR FINANCIAL FORECAST**

**For Fiscal Years 2026 – 2032**

**Presented: July 21, 2025**



innovative *by* nature

July 21, 2025

We are pleased to present the Rochester Hills City Council with the City's Seven-Year Financial Forecast covering Fiscal Years 2026-2032.

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 2025 Financial Forecast Projections:

- **Taxable Value:**

FY 2025	7.17%	Actual
FY 2026	4.62%	Actual
FY 2027	2.75%	Projected
FY 2028	2.50%	Projected
FY 2029-2032	2.50%	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 +5.0% per year the past 5-Years (2020-2024)*

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

	Actual 2025	Projected 2026	Estimated 2027	Estimated 2028	Estimated 2029	Estimated 2030	Estimated 2031	Estimated 2032
<b>OPERATING MILLAGE</b>								
Charter Operating	2.6872	2.7416	2.7416	2.7416	2.7416	2.7416	2.7416	2.7416
Local Street	1.0625	1.0531	1.0531	1.0531	1.0531	1.0531	1.0531	1.0531
Fire	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Police	2.4180	2.8460	2.8460	2.8460	2.8460	2.8460	3.0412	3.0567
Pathway	0.1731	0.1715	0.1715	0.1715	0.1715	0.1715	0.1715	0.1715
Park Infrastructure	0.1635	0.1620	0.1620	0.1620	0.1620	0.1620	0.1620	0.1620
RARA: Operating	0.1818	0.1802	0.1802	0.1802	0.1802	0.1802	0.1802	0.1802
OPC: Operating	0.3127	0.3099	0.3099	0.3099	0.3099	0.3099	0.3099	0.3099
Library: Operating	1.1210	1.1110	1.1110	1.1110	1.1110	1.1110	1.1110	1.1110
<b>TOTAL OPERATING MILLAGE</b>	<b>10.8198</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.4705</b>	<b>11.4860</b>

<b>DEBT MILLAGE</b>								
Drain Debt	0.0275	-	-	-	-	-	-	-
<b>TOTAL DEBT MILLAGE</b>	<b>0.0275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>TOTAL MILLAGE RATE</b>	<b>10.8473</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.2753</b>	<b>11.4705</b>	<b>11.4860</b>
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- The City's current overall millage rate of 10.8473 in FY 2025 is projected to be increased by +0.4280 mill to 11.2753 in FY 2026 due to the projected increase in the Police millage due to the Oakland County Sheriff's Office (OCSO) rate increases approved by the Oakland County Board of Commissioners in December 2024.
- In FY 2025, the Drain Debt Fund has been fully pay off
- Note: All future millage renewals are projected as status quo renewals
  - In FY 2026, the City's Pathway millage and RARA's Operating millage will be up for renewal
  - In FY 2030, the City's Local Street millage and the OPC's Operating millage will be up for renewal
  - In FY 2031, the City's Parks Infrastructure millage will be up for renewal

## July 2025 Financial Forecast Projections:

- **State-Shared Revenue:**

FY 2025	1.3%	Projected
FY 2026	1.0%	Projected
FY 2027	1.0%	Projected
FY 2028	1.0%	Projected
FY 2029-2032	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 per the State of MI Consensus Revenue Estimating Conference
  - *Note: State-Shared Revenues have increased an average of +6.0% per year the past 5-Years (2020-2024)*

- **Act 51 Revenue:**

FY 2025	1.2%	Projected
FY 2026	1.0%	Projected
FY 2027	1.0%	Projected
FY 2028	1.0%	Projected
FY 2029-2032	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 +5.8% per year the past 5-Years (2020-2024)*

- **Investment Earnings:**

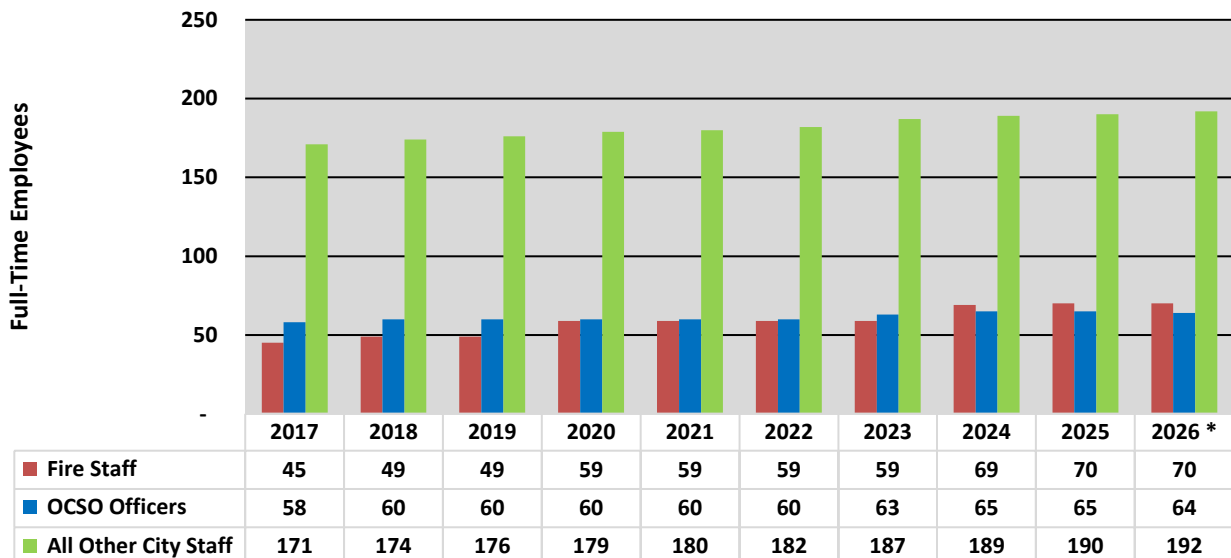
FY 2025	4.28%	6/30/2025
FY 2026	3.00%	Projected
FY 2027	3.00%	Projected
FY 2028	3.00%	Projected
FY 2029-2032	3.00%	Projected

- At their June 2025 meeting, the Federal Open Market Committee (FOMC) voted to pause and maintain the Federal Funds Rate at a target range of 4.25% to 4.50%
  - Federal Funds Rate cuts are anticipated potentially starting in September 2025

## **July 2025 Financial Forecast Projections:**

- The City is taking a very conservative approach to projecting investment revenue into the future
  - *Note: Investment Earnings have returned an average of +3.0% per year the past 5-Years (2020-2024)*
- **2025 Budget Information:**
  - Updated with FY 2025 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 2026-2031 CIP process
- **Staffing Levels:**
  - 2026-32 Long-Term Forecast projects the addition of two (2) Full-Time City staff
    - One (1) Full-Time Grounds Crew Leader [General Fund / Grounds Division]
      - New proposed Position Request due to recommendation from recently completed Grounds Study
    - One (1) Full-Time Administrative Associate II [General Fund / Planning Department]
      - Currently Budgeted as Part-Time proposed to move to Full-Time to provide enhanced administrative support to PED Department
  - 2026-32 Long-Term Forecast projects the reduction of one (1) OCSO deputy
    - One (1) Student Resource Officer [Police Fund]
      - Rochester Community Schools (RCS) has decided to reduce their Student Resource Officer (SRO) staffing levels by one (1) SRO for the 2025-26 School Year

**Budgeted Full-Time Employees per Fiscal Year**



## **July 2025 Financial Forecast Projections:**

- **Salary and Wages**

FY 2025	4.50%	Actual
FY 2026	2.75%	Projected
FY 2027	2.75%	Projected
FY 2028	2.50%	Projected
FY 2029-2032	2.50%	Projected

- FY 2022-27 consistent with existing Union contracts
- FY 2028-32 projected

- **OCSO Contract**

FY 2025	17.90%	Actual
FY 2026	9.00%	Projected
FY 2027	9.00%	Projected
FY 2028	5.22%	Projected
FY 2029-2032	5.22%	Projected

- FY 2025-27 consistent with existing OCSO contract
- FY 2028-32 projected

- **Health Care**

FY 2025	3.19%	Actual
FY 2026	6.00%	Projected
FY 2027	6.00%	Projected
FY 2028	6.00%	Projected
FY 2029-2032	6.00%	Projected

- FY 2026-32 projected based on conservative estimate provided by City's Healthcare Broker

- **General Inflation**

FY 2025	3.00%	Projected
FY 2026	3.25%	Projected
FY 2027	3.00%	Projected
FY 2028-2031	2.50%	Projected
FY 2029-2032	2.50%	Projected

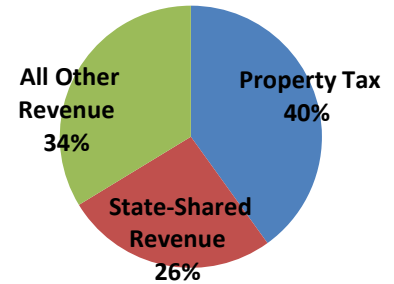
- FY 2025-32 projected based on Federal Reserve Board inflation target

# (101) General Fund Forecast

## GENERAL FUND / REVENUES:

- For FY 2025, the primary sources of General Fund revenue are:
  - 40% = Property Tax
  - 26% = State-Shared Revenue
  - 34% = All Other Revenue
    - Charges for Services, License & Permits, etc...

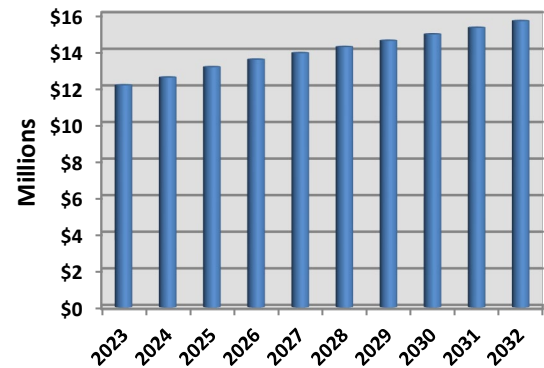
**General Fund: FY 2025  
Revenue Sources**



## **General Fund / Property Tax Revenue:**

- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year

**General Fund:  
Property Tax Trend**

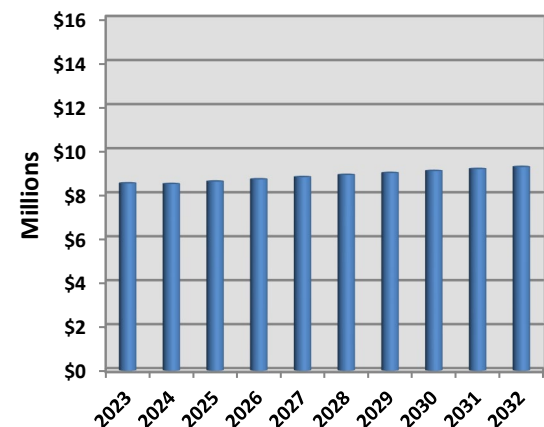


## **General Fund / State Shared Revenue:**

FY 2025	1.3%	Projected
FY 2026	1.0%	Projected
FY 2027	1.0%	Projected
FY 2028	1.0%	Projected
FY 2029-2032	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

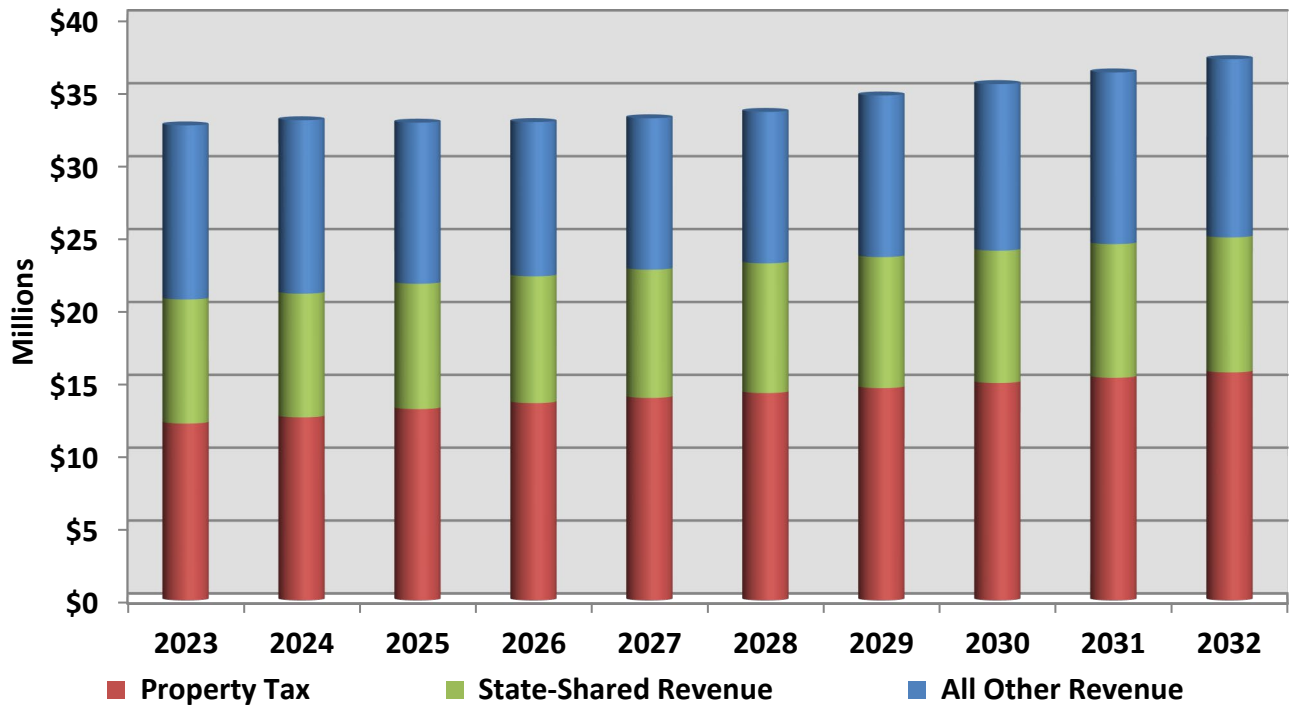
### General Fund / Other Revenues:

- 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 2023-24 to 2025+ is primarily due to conservatively projected Investment Earnings and Building Permit Fees

