



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

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Legislative File No: 2024-0624

TO: Mayor and City Council Members
FROM: Joe Snyder, Chief Financial Officer, x2534
DATE: December 16, 2024
SUBJECT: Oakland County Sheriff's Office Law Enforcement Agreement for FY 2025-2027

REQUEST:

We request that City Council authorize the Mayor to execute a three-year Law Enforcement Services Agreement with the Oakland County Sheriff's Office (OCSO) for FY 2025-2027.

REASON FOR PURCHASE:

The City's current contract with the OCSO will expire on December 31, 2024. Oakland County is requesting that the City enter into a three-year agreement for FY 2025-2027.

The proposed three-year contract includes the status quo level of OCSO deputies at sixty-seven (67) Total OCSO Deputies / County Agents broken out as sixty-five (65) OCSO Deputies and two (2) Administrative Staff.

Please Note: The two (2) additional Sheriff's Deputies approved as part of the FY 2025 Budget process are not being included in the 2025-2027 OCSO Contract at this time.

PROCESS:

Vendor Name and Address:

Oakland County Sheriff Department
1200 N. Telegraph Road
Pontiac, MI 48341

Reason for Selection:

Contractual

Method of Purchase:

Blanket Purchase Order/Contract

BUDGET:

Partial funding is included in the FY 2025 Adopted Budget and the FY 2026-27 Projected Budgets.

The City anticipated and budgeted a +10.0% annual increase in the OCSO contract for FY 2025, a +5.0% increase for FY 2026, and a +4% increase for FY 2027.

The FY 2025 contract contains an average increase of +17.8%.

The FY 2026 contract contains an average increase of +9.10%.

The FY 2027 contract contains an average increase of +9.10%.

Note: Overtime is included in the following budgets and is an estimated amount, this amount could vary depending upon actual results.

Fund Name	Department Account No	Account No. Description	FY 2025 Adopted Budget	FY 2025 Projected Cost	FY 2025 Remaining Budget
Police Fund	207.807001	Contractual Police Services	\$12,717,530	\$13,237,610	(\$520,080)

Fund Name	Department Account No	Account No. Description	FY 2026 Projected Budget	FY 2026 Projected Cost	FY 2026 Remaining Budget
Police Fund	207.807001	Contractual Police Services	\$13,353,390	\$14,442,240	(\$1,088,850)

Fund Name	Department Account No	Account No. Description	FY 2027 Projected Budget	FY 2027 Projected Cost	FY 2027 Remaining Budget
Police Fund	207.807001	Contractual Police Services	\$13,887,500	\$15,756,480	(\$1,868,980)

If approved by City Council, a FY 2025 1st Quarter Budget Amendment will be prepared to increase the Contractual Police Services account in the Police Fund by +\$520,080 to account for the higher than budgeted OCSO contractual costs, with the offsetting funding proposed to come from the Police Fund Balance.

Per the FY 2024 4th Quarter Budget Amendment, the Police Fund 12/31/2024 Fund Balance level is anticipated to be ~ \$4.1M, which represents 35% of FY 2024 Police Fund operating expenditures. Per the City's Fund Balance Policy, the Police Fund shall maintain a target Fund Balance of 25% of annual Police Fund expenditures, which in FY 2024 represents ~ \$2.9M, or ~ +\$1.2M over the target balance.

The current FY 2025 Adopted Police Fund Budget totals \$13.1M with (\$165,830) approved to be drawn from Police Fund Balance in an effort to gradually reduce the Police Fund Balance to the 25% level over the next 3-years. If this contract and 1st Quarter Budget Amendment are approved, the Police Fund expenditure total would increase by +\$520,080 for a revised FY 2025 grand total of \$13.6M. Drawing the additional (\$520,080) from Police Fund Budget would result in a revised draw from the Police Fund Budget of (\$685,910) which would reduce the Police Fund Balance to an estimated \$3.4M by the end of FY 2025.

An estimated \$3.4M 12/31/2025 Fund Balance level equates to 25% of FY 2025 annual Police Fund operating expenses of \$13.6M.

Moving forward into FY 2025, Administration will be working diligently with the City Council to provide a list of potential options to address the FY 2026 and FY 2027 Budget shortfall, resulting from the unprecedented increase in OCSO contractual rates as part of the FY 2025-2027 OCSO Contract.

RECOMMENDATION:

We request that City Council authorize the Mayor to execute a three-year Law Enforcement Services Agreement with the Oakland County Sheriff's Office (OCSO) for FY 2025-2027.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Procurement Manager		
Mayor		
City Clerk		

Contract Reviewed by City Attorney Yes N/A