

AGENDA
CITY OF FERNDALE
FINANCIAL PLANNING COMMITTEE
SPECIAL MEETING

Wednesday, January 5, 2011, 6:00 p.m.
Kulick Community Center, 1201 Livernois St, Ferndale, MI 48220

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Call to Audience

The Committee's Rules of Procedures limit each speaker to three (3) minutes and all speakers to a total of 15 minutes. These limits may be waived by a majority vote of the Committee.

5. General Business
 - a. Discussion of recommendations regarding specific expenditure reductions and revenue increases for addressing forecasted General Fund imbalances.
6. Member Comments
7. Adjournment

PROPOSED MINUTES
CITY OF FERNDALE
FINANCIAL PLANNING COMMITTEE
SPECIAL MEETING

Wednesday, December 29, 2010, 7:00 p.m.
City Hall, 300 E. Nine Mile Rd., Ferndale MI 48220
www.ferndale-mi.com 248-546-2384

1. Call to Order

Co-Chair Porter called the meeting to order at 7:00 PM.

2. Presentation of Draft Recommendations

The Committee delivered the attached presentation.

City Manager Bruner distributed the attached "Average Principal Residence Tax Bill" chart.

3. Call to Audience

4. Adjournment

Co-Chair Porter adjourned the meeting at 9:49 PM.

Financial Planning Committee

December 29, 2010

Committee Members

Joel Petrie – Co-Chair

Sharon Chess

Scott Helmer

John McQuiggin

Jacqueline Smith

Mark Van Dyke

Robert Porter – Co-Chair

Daniel Harteau

Kathryn Hershberger

Greg Pawlica

Ben Updyke

Dennis Whittie

Robert Bruner - Secretary

Background & Overview

- The Committee's Charge
- Actions The Committee Took Over 14 Weeks
- History & Purpose of City Government
- How Taxes Are Collected (**Headlee Explanation**)
- Explanation of Deficit – General Fund

Overview of Tax Collection

- ***Taxes collected in July 2010 will fund City operations from July 1, 2010 through June 30, 2011 but reflect the value of the property on December 2008***
- ***There is a lag effect.***