**General Fund:  
All Other Revenues Trend**



**General Fund: Total Revenue Trend**



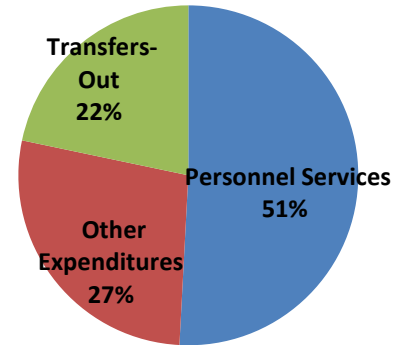


# (101) General Fund Forecast

## GENERAL FUND / EXPENDITURES:

- For FY 2025, the primary sources of General Fund expenditures are:
  - 51% = Personnel Services
  - 27% = Other Expenditures
    - Supplies, Services, Interfund Charges, Memberships, etc...
  - 22% = Transfers-Out to other funds
    - *Includes transfer to the Capital Improvement Fund (420) to set the General Fund Balance at 65% of annual expenditures*

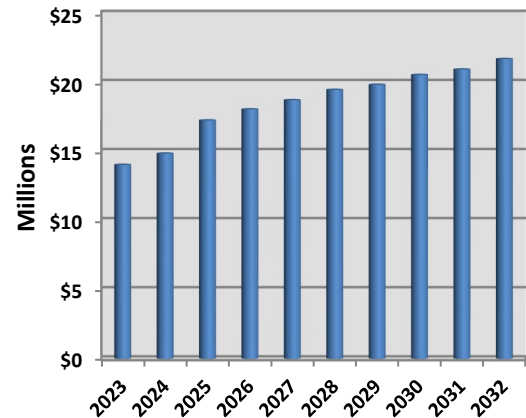
**General Fund:  
FY 2025 Expenditure Sources**



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

- 2026-32 Long-Term Forecast projects two (2) additional full-time City employees
  - One (1) Full-Time Grounds Crew Leader [Grounds Division]
  - One (1) Full-Time Administrative Associate II [Planning Department]
    - Currently Budgeted as Part-Time proposed to move to Full-Time
- Salary and Wages are projected to increase +2.75% per year for 2026-27 and +2.50% per year for 2028+
  - *The increase in trend from 2023-24 Actual to 2025+ 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**

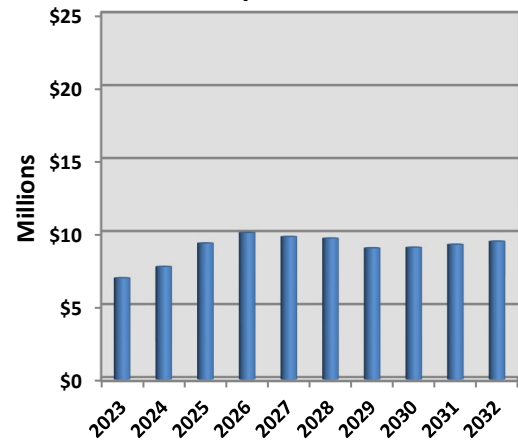


## (101) General Fund Forecast

### 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 +5.0% per year
  - *The increase in trend from 2023-24 Actual to 2025+ is due to actual operating expenditures routinely coming in under budget each year*

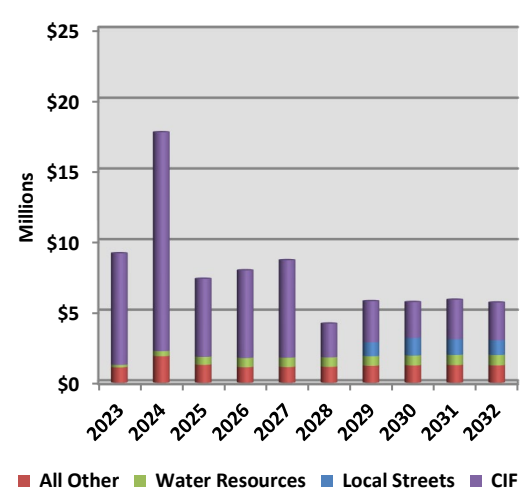
**General Fund:  
Other Expenditures Trend**



### General Fund / Transfers-Out:

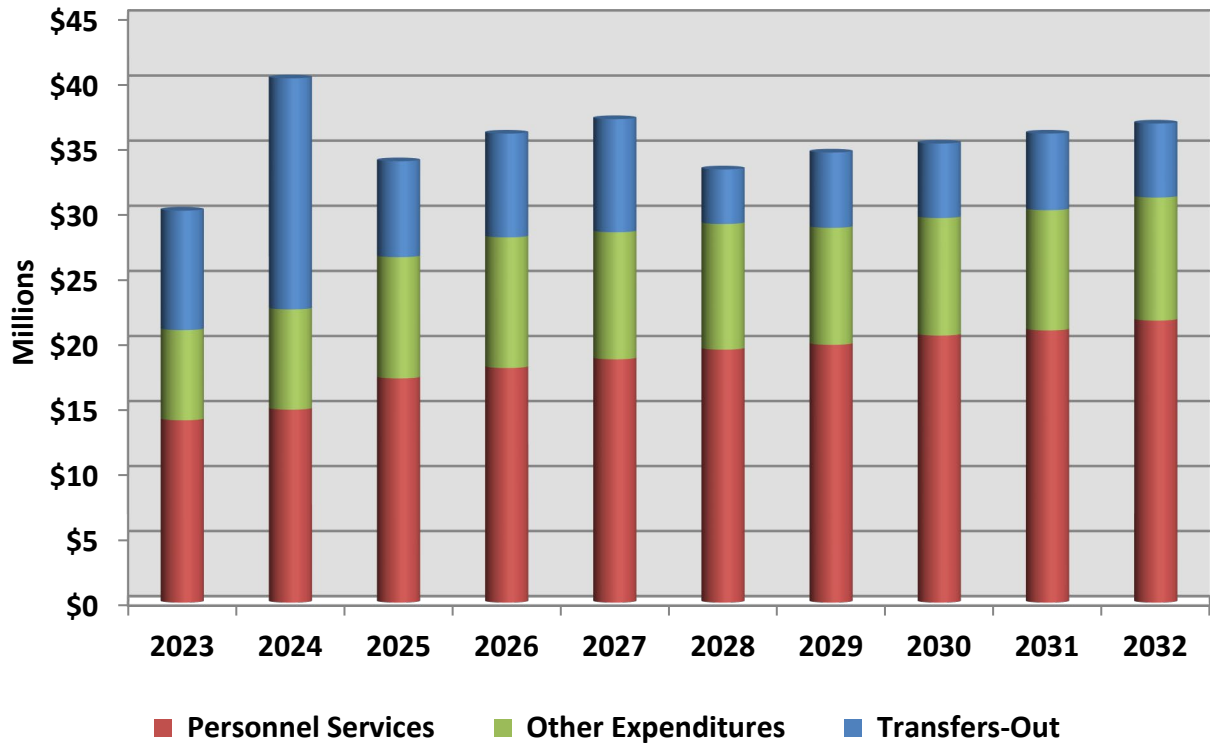
- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures moving forward
  - Note: It is proposed to move from the current 80% level to the 35% level over the 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 2029

**General Fund:  
Transfers-Out Trend**



## (101) General Fund Forecast

General Fund: Total Expenditure Trend

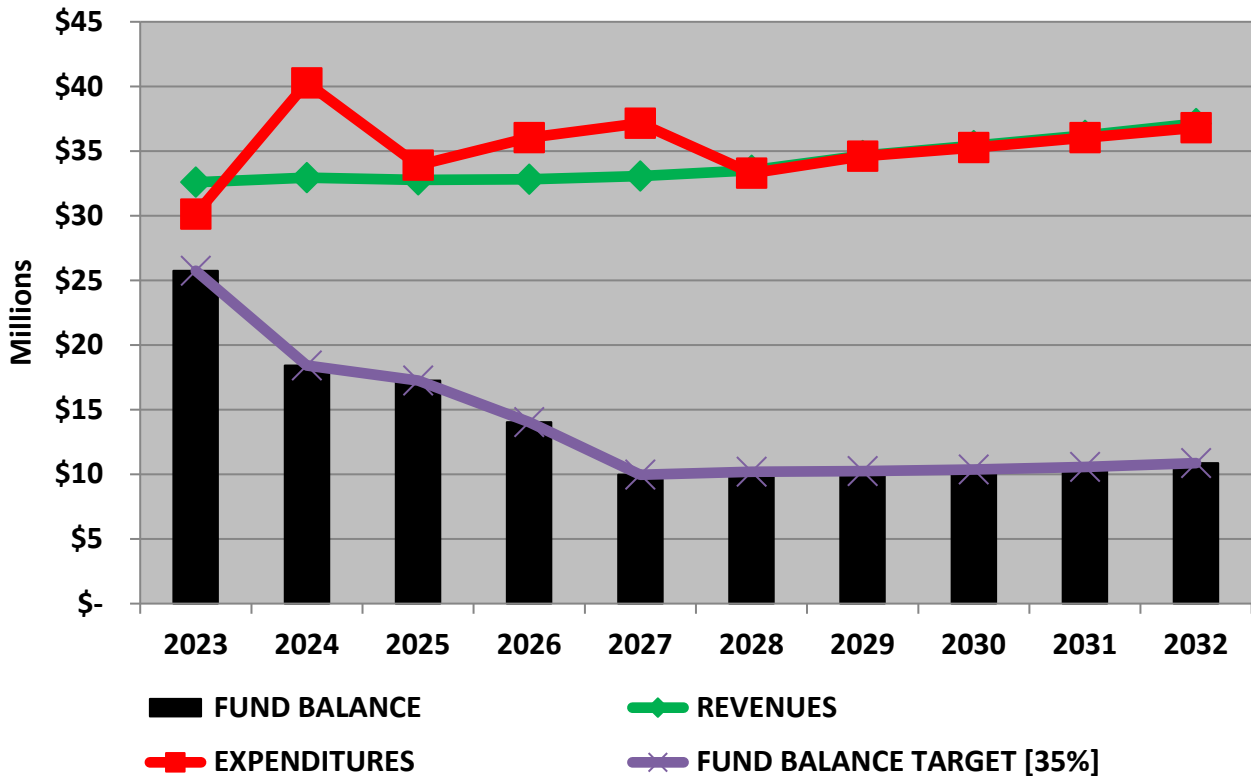


## (101) General Fund Forecast

### 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:

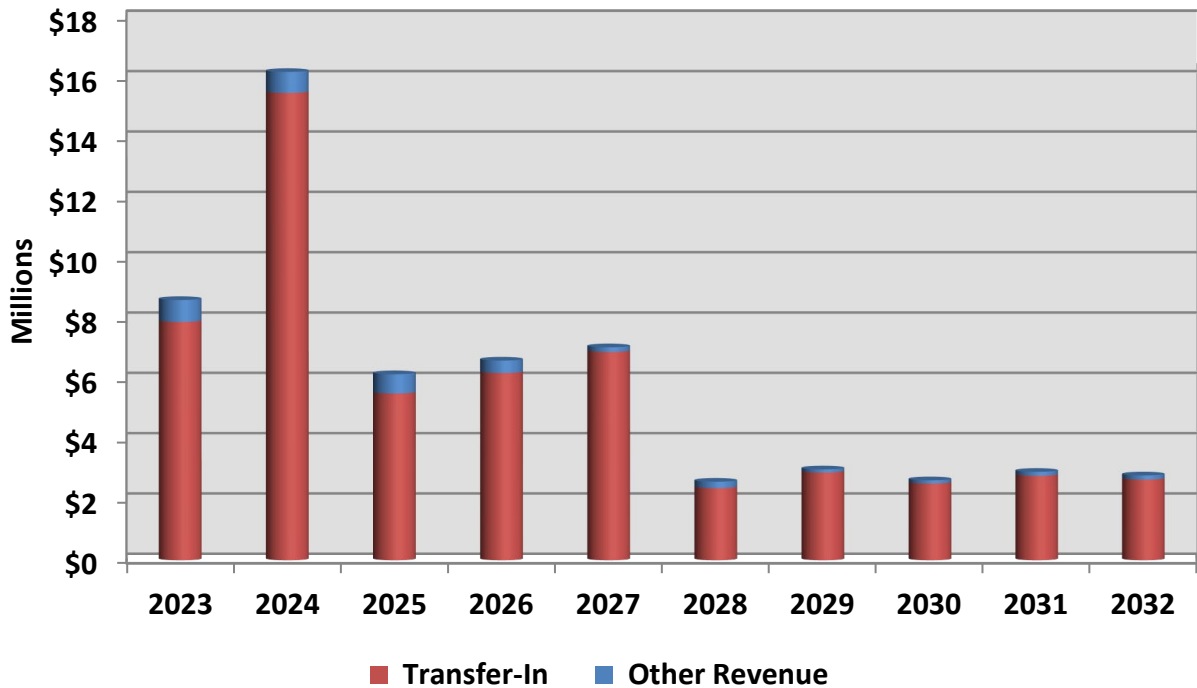
- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- 2026-32 Long-Term Forecast projects two (2) additional full-time City employees
  - One (1) Full-Time Grounds Crew Leader [Grounds Division]
  - One (1) Full-Time Administrative Associate II [Planning Department]
    - Currently Budgeted as Part-Time proposed to move to Full-Time
- 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**

