

AGENDA NO. 8G.

**CITY OF FERNDALE
REQUEST FOR COUNCIL ACTION**

FROM: Craig Covey, Mayor

SUBJECT: Discussion of City Building Plans and Economic / Budget Forecasts

SUMMARY & BACKGROUND:

This item was placed on the agenda by Mayor Covey.

ATTACHMENTS: 5-year Pro Forma, with Budget Adjustments
Oakland County Communication

COUNCIL AGENDA DATE: September 22, 2008

City of Ferndale

Five (5) Year Pro-Forma

Revenues/Transfers In:	Audited	Projected	Rate	Budget	FYE-10	FYE-11	FYE-12	FYE-13
	FYE-07	FYE-08		FYE-09				
General Government								
Property Taxes, related chgs.	9,337,434	9,715,100	2.50%	9,787,000	10,031,675	10,282,467	10,539,529	10,803,017
State Shared Revenue	3,145,831	3,046,100	0.00%	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Interest Income	617,494	600,000	2.00%	450,000	459,000	468,180	477,544	487,094
Other General Revenue	231,593	99,800	2.50%	68,800	70,520	72,283	74,090	75,942
Interfund Transfers In	21,274	25,000	2.00%	25,000	25,500	26,010	26,530	27,061
43rd District Court	1,815,717	1,783,724	2.50%	1,779,724	1,824,217	1,869,823	1,916,568	1,964,482
City Clerk	48,331	45,000	2.50%	41,500	42,538	43,601	44,691	45,808
Cable T.V.	290,857	288,330	2.50%	288,330	295,538	302,927	310,500	318,262
Police Department								
Towing and other Charges	183,204	160,350	2.50%	160,350	164,359	168,468	172,679	176,996
Federal/State/Local Grants	155,663	96,850	0.00%	101,122	101,122	101,122	101,122	101,122
Interfund Transfers In	173,179	173,000	2.00%	176,245	179,770	183,365	187,033	190,773
Fire Department								
Intergovernmental Contracts	767,853	799,101	2.50%	847,951	869,150	890,879	913,150	935,979
Ambulance Fees	334,645	321,000	3.00%	338,500	348,655	359,115	369,888	380,985
Miscellaneous	24,647	4,200	2.50%	2,700	2,768	2,837	2,908	2,980
CDS Licenses/Permits	413,444	439,000	2.50%	398,000	407,950	418,149	428,602	439,318
Interfund Transfers In	115,843	69,490	0.00%	62,000	62,000	62,000	62,000	62,000
Refuse/Grass/Weed Control	132,970	120,000	0.00%	132,500	132,500	132,500	132,500	132,500
Animal Shelter	54,137	52,822	2.50%	53,738	55,081	56,458	57,870	59,317
DPW, Engineering, other	91,693	73,500	2.50%	64,000	65,600	67,240	68,921	70,644
Sidewalk Program	361,812	277,609	2.00%	413,200	421,464	429,893	438,491	447,261
Dream Cruise Car Show	97,855	105,000	2.00%	110,000	112,200	114,444	116,733	119,068
Kulick Center, youth, adult, senior	305,690	709,262	2.50%	316,615	324,530	332,644	340,960	349,484
Activity Center (Curling Club)	47,127	51,151	2.50%	50,251	51,507	52,795	54,115	55,468
	<u>18,768,293</u>	<u>19,055,389</u>		<u>18,667,526</u>	<u>19,047,644</u>	<u>19,437,198</u>	<u>19,836,424</u>	<u>20,245,561</u>
Expenditures/Transfers Out:								
Full-time Salaries	6,687,372	6,959,600	2.00%	7,154,984	7,298,084	7,444,045	7,592,926	7,744,785
Part-time Salaries	279,183	372,592	2.00%	347,406	354,354	361,441	368,670	376,043
Overtime	467,034	488,646	2.00%	489,000	498,780	508,756	518,931	529,309
Fringes	5,279,035	5,506,317	5.00%	5,649,808	5,932,299	6,228,913	6,540,359	6,867,377
Operating Costs	3,233,076	3,471,829	2.00%	3,385,759	3,453,474	3,522,544	3,592,994	3,664,854
Capital Costs	202,508	453,500	2.00%	146,550	149,481	152,471	155,520	158,630
Liability/Property Insurance	630,000	490,000	5.00%	494,019	518,720	544,656	571,889	600,483
Utilities, Streetlighting	460,000	460,000	2.50%	460,000	471,500	483,288	495,370	507,754
Transfers to Other Funds	190,000	1,337,675	0.00%	390,000	390,000	390,000	390,000	390,000
Bad Debt	150,000	150,000	2.50%	150,000	153,750	157,594	161,534	165,572
	<u>17,578,208</u>	<u>19,690,159</u>		<u>18,667,526</u>	<u>19,220,441</u>	<u>19,793,707</u>	<u>20,388,193</u>	<u>21,004,808</u>
Net Operations	<u>1,190,085</u>	<u>(634,770)</u>		<u>(0)</u>	<u>(172,797)</u>	<u>(356,509)</u>	<u>(551,769)</u>	<u>(759,247)</u>



L. BROOKS PATTERSON, OAKLAND COUNTY EXECUTIVE

C O U N T Y M I C H I G A N
DEPARTMENT OF MANAGEMENT AND BUDGET

EQUALIZATION DIVISION

September 3, 2008

City of Ferndale
300 E. 9 Mile Rd
Ferndale, MI 48220

RE: Anticipated Property Tax Declines for December 31, 2008

Dear Robert J. Bruner, Jr.,

As you may recall, last year Michigan property values dropped dramatically. Oakland County was not immune from this phenomena. Once again our County and local governmental entities in Michigan are experiencing unprecedented real estate issues caused by foreclosures, the national credit crunch, and the Michigan economy in general (e.g. unemployment). It is likely that these issues will continue to manifest themselves into the near future as well. In fall 2007, a letter from Oakland County's Administration was sent to your municipality in November of last year indicating that Oakland County's property values were following similar trends as that of the state. Similar real estate concerns persist in 2008.

An estimate of Oakland County's decline in assessed value has already been prepared for predicting the 2009 property taxes, much like the estimate for the 2008. The 2008 estimates were within half a percent of actual and Oakland County expects that the 2009 estimate to be just as precise on a county-wide basis. Each municipality will experience slightly different results in their real estate values, but the adverse real estate trend is clear.

Last year, many of the local municipalities throughout the County experienced slight drops in property tax dollars, while other communities saw very minor increases. Now that property values have fallen significantly over last year, we believe most, if not all, communities will experience a reduction in taxable dollars.

The County has estimated a 3.5% to 4.5% drop in tax dollars for its 2009 budget year for the County as a whole. Please note that this percentage range is an average for the county and should not be incorporated directly into a municipality's fiscal budget. The actual percent drop could range greatly from community to community.

We recommend working with your local Assessor, or contacting the Oakland County Equalization department, in response to this notification. The need to project the impact accurately on the real estate values used in developing the property tax levies has never been greater.

Sincerely,

David Hieber
Oakland County Equalization Manager

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SEP 09 2008

CITY ASSESSOR
CITY OF FERNDAL, MICHIGAN