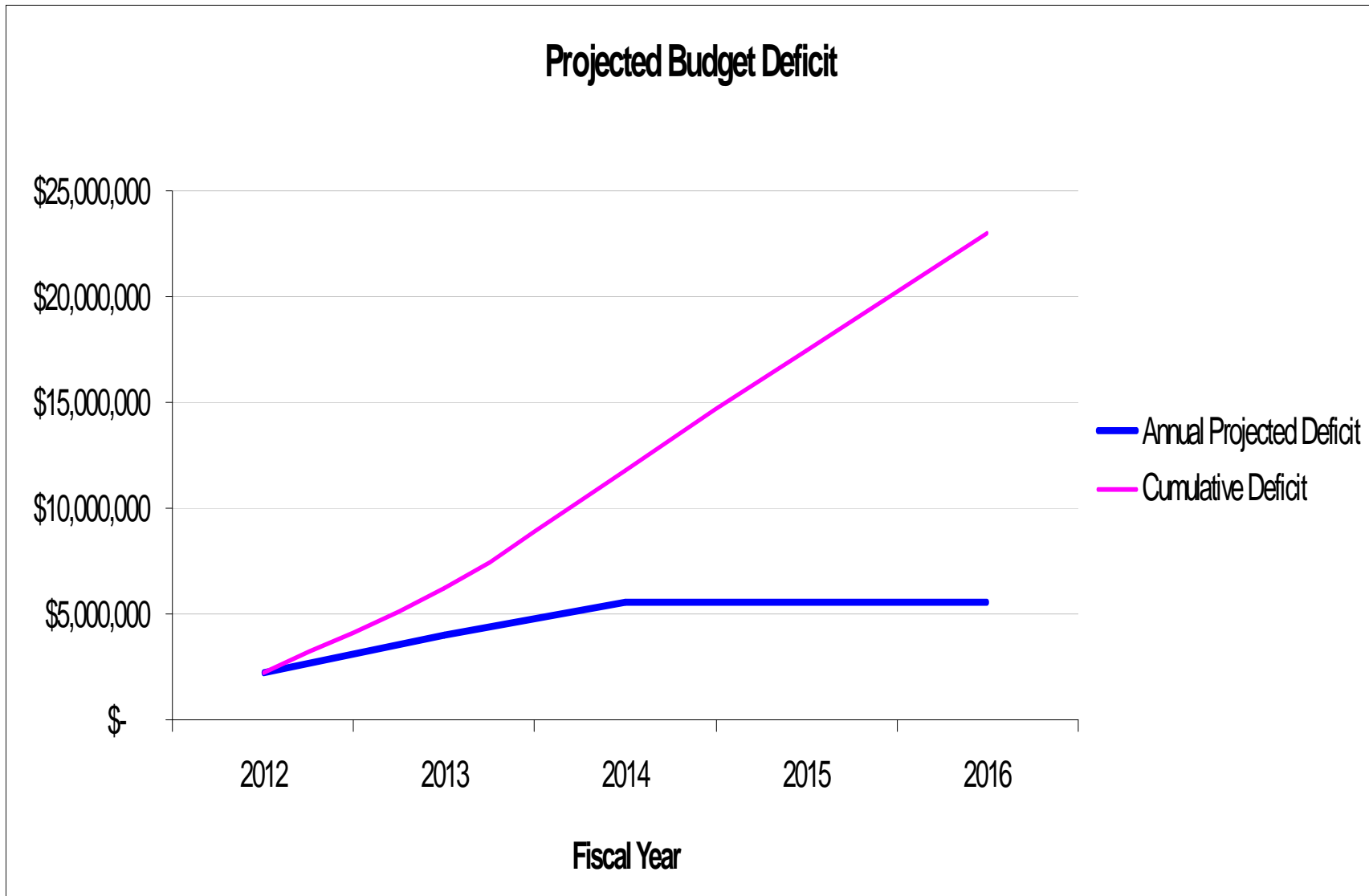
Cost Cuts & Operational Improvements

- Remodel City Hall to improve Efficiency & accommodate lower staffing
- Staff Reductions
- Reduced Operating Hours
- New Software Training