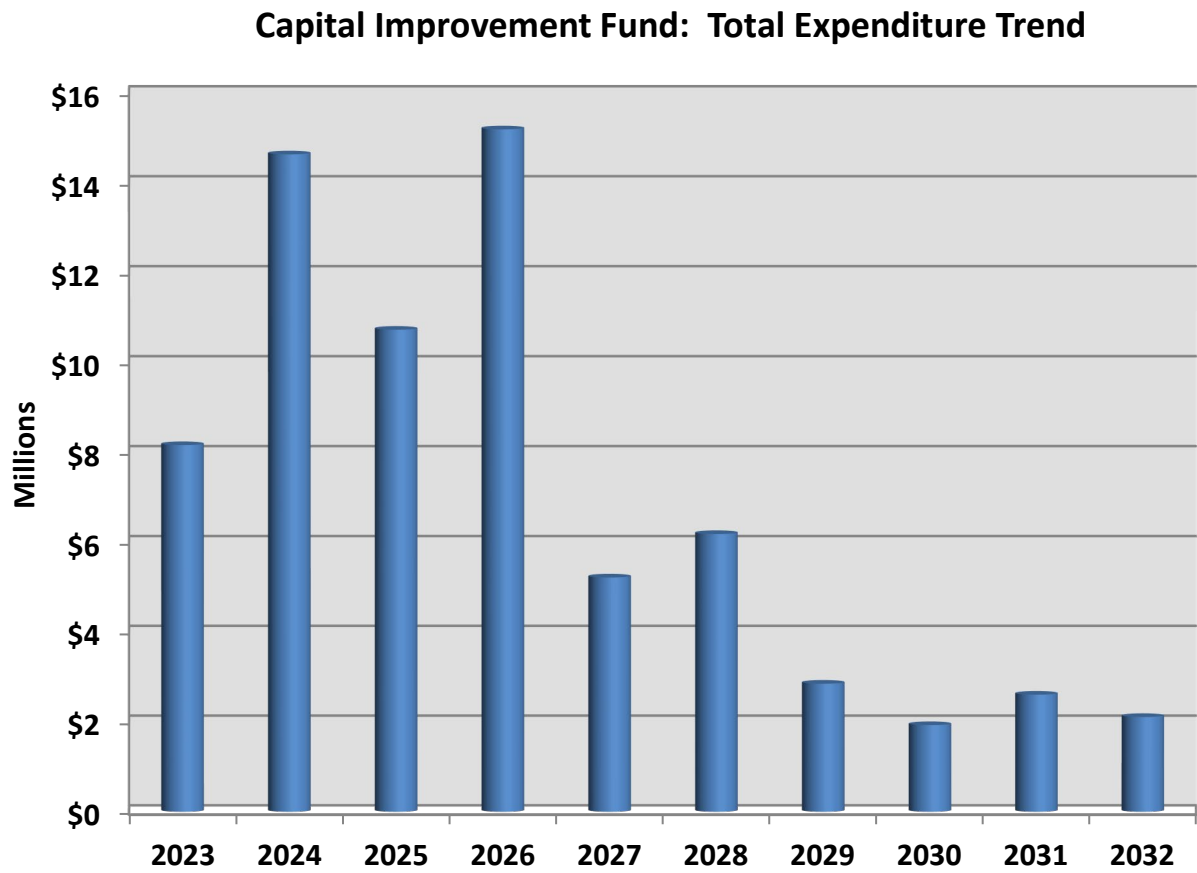


## **(420) Capital Improvement Fund Forecast**

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

- Capital Outlay costs for 2023-2032 include projects as included in the City's annual Capital Improvement Plan (CIP):
  - 2023 Actual:
    - \$2.4M = Bloomer Park: Parking Lot Replacement
    - \$1.8M = 3308 South Blvd Parcel Purchase (Pine Trace Property)
    - \$1.0M = DPS Garage: HVAC and CO2 Sensor Replacement
    - \$0.9M = Innovation Hills: Development
    - \$2.1M = Various Facility & Other Improvement projects
  - 2024 Actual:
    - \$5.6M = Spencer & Avondale Park: Parking Lot Replacement and Pathways
    - \$2.9M = OCSO Substation: Interior Upgrades and Lobby Security
    - \$2.7M = Innovation Hills: Rope Bridge & Restroom
    - \$1.4M = 694 Rochester Road Parcel Purchase (Beekeeper Property)
    - \$2.0M = Various Facility & Other Improvement projects
  - 2025 Budget:
    - \$2.5M = DPS Garage: HVAC Upgrades
    - \$1.5M = Citywide: Gateways & Park Entrance Signs
    - \$1.2M = Brooklands Plaza Enhancements
    - \$0.7M = Nowicki Park: Development (Preliminary Engineering)
    - \$4.8M = Various Facility & Other Improvement projects
  - 2026 Projected:
    - \$10.7M = Nowicki Park: Development
    - \$1.0M = Local Street SAD Paving (Childress & Dunning)
    - \$0.9M = Pedestrian Bridge & Structure Repair Program
    - \$0.7M = DPS Garage: Vehicle Exhaust System
    - \$1.9M = Various Facility & Other Improvement projects
  - 2027 Projected:
    - \$1.3M = DPS Garage: Fuel Island Replacement
    - \$0.9M = Election Equipment Replacement Schedule
    - \$0.8M = City Hall: Carpet / Flooring Replacement
    - \$0.6M = Spencer Park: Redevelopment (Preliminary Engineering)
    - \$1.6M = Various Facility & Other Improvement projects
  - 2028 Projected:
    - \$3.0M = Museum: Parking Lot Rehabilitation
    - \$2.5M = Spencer Park: Redevelopment
    - \$0.6M = Bloomer Park: Redevelopment (Preliminary Engineering)
    - \$0.1M = Various Facility & Other Improvement projects
  - 2029 Projected:
    - \$3.7M = Bloomer Park: Redevelopment
  - 2030 Projected:
    - \$2.8M = Spencer Park: Redevelopment
  - 2031 Projected:
    - \$3.5M = Spencer Park: Redevelopment
  - 2032 Projected:
    - \$3.0M = Bloomer Park: Redevelopment

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

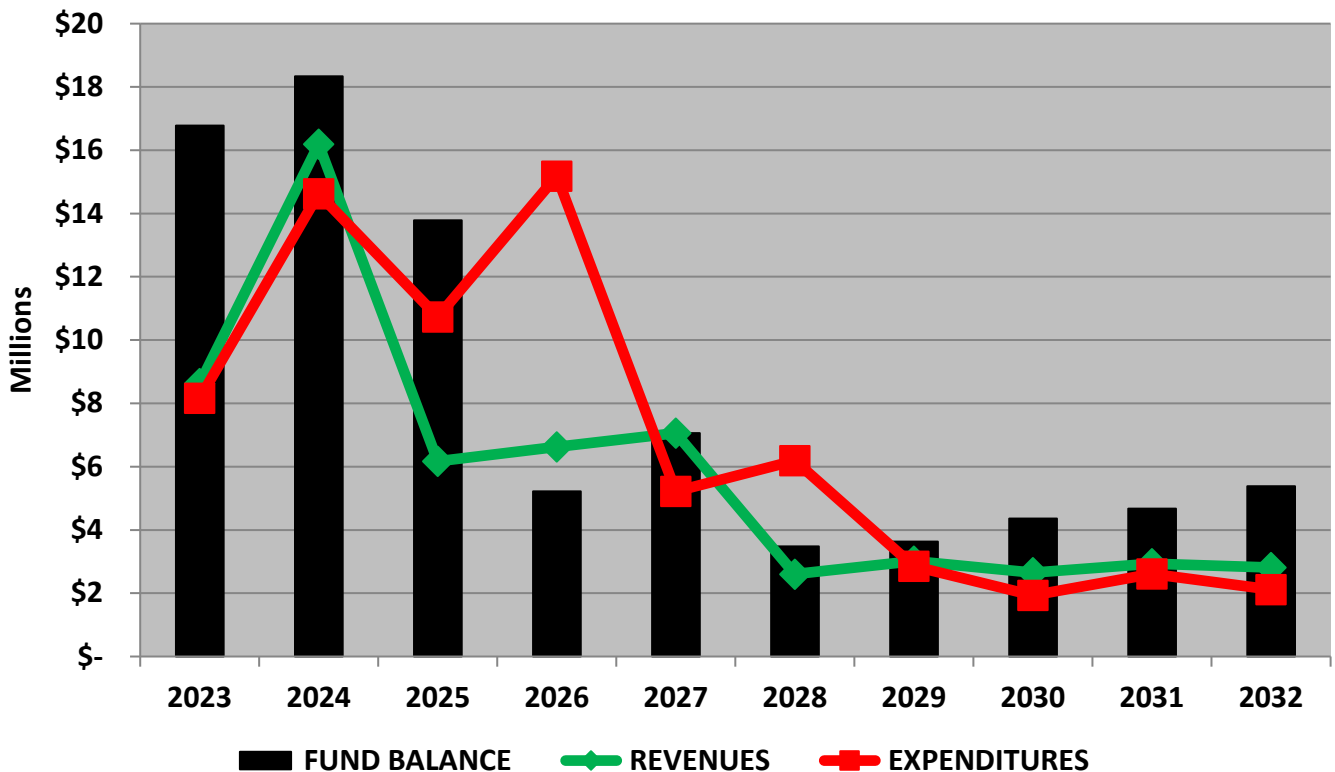


## (420) Capital Improvement Fund Forecast

### 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 2025-2032 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

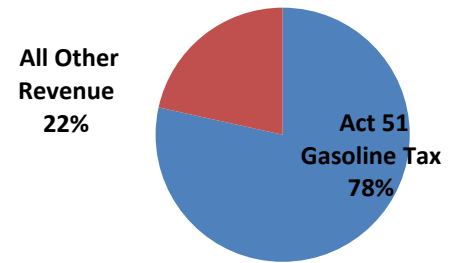


## (202) Major Road Fund Forecast

### MAJOR ROAD FUND / REVENUES:

- For FY 2025, the primary sources of Major Road Fund revenue are:
  - 78% = Act 51 Gasoline Tax
  - 22% = All Other Revenue

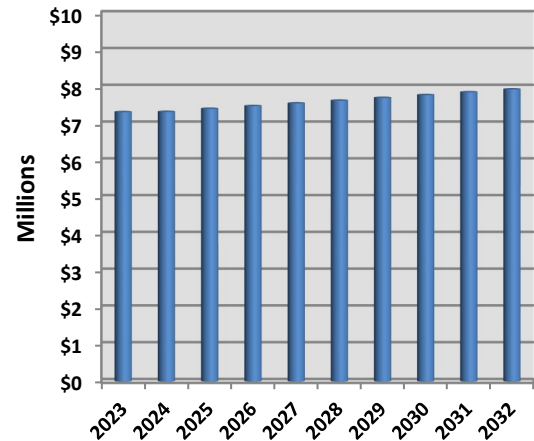
**Major Road Fund:  
FY 2025 Revenue Sources**



### 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

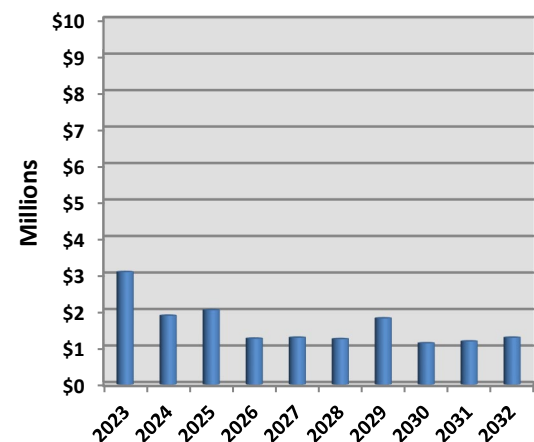
**Major Road Fund:  
Act 51 Gasoline Tax Trend**



### Major Road / Other Revenues:

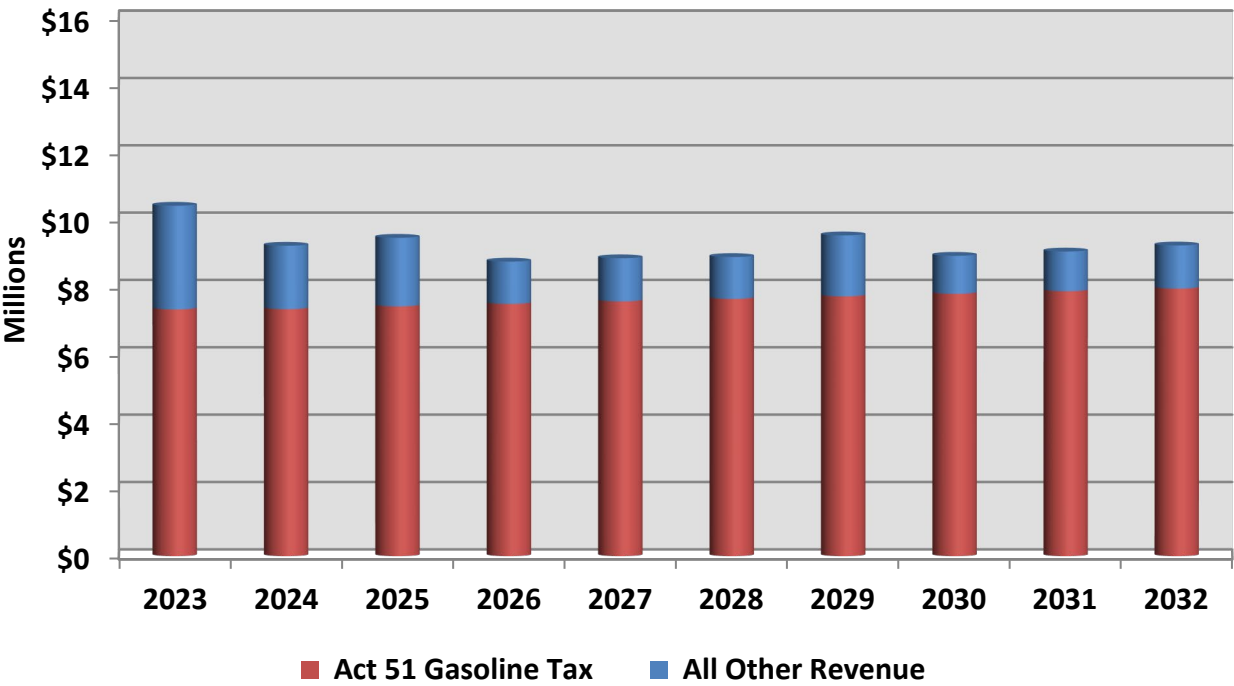
- The City continually works with other agencies to leverage the City's Major Road funding in order to construct needed improvements and rehabilitations to the City's Major Road network
- 2023:
  - \$1.9M from ARPA Fund & State of MI Grants for Drexelgate Parkway Reconstruction and Pathway Installation
- 2024:
  - \$440K from LDFA for Marketplace Circle Rehabilitation
- 2025:
  - \$590K from LDFA for Auburn @ Technology Traffic Signal Improvements
- 2029:
  - \$660K from Oakland County Federal Aid Committee for John R Rehabilitation [Auburn - Hamlin]

**Major Road Fund:  
All Other Revenue Trend**



**(202) Major Road Fund Forecast**

**Major Road Fund: Total Revenue Trend**

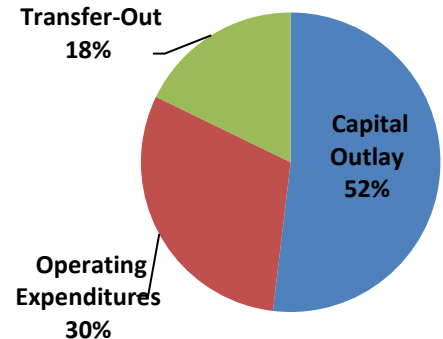


## (202) Major Road Fund Forecast

### MAJOR ROAD FUND / EXPENDITURES:

- For FY 2025, the primary sources of Major Road Fund expenditures are:
  - 30% = Operating Expenditures
  - 52% = Capital Outlay
    - *This proportion will vary significantly based upon the level of capital outlay scheduled in a particular Fiscal Year*
  - 18% = 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*

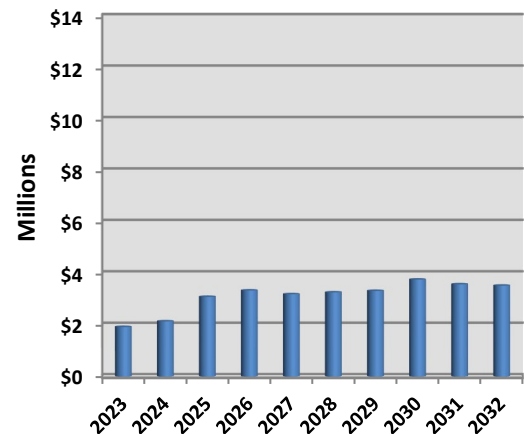
**Major Road Fund:  
FY 2025 Expenditure Sources**



### Major Road Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- The increase in trend from 2023-2024 to 2025+ is due to actual Major Road operating expenditures routinely coming in under budget

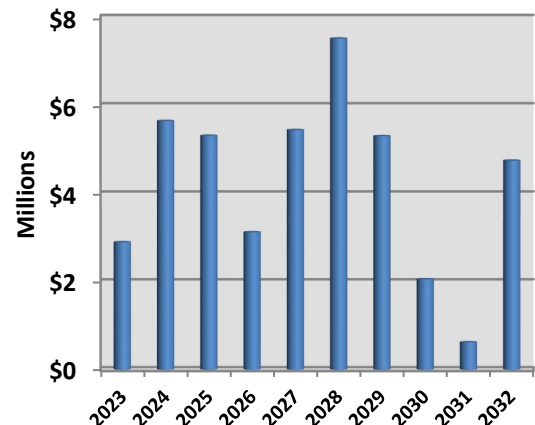
**Major Road Fund:  
Operating Expenditure Trend**



### Major Road Fund / Capital Outlay:

- Capital Outlay costs for 2023-2032 include Major Road projects as included in the CIP
  - 2023 = Drexelgate Road & Pathway, Avon / Dequindre / 23-Mile
  - 2024 = Avon Industrial, Barclay Circle, Marketplace Circle, Walton Road [Adams – Livernois]
  - 2025 = Brewster [Walton - Dutton], Traffic Signal Upgrade [Auburn @ Technology]
  - 2026 = Hamlin [E of Crooks] Reconstruction, Adams Road [near Nowicki] Improvements
  - 2027 = Rochester Road [South Bd – Tienken]
  - 2028 = Hampton Circle Reconstruction
  - 2029 = John R Rehabilitation [Avon – Auburn]
  - 2030 = Drexelgate [Livernois – Dancer]
  - 2032 = Adams Road [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**

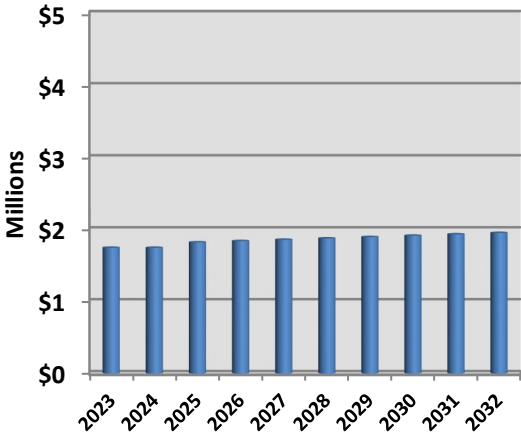


# (202) Major Road Fund Forecast

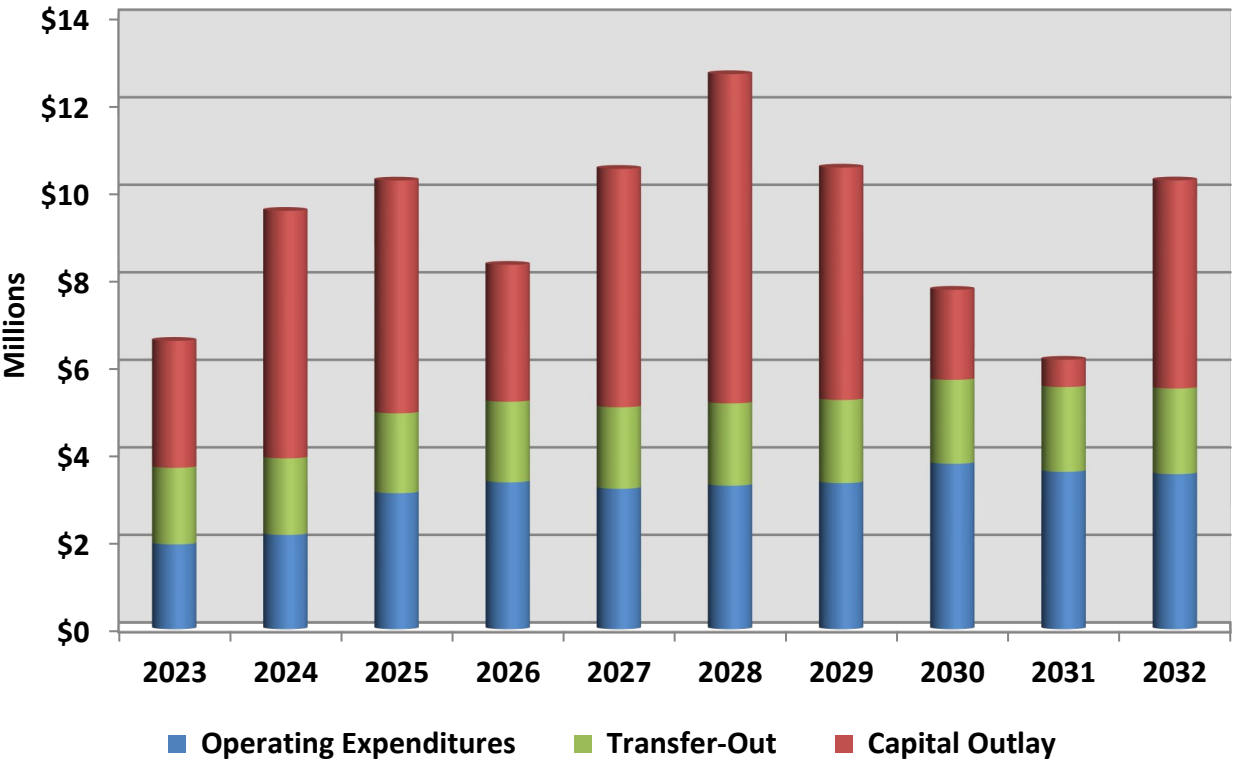
## Major Road Fund / Transfer-Out:

- 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 Trend



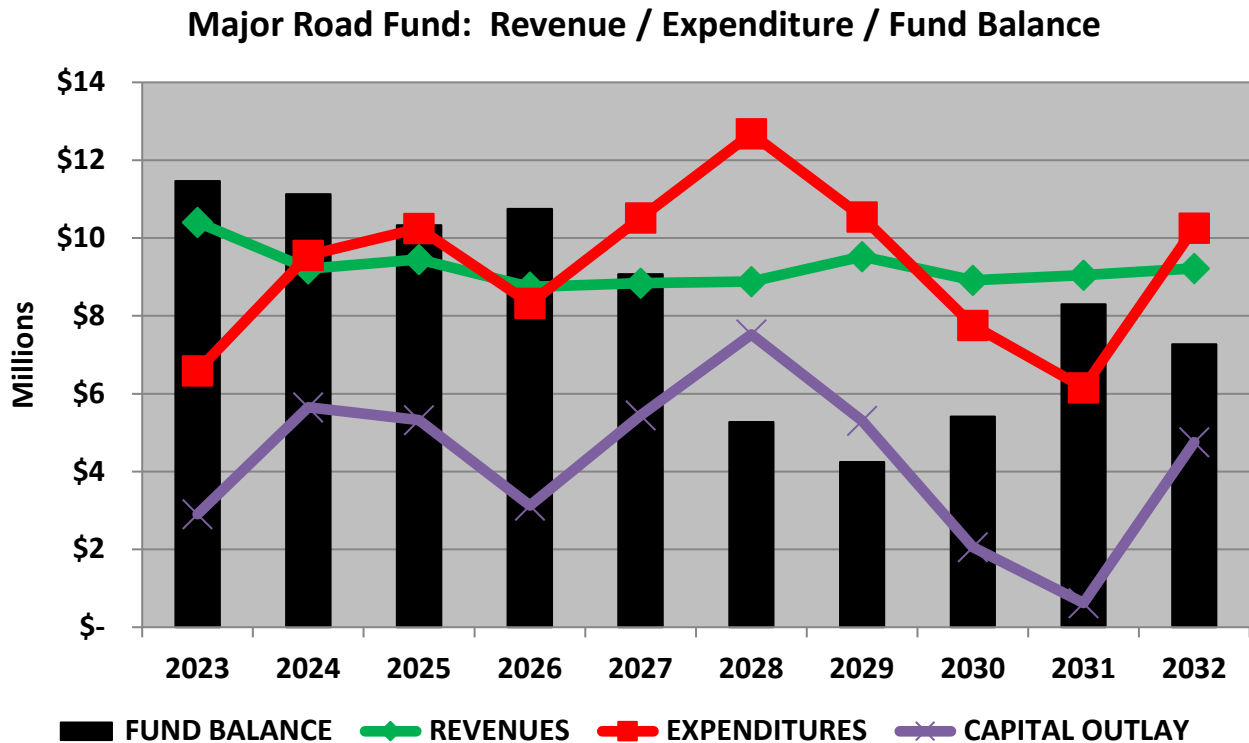
Major Road Fund: Total Expenditure Trend



## (202) Major Road Fund Forecast

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

- Capital Outlay costs for 2025-2032 include Major Road projects as included in the CIP



### Major Road Fund / Takeaway Points:

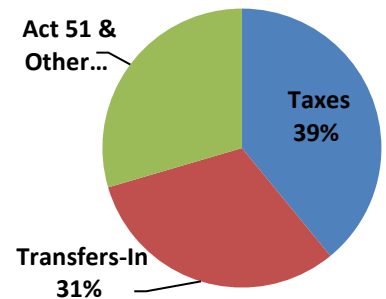
- The future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline)
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1% growth in Act 51 revenue moving forward
- Capital Outlay costs for 2025-2032 include Major Road projects as included in the CIP

## **(203) Local Street Fund Forecast**

### **LOCAL STREET FUND / REVENUES:**

- For FY 2025, the primary sources of Local Street Fund revenue are:
  - 39% = Property Taxes
  - 30% = Act 51 & Other Revenue
  - 31% = Transfers-In

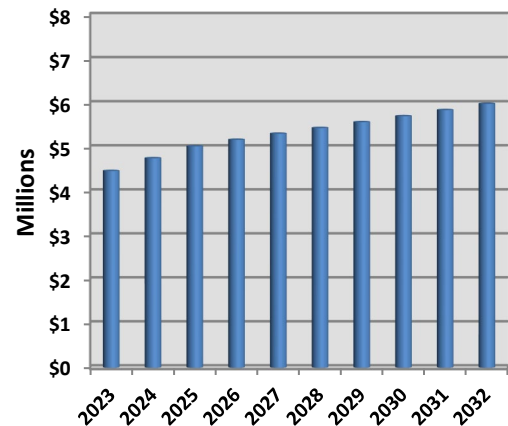
**Local Street Fund:  
FY 2025 Revenue Sources**



### **Local Street Fund / Property Taxes:**

- The Local Street millage level is maintained at the levy of 1.0531 mill throughout this forecast model