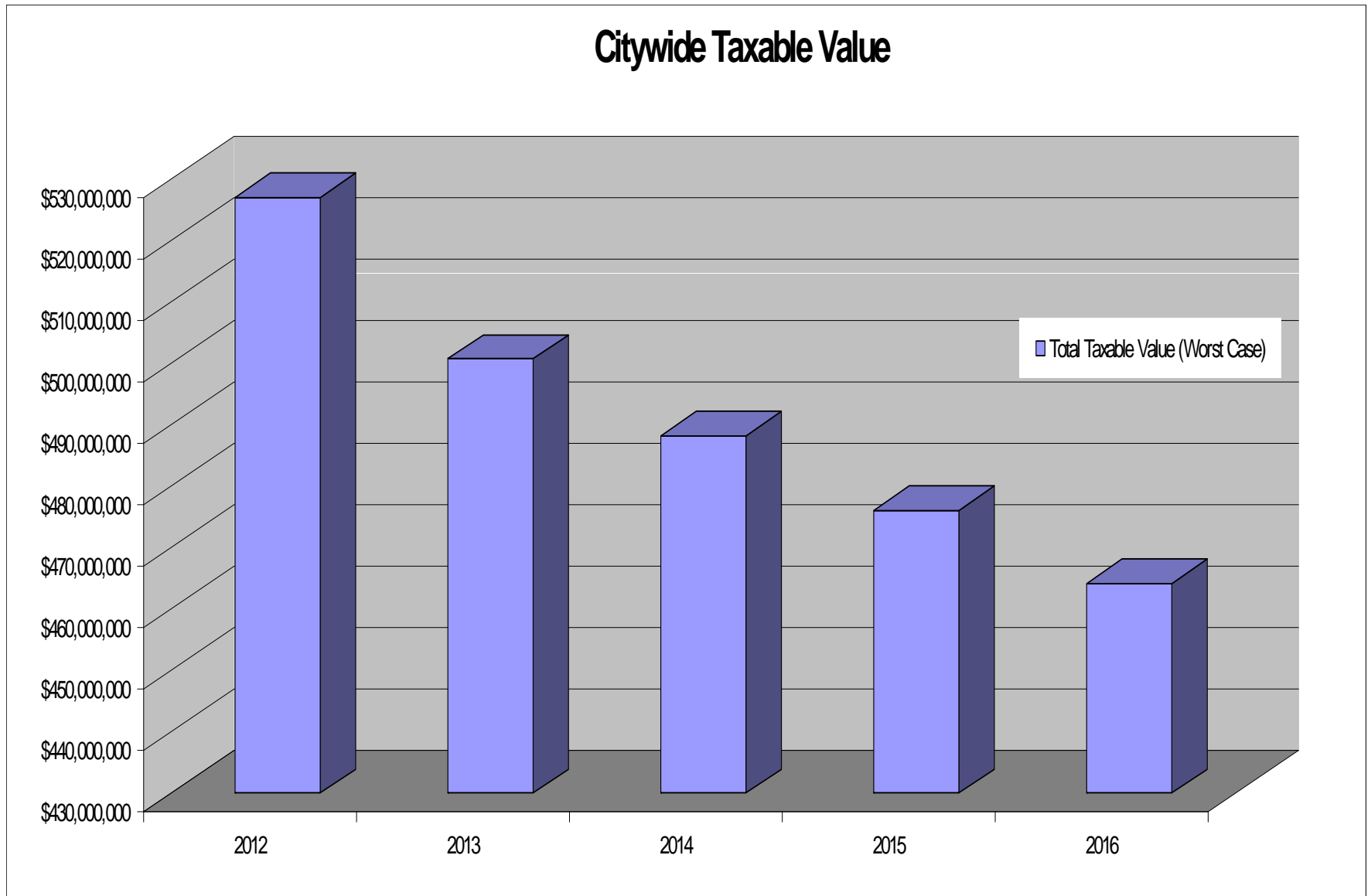
Recent Actions Taken

- Police Department Layoffs
- Fire Department Layoffs
- General Staff reduction in other Departments
- Cross Training of Employees

Current Budget Status



Declining Property Values = Revenue Loss



Committee Vision

- **Overview Executive Summary**
- Short Term – 12 months
- Mid-Term – 1-3 Years
- Long Term – 3-5 Years

Three Possible Options

- Headlee Over-Ride
- Dedicated Public Safety
- No Millage Passed
- *Further Cost Cuts will be required under any of the three Options.

Headlee Over-Ride

- Up to 5.4452 mills per household
- Term not to exceed 12/31/2015 (Sunset)
- Infrastructure Bonding ends 2015; estimated 7 mils aside from the Headlee Over-Ride
- May generate \$3 million in revenue per year

Headlee Over-Ride

Further Required Cost Reductions

- Reduction of Public Safety Expenses by \$750,000 annually
- Two to Three year wage freeze for all union and non-union employees
- Consider consolidation of Department Heads
- Ensure utilization of new City Hall design & Software System to reduce operating costs.

Short Term Core Cuts & Revenue Increases

- Fire Department
 - Staff Changes Through Attrition
 - Assess Revenue Opportunities
- Police Department
 - Assess Revenue Opportunities
- City Council Consideration
 - Fee Increases
 - Wage Freezes

Short Term Core Cuts & Revenue Increases

DPW – Tree Planting

Sidewalk – Temporary Suspension

Dream Cruise & Special Events

Kulick Center – Increase Fees & Rentals

Freeze on Hiring Consultants

Mid-Term Core Cuts & Revenue Increases

- Encourage Public-Private Partnerships
- Consider Revision of Master Plan to reflect current financial condition

Long Term Core Cuts & Revenue Increases

- Regionalization of Public Safety
- Enhancements in Operation of Auto Parking Fund