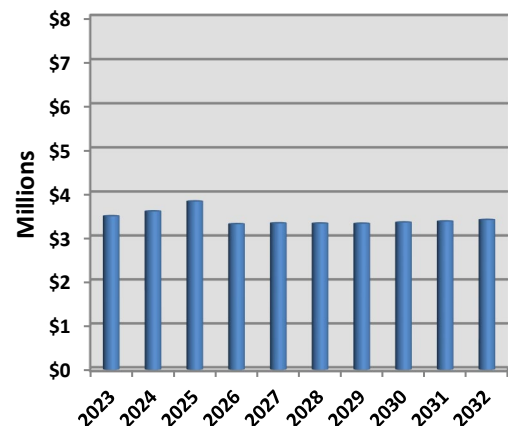
**Local Street Fund:  
Taxes Trend**



### **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**

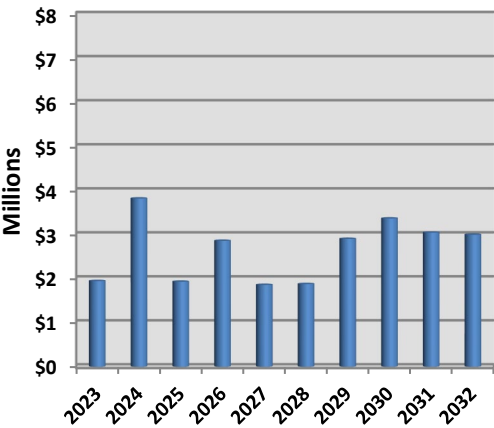


**(203) Local Street Fund Forecast**

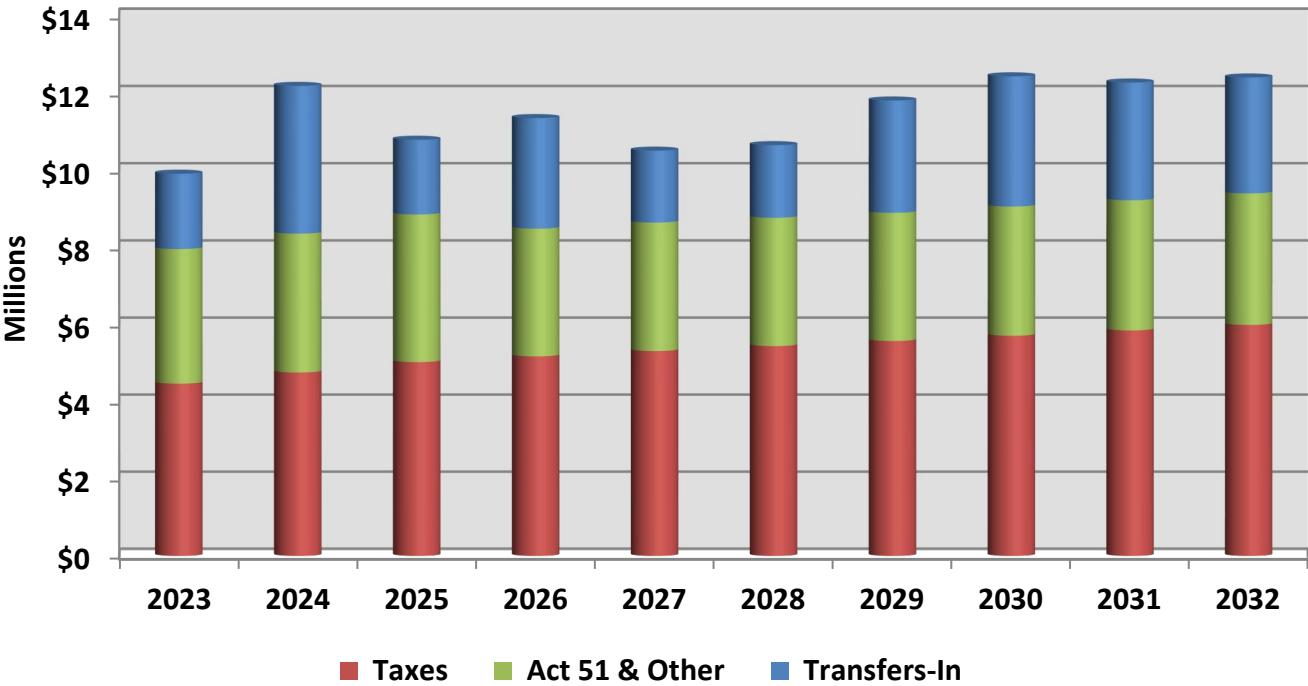
**Local Street Fund / Transfers-In:**

- 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 2023-28 is to reduce the Local Street Fund Balance to 25%
- In 2024, the LDFA transferred in \$2.1M 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:  
Transfers-In Trend**



**Local Street Fund: Total Revenue Trend**

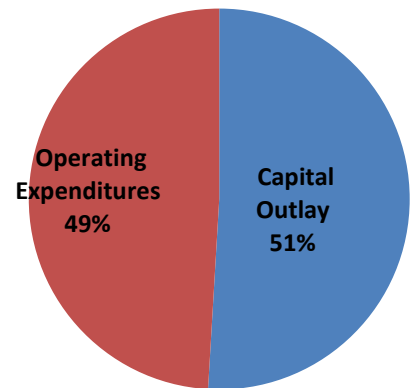


## **(203) Local Street Fund Forecast**

### **LOCAL STREET FUND / EXPENDITURES:**

- For FY 2025, the primary sources of Local Street Fund expenditures are:
  - 49% = Operating Expenditures
  - 51% = Capital Outlay

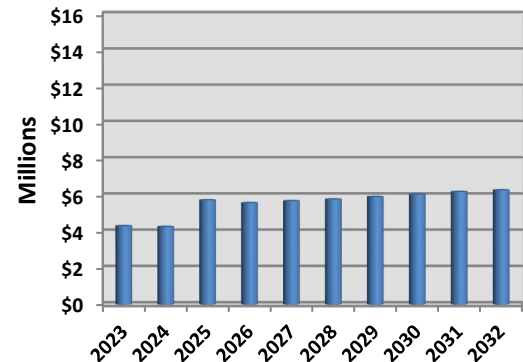
**Local Street Fund:  
FY 2025 Expenditure Sources**



### **Local Street Fund / Operating Expenditures:**

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- The increase in trend from 2023-2024 to 2025+ is due to actual Local Street operating expenditures routinely coming in under budget

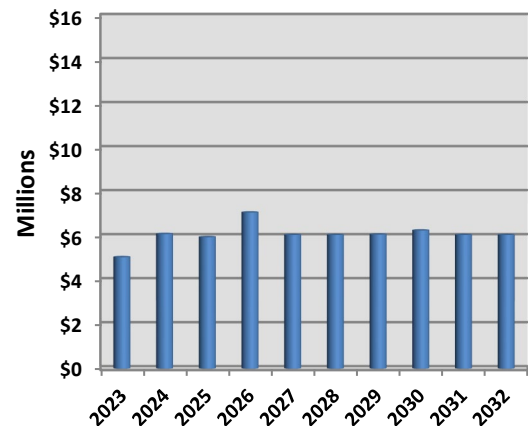
**Local Street Fund:  
Operating Expenditure Trend**



### **Local Street Fund / Capital Outlay:**

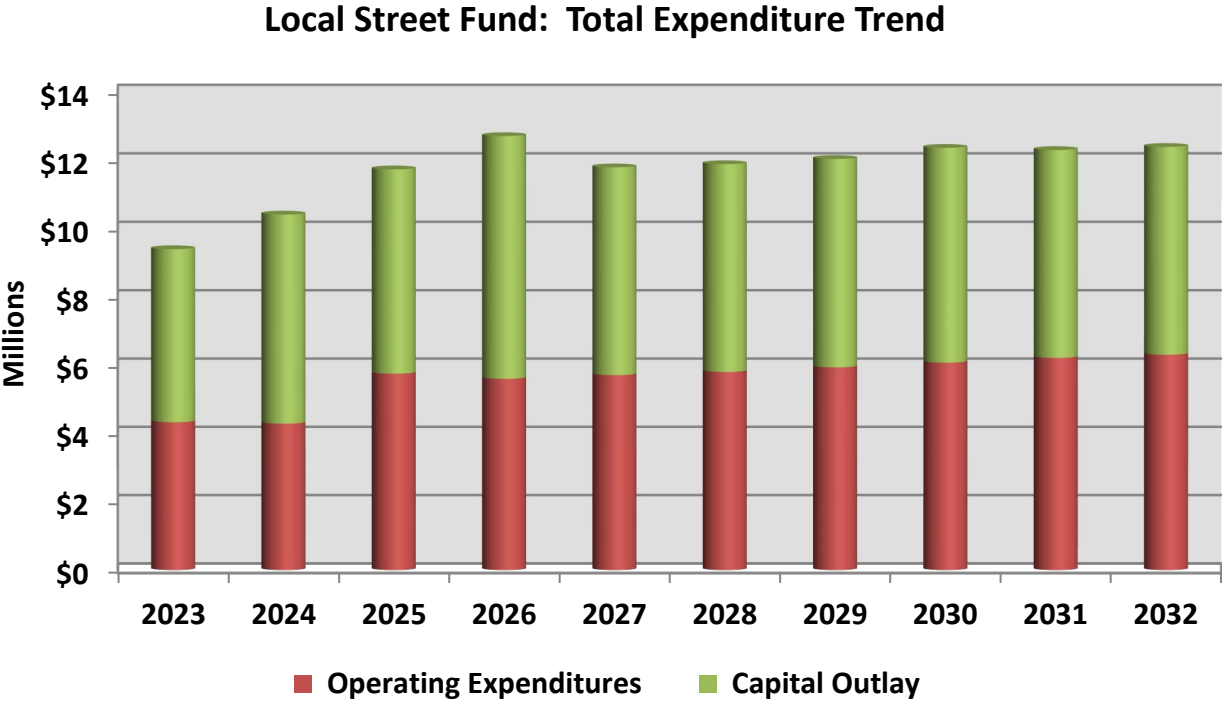
- Using the current forecast assumptions, the Local Street Fund is able to support an annual Local Street Rehabilitation program of \$6 million per year within existing Local Street revenue sources as well as support from the General Fund, Major Road Fund, and Capital Improvement Fund
- In 2026, the CIF will transfer in \$1.0M for the paving of Childress (SAD) and Dunning East of Eastwood (SAD)

**Local Street Fund:  
Capital Outlay Trend**





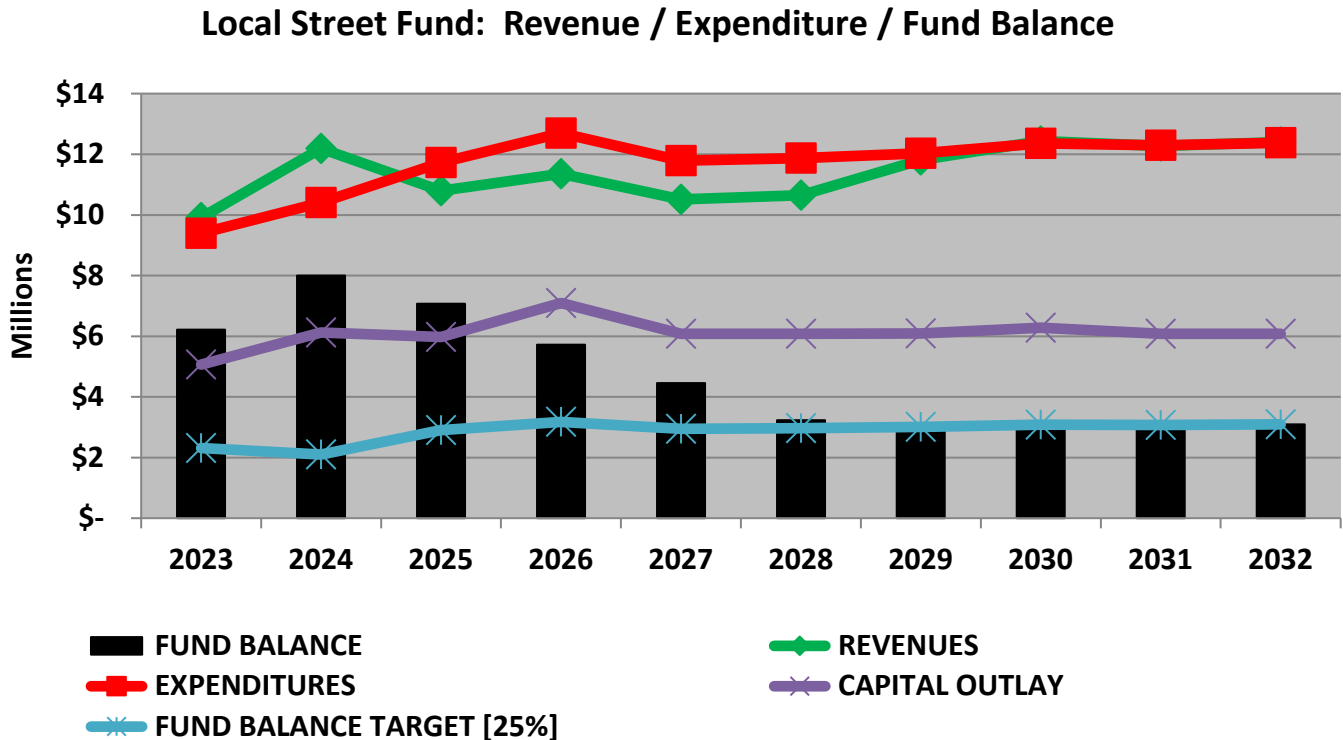
**(203) Local Street Fund Forecast**



## **(203) Local Street Fund Forecast**

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

- Transfers-In revenue decreased in FY 2023-2029 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 / Takeaway Points:**

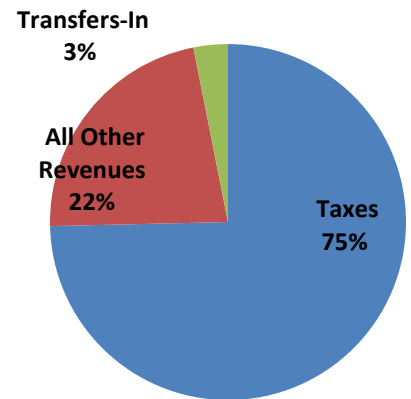
- The Local Street millage level is maintained at the levy of 1.0531 mill
- City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1% growth in Act 51 revenue moving forward
- The annual transfer-in from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures
- Using the current forecast assumptions, the Local Street Fund is able to support an annual Local Street Rehabilitation program of \$6 million per year within existing Local Street revenue sources as well as support from the General Fund and Major Road Fund

## (206) Fire Operating Fund Forecast

### FIRE OPERATING FUND / REVENUES:

- For FY 2025, the primary sources of Fire Operating Fund revenue are:
  - 75% = Property Taxes
  - 22% = All Other Revenues
  - 3% = Transfer-In
    - Funding transferred back in from (402) Fire Capital Fund to maintain (206) Fire Operating Fund Balance at 25% of annual operating expenditures