Dedicated Public Safety Millage Scenario

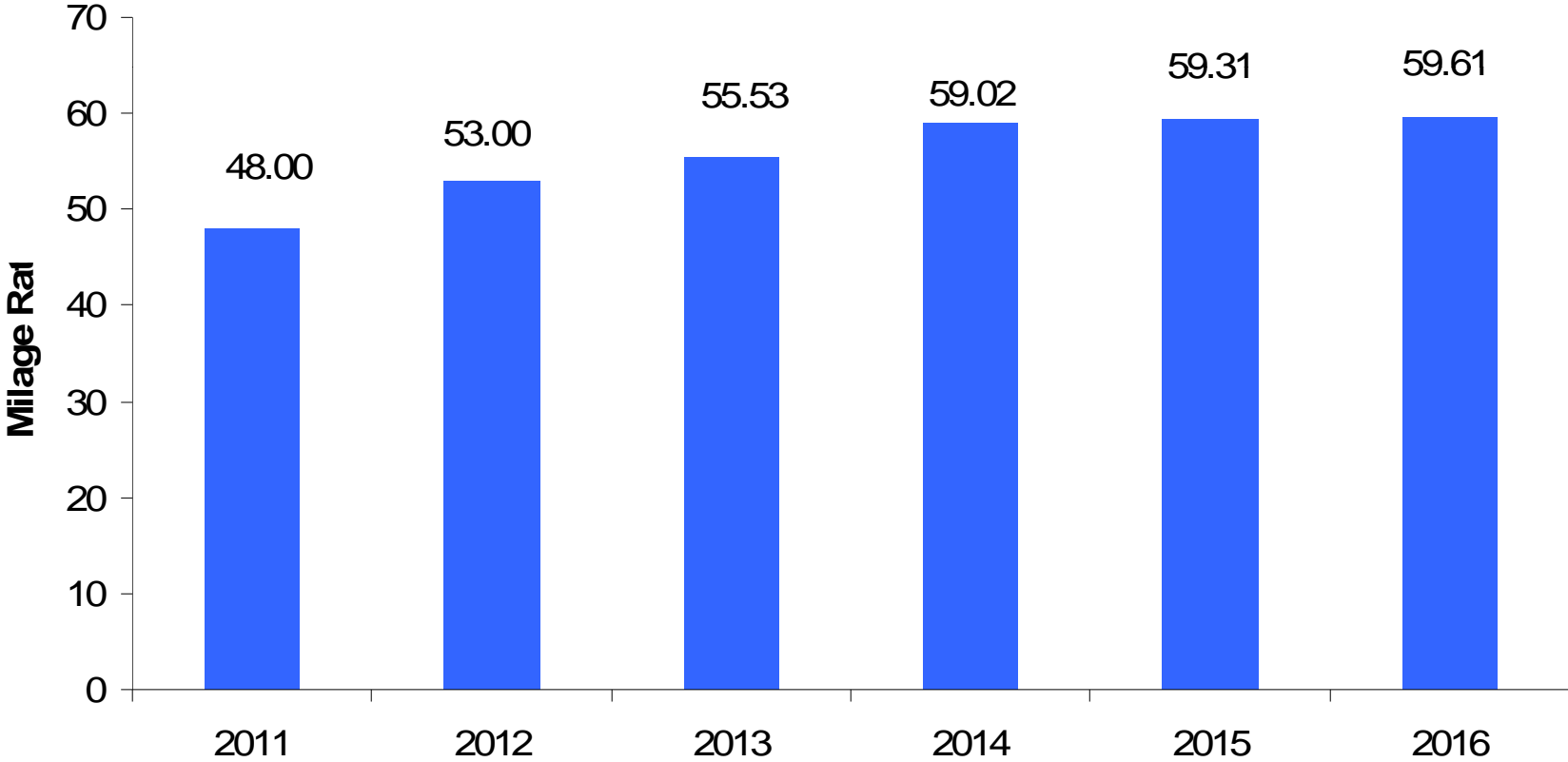
- *Option A: Cumulative Five Year Impact of a 5 mil Public Safety Millage*
\$13,398,276
- *Option B: Cumulative Five Year Impact of a 10 mil Public Safety Millage*
\$26,000,000

Dedicated Public Safety Millage Scenario

- **Option A:** Requires further cuts but represents a millage rate that maybe accepted by voters and approved.
- **Option B:** Requires a millage rate that exceeds what the Committee believes is justifiable. Without an adjustment to the Cost of running City Government, costs will continue to escalate and another millage increase likely needed within 5 years.

Additional Taxes Required To Maintain Current Service Levels

Millage Rate Required to Maintain Current Service Levels



No Millage Scenario

- What Happens If Voters Strike Down a Millage?
- \$18,000,000 - \$24,000,000 Cumulative 5 Year Deficit
- Council Forced To Take Drastic Measures

No Millage Scenario – 5 years

- Reduction in Council Salary - \$121,500
- Combine City Manager & Finance Director Positions- \$750,000
- Elimination of the DDA - \$ 1,250,000
- Contracting Police & Fire Services - \$12,500,000

No Millage Scenario - 5 years

- Elimination of DPW – Municipal Maintenance - \$1,565,000
- Suspension or Elimination of Sidewalk program - \$475,000
- Elimination of the Parks & Rec. Dept. – Kulick Center Closed - \$1,292,000
- Reduction of General Fund Balance from \$3,700,000 to \$500,000

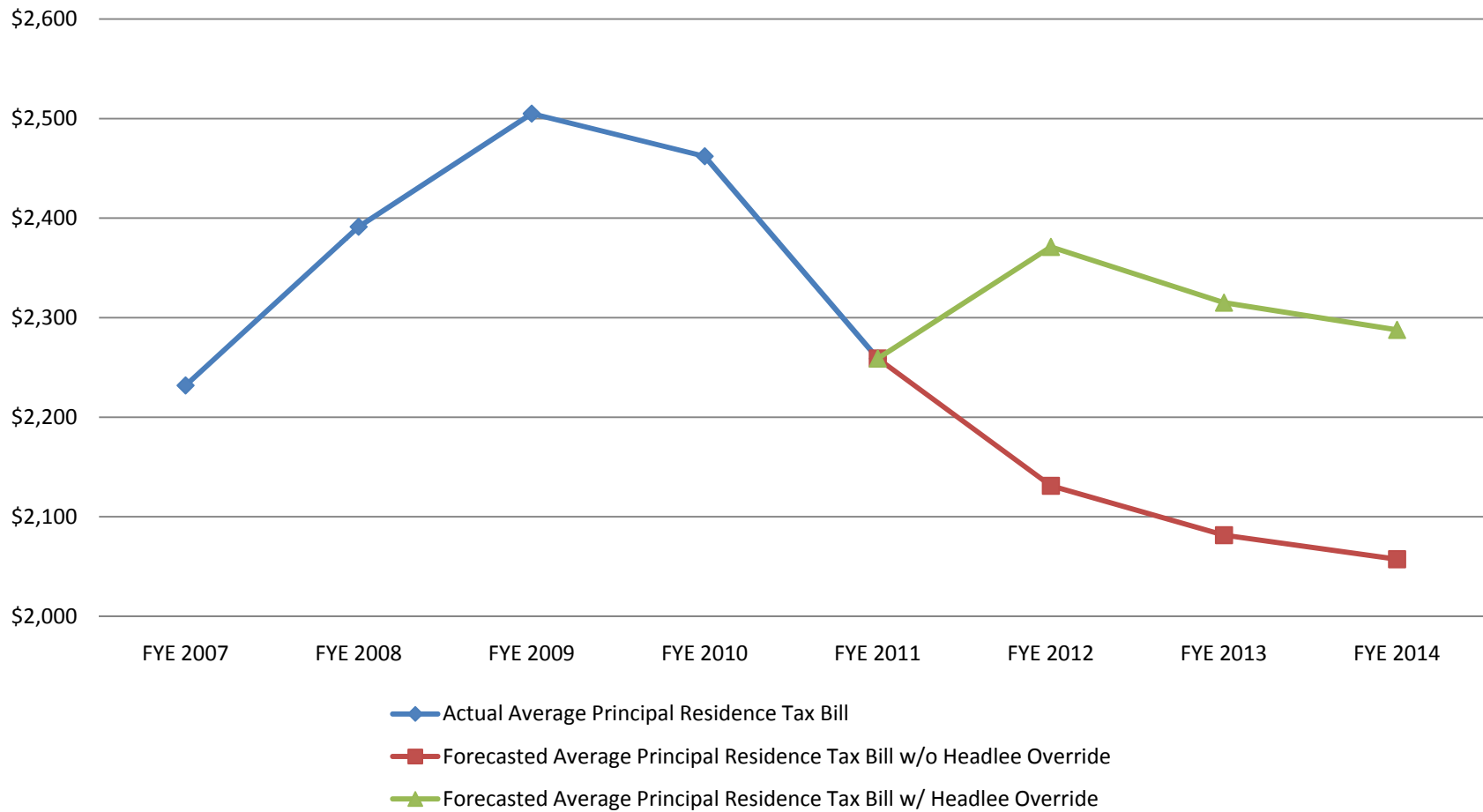
No Millage Scenario

- Balancing The Budget Could Be Accomplished, But At What Cost?
- Options Presented Are Based On Current Conditions
- Merging With Neighboring Communities – Creation Of Boroughs

Conclusion

- Headlee Over-Ride Scenario
- Why We Recommend
 - Keep Majority of Services at Current Operating Levels
 - Least Millage Impact to Property Owners
- Sunrise / Sunset Clause
 - Cap of 5.4552 – Total 20 Mils
 - December 31, 2015
 - 7.2-7.4 Mils Reduction

Average Principal Residence Tax Bill



12/29/2010