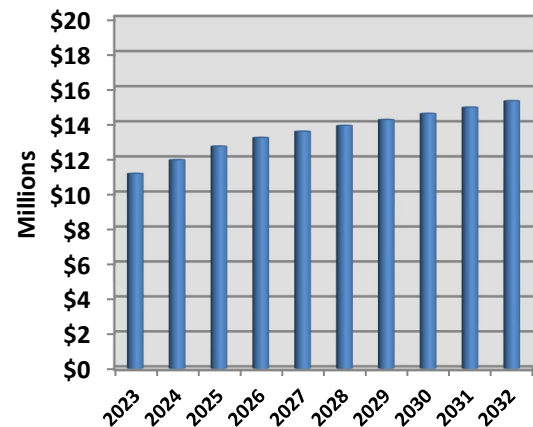
**Fire Fund: FY 2025 Revenue Sources**



### Fire Operating Fund / Property Taxes:

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

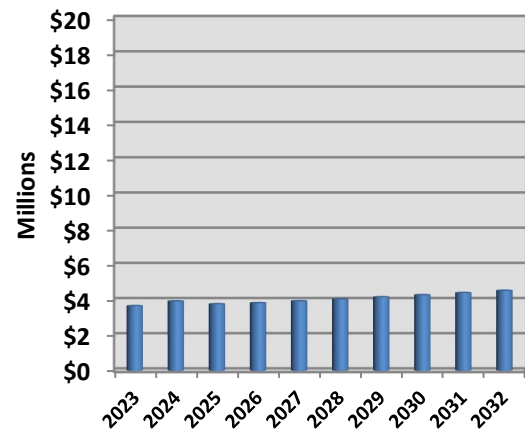
**Fire Fund: Property Tax Trend**



### Fire Operating Fund / Other Revenues:

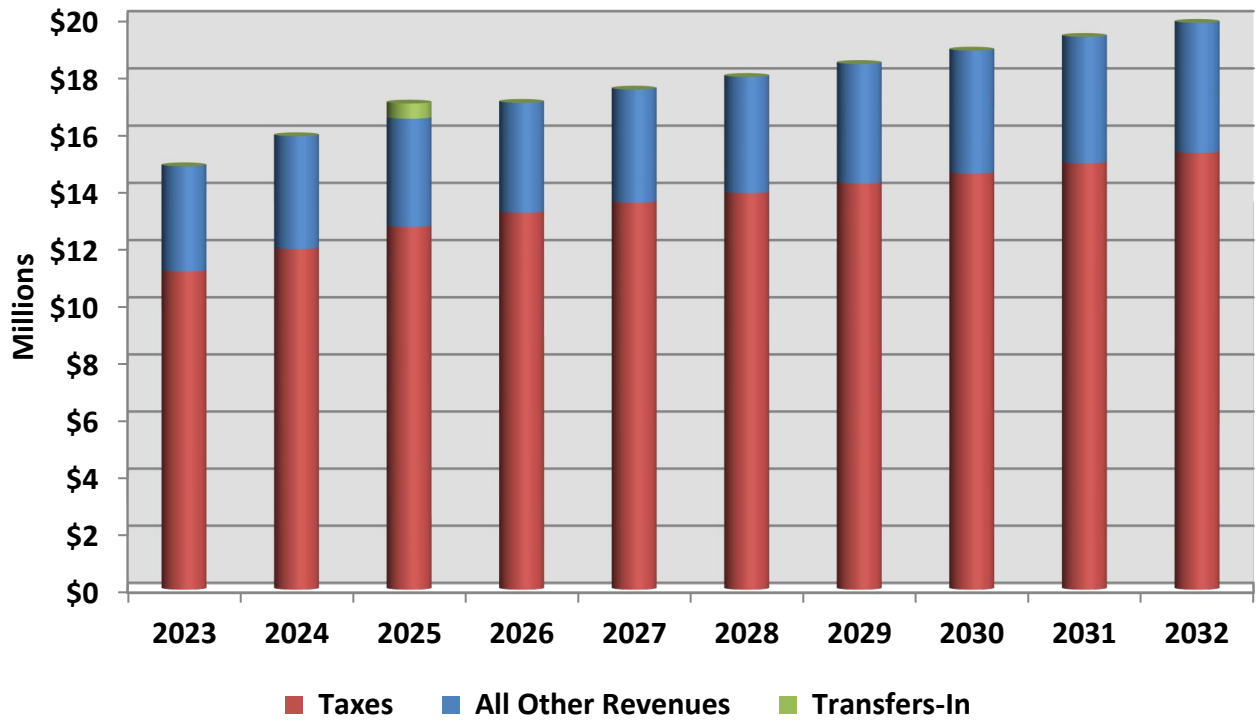
- The primary source of Other Revenue is EMS Charges for Service
- Other revenues are projected to increase from 0.0% to 3.0% per year

**Fire Fund: Other Revenue Trend**



## (206) Fire Operating Fund Forecast

Fire Fund: Total Revenue Trend

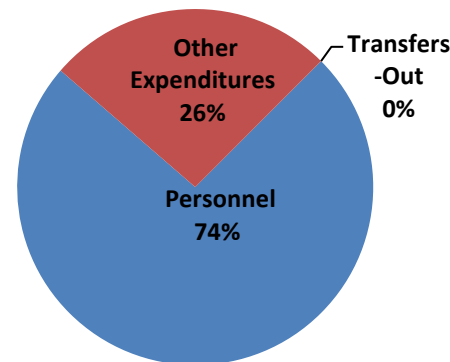


## (206) Fire Operating Fund Forecast

### FIRE OPERATING FUND / EXPENDITURES:

- For FY 2025, the primary sources of Fire Operating expenditures are:
  - 74% = Personnel
  - 26% = Other Expenditures
  - 0% = Transfer-Out
    - *The annual transfer-out to the (402) Fire Capital Fund will pause until the (206) Fire Operating Fund has in excess of 25% Fund Balance*

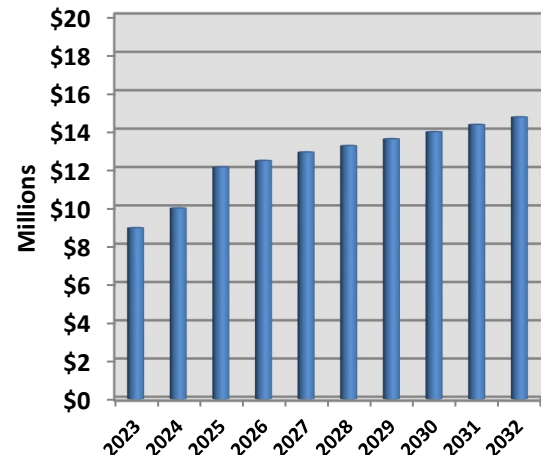
**Fire Fund:  
FY 2025 Expenditure Sources**



### Fire Operating Fund / Personnel Services:

- Salary and Wages are updated per the new #3472 Union contract. Salaries are projected to increase +2.75% per year (2026-2027) and +2.5% per year in 2028+
- *The increase in trend from 2023-24 Actual to 2025+ is due the impacts of the new #3472 Union contract in 2025, as well as actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year*

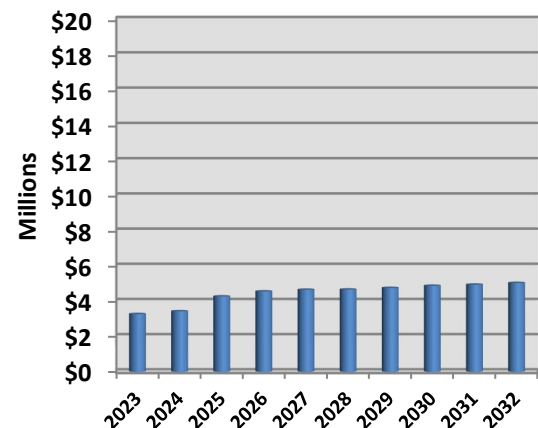
**Fire Operating Fund:  
Personnel Trend**



### Fire Operating Fund / Other Expenditures:

- Supplies, Services, Interfund Charges (including Fleet & Facilities), Memberships, etc...
- The increase in trend from 2023-2025 to 2025+ is due to actual Fire Department operating expenditures routinely coming in under budget

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

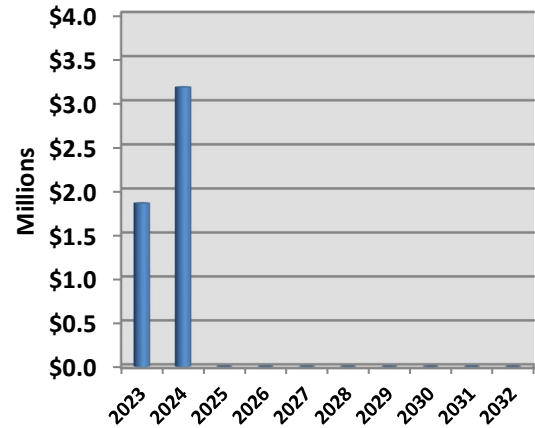


## (206) Fire Operating Fund Forecast

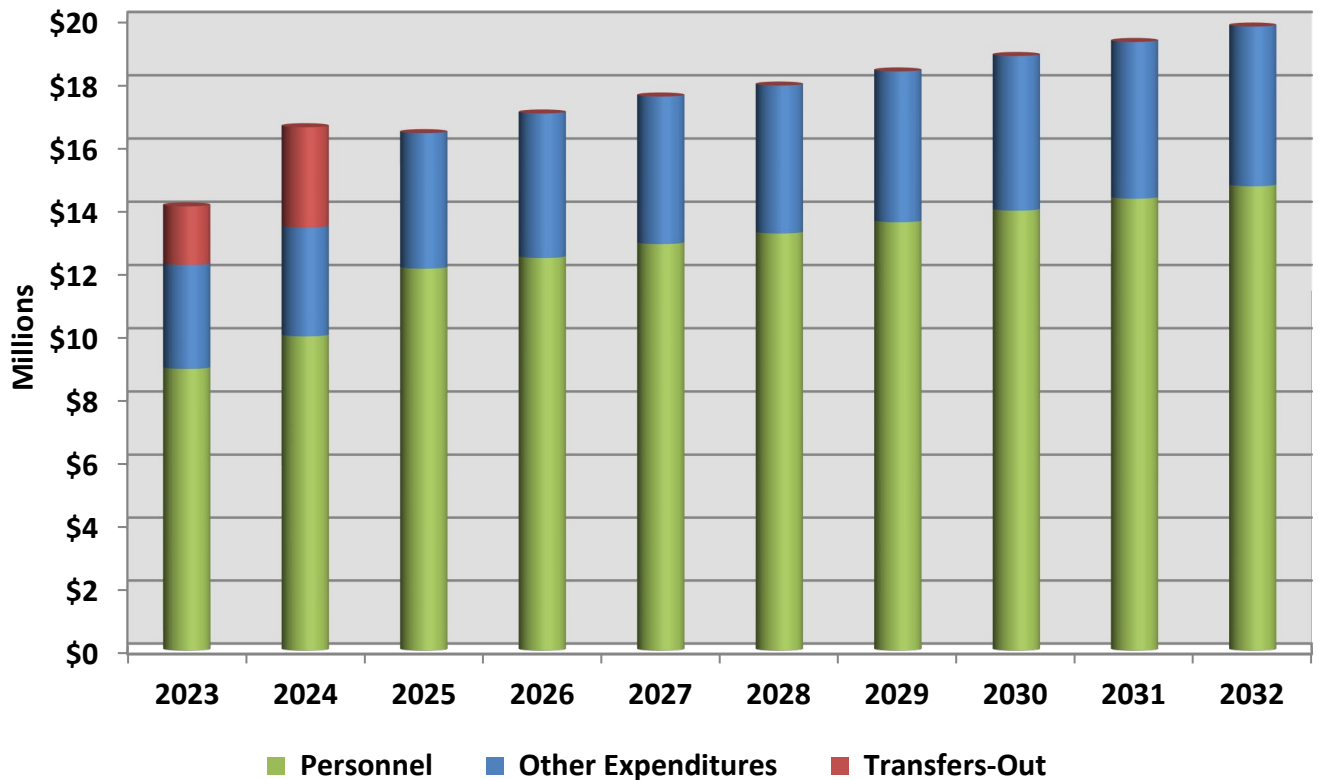
### Fire Operating Fund / Transfer-Out:

- The increase in Transfers-Out in FY 2023-2024 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 (402) Fire Capital Fund will pause until the (206) Fire Operating Fund has in excess of 25% Fund Balance

Fire Operating Fund: Transfer-Out Trend



Fire Fund: Total Expenditure Trend

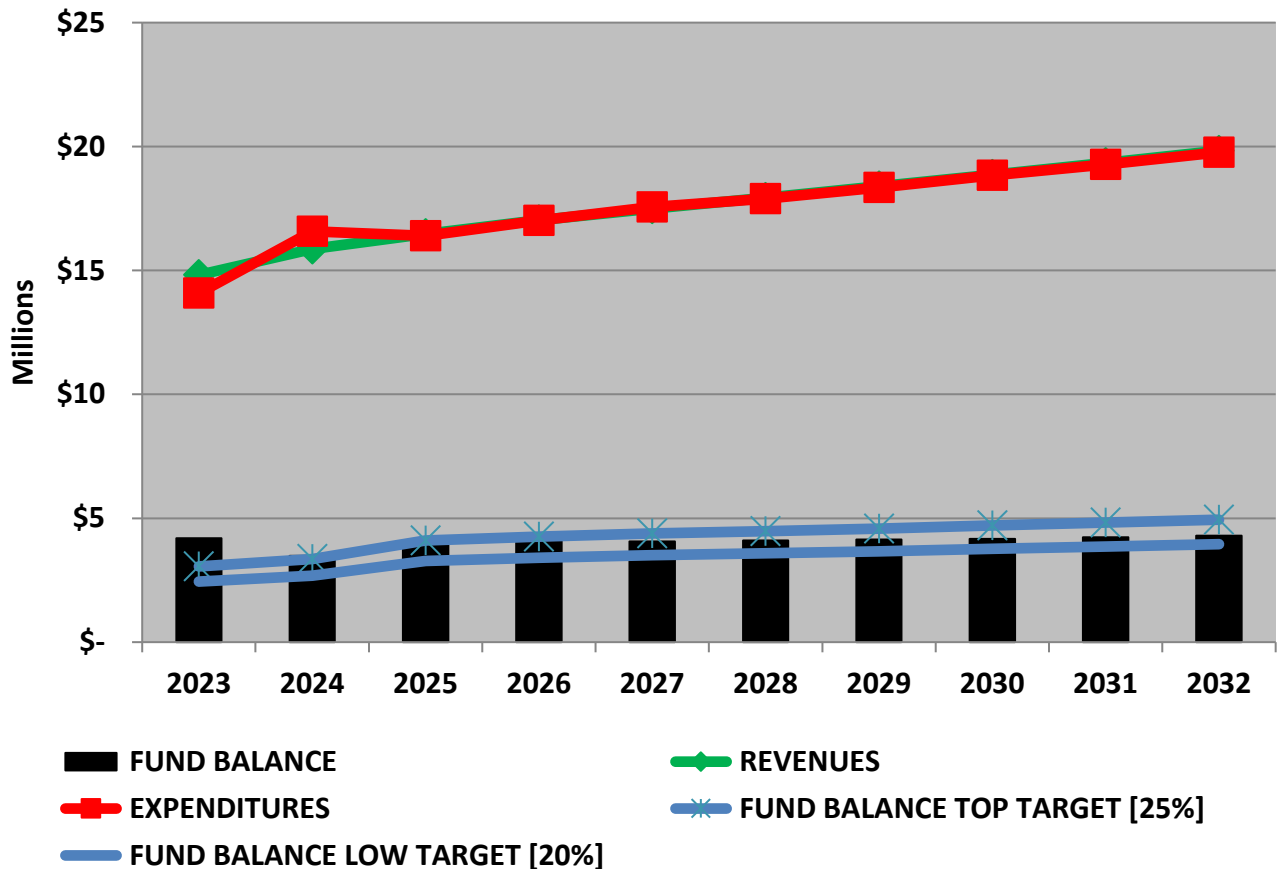


## (206) Fire Operating Fund Forecast

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

- The annual transfer-out to the (402) Fire Capital Fund will pause until the (206) Fire Operating Fund has in excess of 25% Fund Balance

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



### Fire Operating Fund / Takeaway Points:

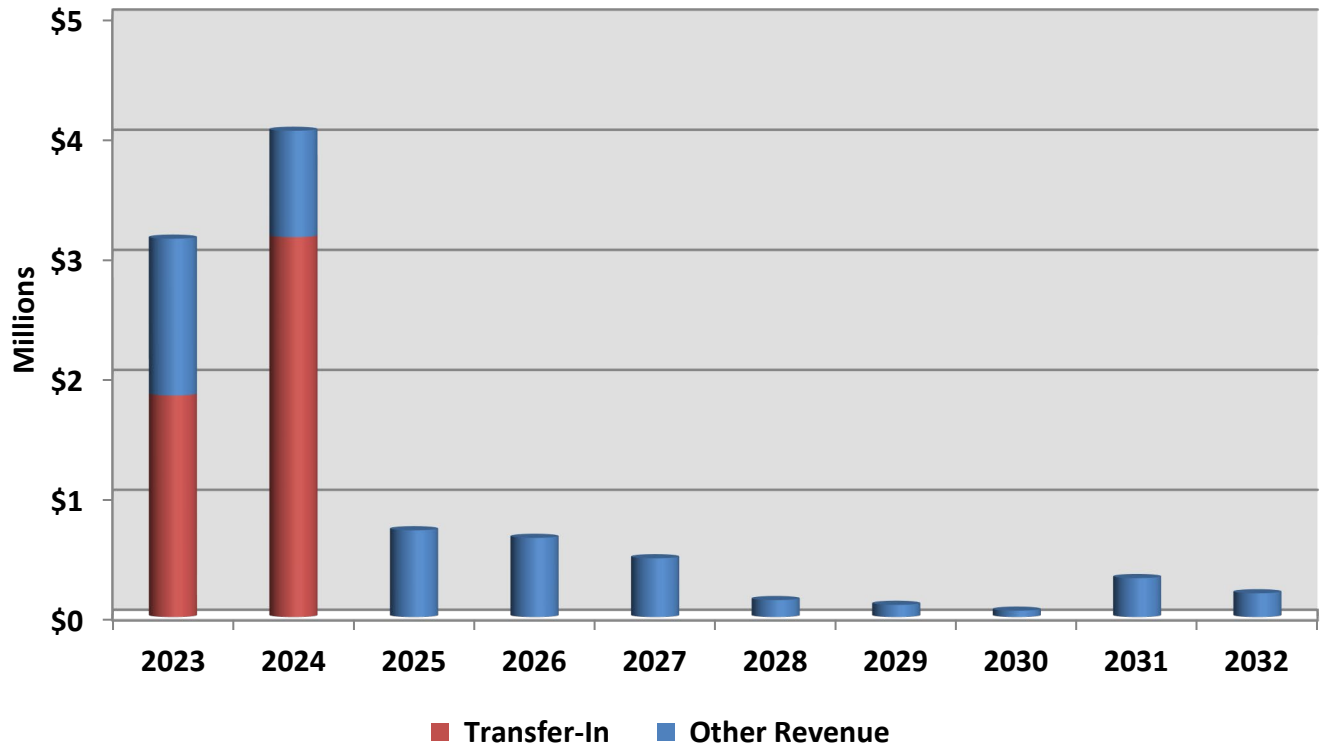
- Salary and Wages are updated per the new #3472 Union contract. Salaries are projected to increase +2.75% per year (2026-2027) and +2.5% per year in 2028+
- The annual transfer-out to the Fire Capital Fund will pause until the (206) Fire Operating Fund has in excess of 25% Fund Balance

## **(402) Fire Capital Fund Forecast**

### **Fire Capital Fund / Revenue Summary:**

- The annual transfer-out to the Fire Capital Fund will pause until the (206) Fire Operating Fund has in excess of 25% Fund Balance
- Other Revenue includes grants, investment earnings, and Fire asset sales
  - FY 2023 includes \$600K transferred into the Fire Capital Fund from Federal ARPA Funds for the replacement of three (3) Ambulances

### **Fire Capital Fund: Total Revenue Trend**



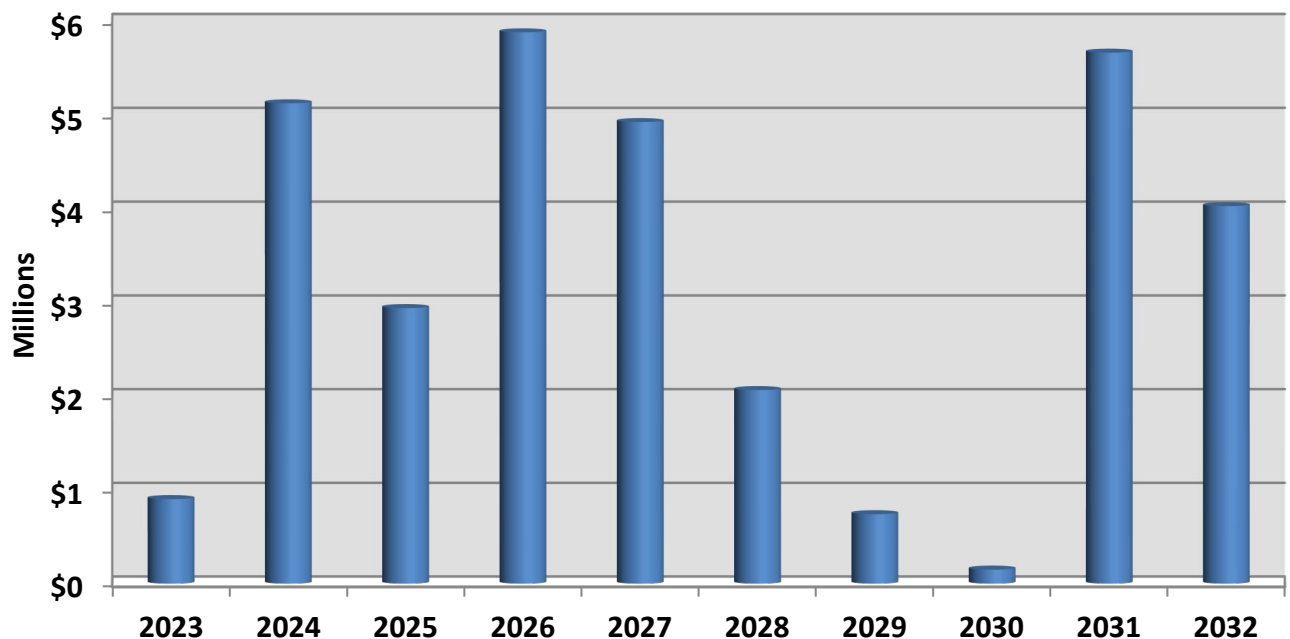


## **(402) Fire Capital Fund Forecast**

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

- Capital Outlay costs for 2023-2032 include Fire Capital projects as included in the CIP
  - FY 2023
    - Ladder Truck #5 repair, various equipment replacements
  - FY 2024
    - Special Rescue Trailer, Fire Station #1 HVAC Replacement, Roof Replacement, Restroom & Locker Room Renovations, Generator, Fire Training Structure, various equipment replacements
  - FY 2025
    - Heart Monitor replacements, Replacement of three (3) Ambulances, Engine #3 Replacement
    - Transfer-Out to (206) Fire Operating Fund to set Fire Operating Fund Balance at 25% of annual operating expenditures
  - FY 2026
    - Replacement of five (5) Ambulances, Fire Station Exhaust System Replacement
  - FY 2027
    - Replacement of three (3) Ambulances
  - FY 2028
    - Fire Station #5: Parking Lot Replacement
  - FY 2031
    - Replacement of five (5) Ambulances
  - FY 2032
    - Replacement of three (3) Ambulances

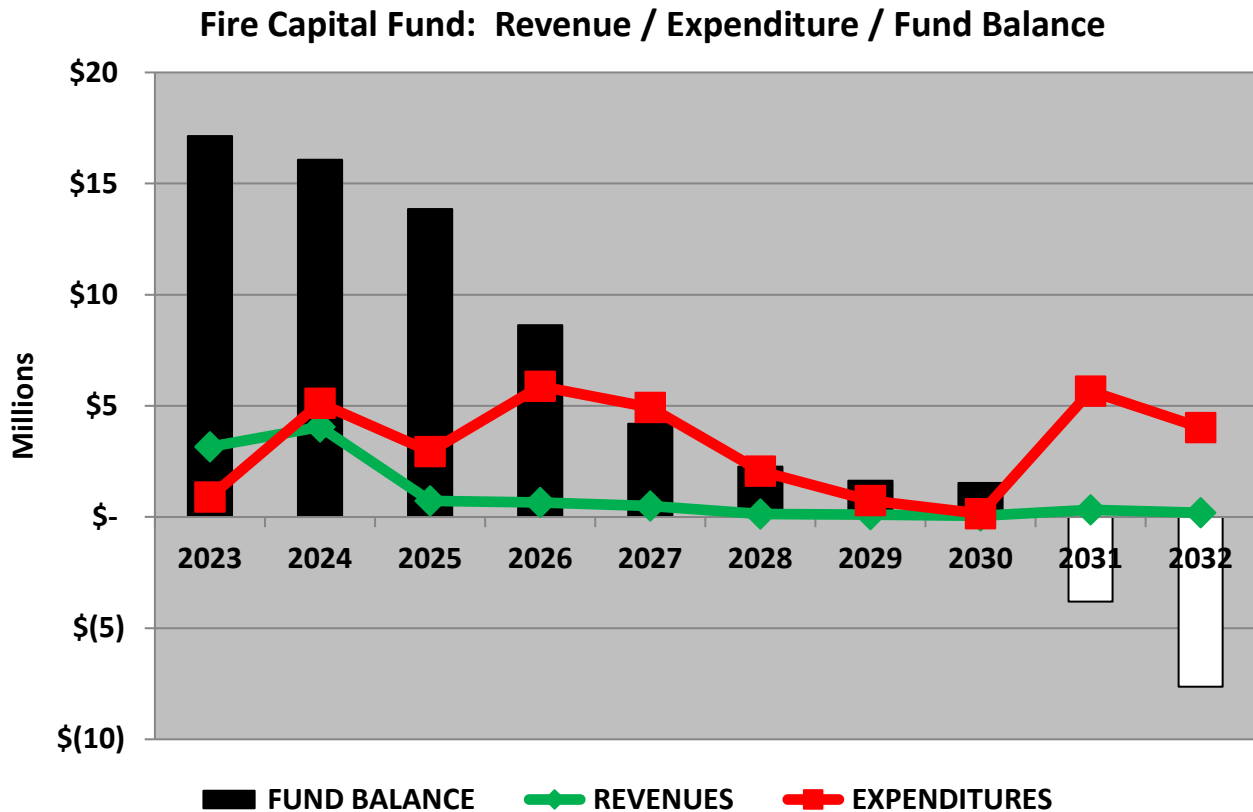
### **Fire Capital Fund: Total Expenditure Trend**



## (402) Fire Capital Fund Forecast

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

- The annual transfer-out to the Fire Capital Fund will pause until the (206) Fire Operating Fund has in excess of 25% Fund Balance
- Capital Outlay costs for 2023-2032 include Fire Capital projects as included in the CIP



### Fire Capital Fund / Takeaway Points:

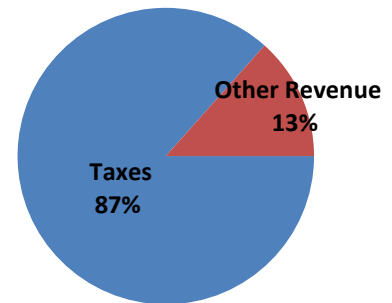
- Capital Outlay costs for 2023-2032 include Fire Capital purchases as included in the CIP and annual budget plan
- Starting in FY 2025, the annual transfer-out to the Fire Capital Fund will pause until the (206) Fire Operating Fund has in excess of 25% Fund Balance
- In FY 2025, there will be a Transfer-Out to (206) Fire Operating Fund to set Fire Operating Fund Balance at 25% of annual operating expenditures
- It is projected the existing Fire millage levy of 2.7000 mill will not be adequate to support funding to the Fire Capital Fund (402) through FY 2031+

## (207) Police Fund Forecast

### **POLICE FUND / REVENUES:**

- For FY 2025, the primary sources of Police Fund revenue are:
  - 87% = Property Taxes
  - 13% = Other Revenues

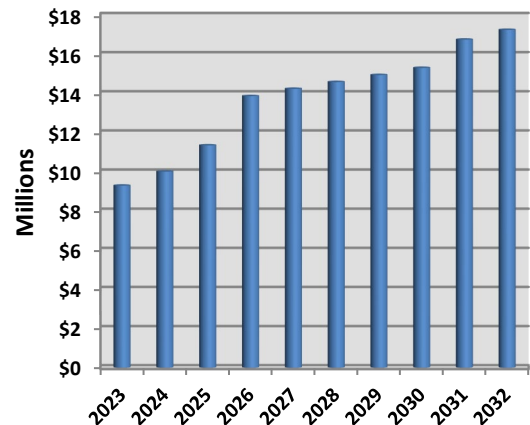
**Police Fund:  
FY 2025 Revenue Sources**



### **Special Police Fund / Property Taxes:**

- Police Millage proposed to be increased from 2.4180 mill in FY 2025 to 2.8460 mill in FY 2026-2030 [+0.4280 mill] to help fund the 2025-2027 OCSO contract increases approved by the Oakland County Board of Commissioners in December 2024
- Potential Police Millage increases may be needed in 2031+ depending upon the 2028-2030 & 2031-2033 OCSO contract increases approved by the Oakland County Board of Commissioners

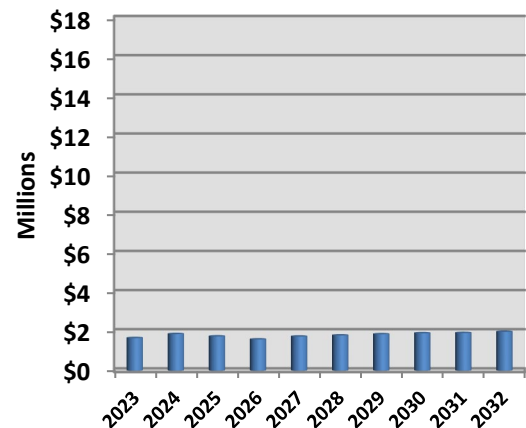
**Police Fund:  
Property Tax Trend**



### **Special Police Fund / Other Revenues:**

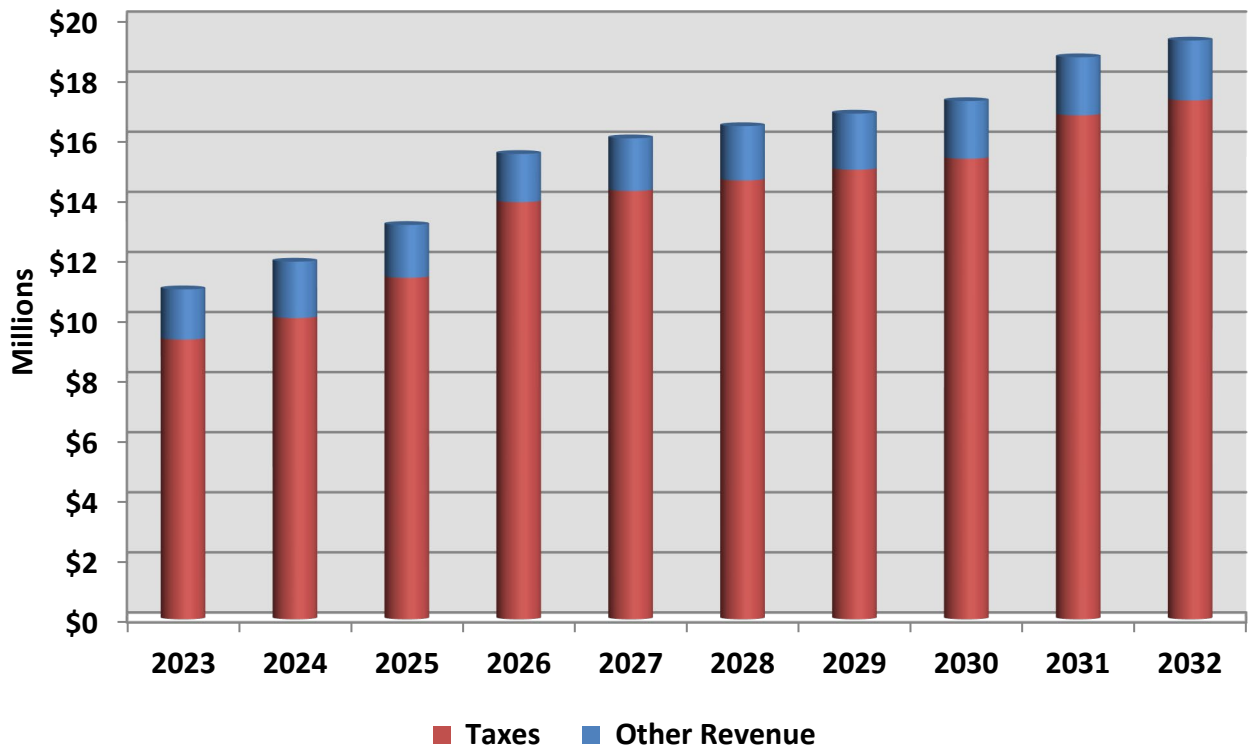
- Includes Fines, District Court Fees, Charges for Service, Mini-Contracts, etc...

**Police Fund:  
Other Revenue Trend**



## (207) Police Fund Forecast

Police Fund: Total Revenue Trend

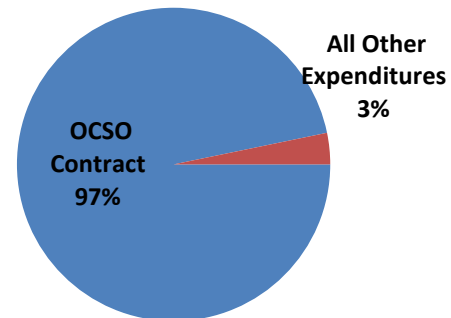


## (207) Police Fund Forecast

### POLICE FUND / EXPENDITURES:

- For FY 2025, the primary sources of Special Police Fund expenditures are:
  - 97% = OCSO Contract
  - 3% = All Other Expenditures

**Police Fund:  
FY 2025 Expenditure Sources**



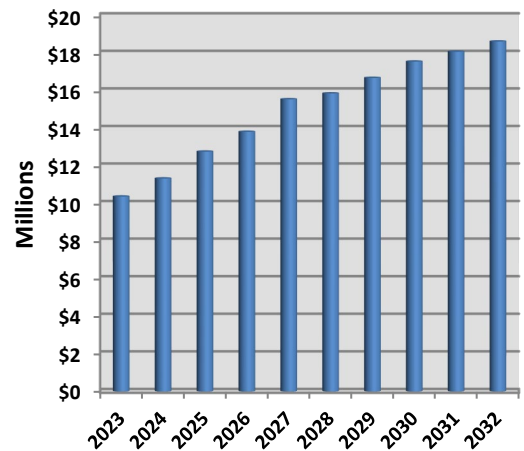
### Police Fund / OCSO Contract:

- Contractual OCSO for FY 2025-2027 are per the rate increases approved by the Oakland County Board of Commissioners in December 2024

FY 2025	17.90%	Actual
FY 2026	9.00%	Projected
FY 2027	9.00%	Projected
FY 2028	5.22%	Projected
FY 2029-2032	5.22%	Projected

- FY 2028-32 OCSO rate increases are attempted to be projected conservatively
- Reduction of One (1) Student Resource Officer [Police Fund]
  - Rochester Community Schools (RCS) has decided to reduce their Student Resource Officer (SRO) staffing levels by one (1) SRO for the 2025-26 School Year

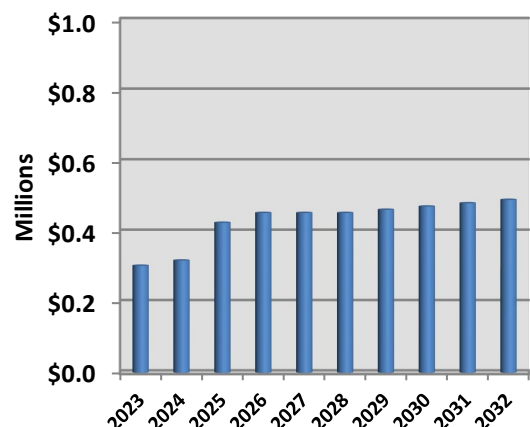
**Police Fund:  
OCSO Contract Trend**



### Special Police Fund / Other Expenditures:

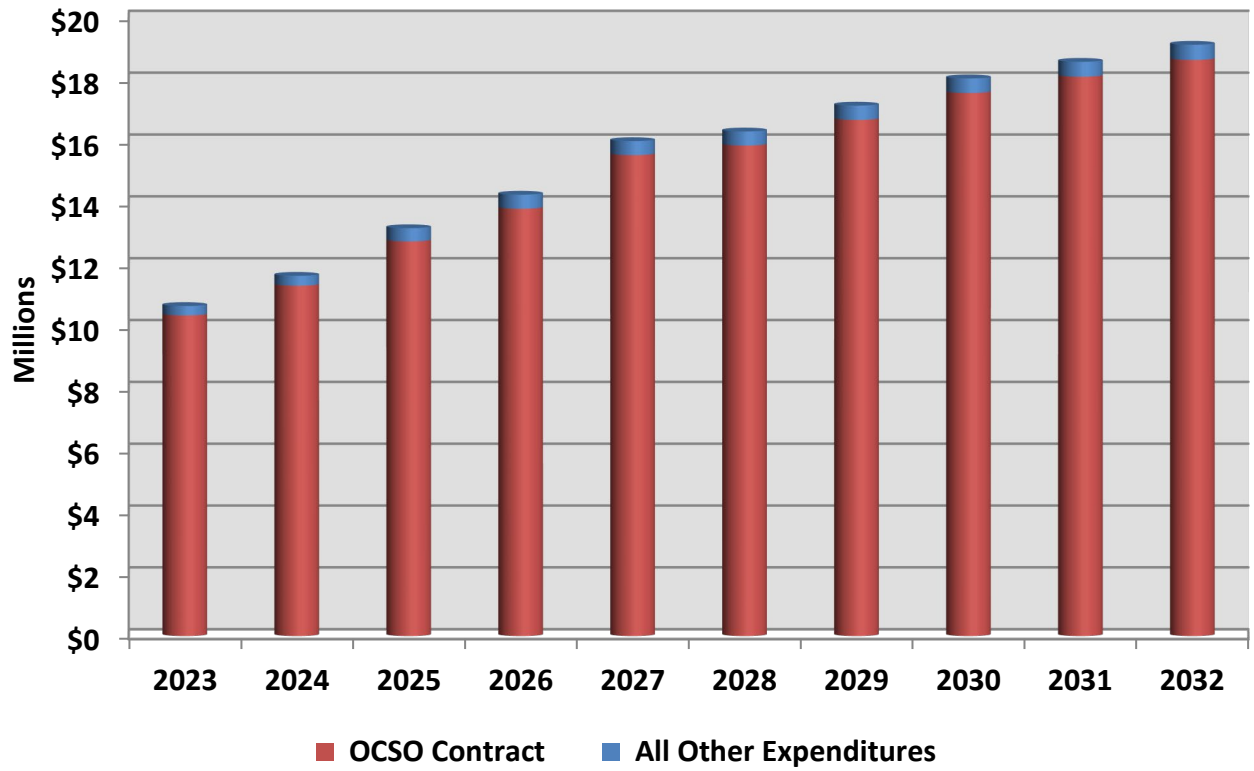
- Includes Supplies, Services, and Facility Interfund Charges
- The increase in trend from 2023-2024 to 2025+ is due to actual Police operating expenditures routinely coming in under budget

**Police Fund:  
All Other Expenditure Trend**



## (207) Police Fund Forecast

Police Fund: Total Expenditure Trend

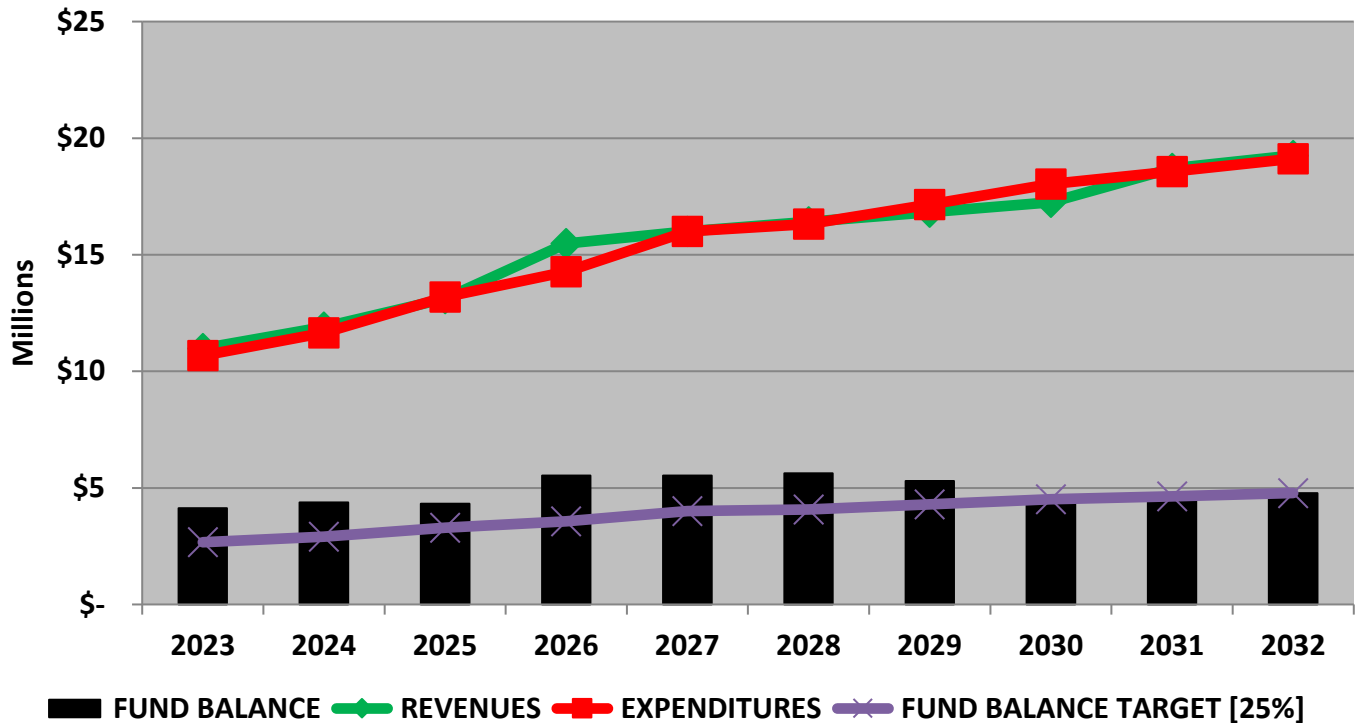


## (207) Police Fund Forecast

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

- Police Millage proposed to be increased from 2.4180 mill in FY 2025 to 2.8460 mill in FY 2026-2030 [+0.4280 mill] to help fund the 2025-2027 OCSO contract increases approved by the Oakland County Board of Commissioners in December 2024
- Potential Police Millage increases may be needed in 2031+ depending upon the 2028-2030 & 2031-2033 OCSO contract increases approved by the Oakland County Board of Commissioners

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



### Police Fund / Takeaway Points:

- Police Millage proposed to be increased from 2.4180 mill in FY 2025 to 2.8460 mill in FY 2026-2030 [+0.4280 mill] to help fund the 2025-2027 OCSO contract increases approved by the Oakland County Board of Commissioners in December 2024
- Contractual OCSO for FY 2025-2027 are per the rate increases approved by the Oakland County Board of Commissioners in December 2024

FY 2025	17.90%	Actual
FY 2026	9.00%	Projected
FY 2027	9.00%	Projected
FY 2028	5.22%	Projected
FY 2029-2032	5.22%	Projected

- FY 2028-32 OCSO rate increases are attempted to be projected conservatively
- Rochester Community Schools (RCS) has decided to reduce their Student Resource Officer (SRO) staffing levels by one (1) SRO for the 2025-26 School Year