

Fast Facts

The previously voter-approved Headlee Override represents \$2.6 million—about 27% of the City's property tax revenues in 2014. This override millage expires on December 31, 2015. The millage supports police, fire, court, public works, recreation, and essential City Hall services.

Just because property values are on the rise doesn't mean the City's revenue is growing at an equal rate—the Headlee Amendment (passed to the State's constitution in 1978) stipulates that a city's tax base cannot grow at a rate faster than inflation.

Under the approved Headlee Override, the City has been able to operate proactively versus reactively.

- The City has saved nearly \$1 million through strategic hiring and training, modernizing technology and organizational restructuring.
- Since 2011, Ferndale's business environment is generally healthy: the value of construction is up 93% and work permits are up 40%.
- S&P upgraded the City's credit rating from A+ to AA-, which results in lower interest rates and a more attractive business environment.

The proposed Headlee Override is a continuation of what is currently authorized. Should voters choose to renew the millage, the authorized millage rate for 2016 remains the same as 2015.

Election Ballot Question

Tuesday, May 5, 2015

FERNDALE OPERATING MILLAGE (HEADLEE OVERRIDE) RENEWAL PROPOSAL

Shall the City of Ferndale, County of Oakland, Michigan, be permitted to increase its authorized millage rate in 2016 for a term of ten (10) years ending December 31, 2025, by an additional 5.4552 mills (\$5.4552 per \$1,000) on each dollar of the taxable value of all property in the City of Ferndale, which will restore to the City of Ferndale the Charter-authorized millage amount for general purposes which has been reduced by Section 31 of Article IX of the State Constitution of 1963, all of which tax revenues would be disbursed to the City of Ferndale? If approved and levied in its entirety, the initial 5.4552 mills would raise approximately \$2,691,689 in 2016.

YES

NO

| Home Value | Taxable Value | Cost per Year |
|------------|---------------|---------------|
| \$50,000 | \$25,000 | \$136 |
| \$75,000 | \$37,500 | \$205 |
| \$100,000 | \$50,000 | \$273 |
| \$125,000 | \$62,500 | \$341 |
| \$150,000 | \$75,000 | \$409 |
| \$200,000 | \$100,000 | \$546 |
| \$250,000 | \$125,000 | \$682 |
| \$300,000 | \$150,000 | \$818 |

Cost per year based on \$5.4552 per \$1,000 taxable value

The estimated millage to be levied in 2016 is 5.4552 mills (\$5.4552 per \$1,000 of taxable value).

FERNDALE

2015

OPERATING MILLAGE

(HEADLEE OVERRIDE)

RENEWAL PROPOSAL

FACTS



FERNDALE

www.FerndaleMI.gov/government

FOR FURTHER INFORMATION, CONTACT:

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CITY OF FERNDALE

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The Voter-Approved Headlee Override Millage

Ferndale voters approved a five-year Headlee Override in 2011. This additional millage contributes about \$2.6 million annually to support primary public services such as police, fire, court, public works, recreation, and City Hall.

On December 31, 2015, this millage will expire. The Headlee Override is an opportunity for residents to renew the charter authorized millage amount and maintain strong City resources and services.

Why do we Need an Override?

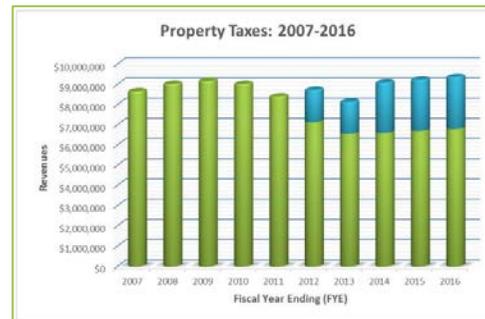
Property values have shown signs of recovery in the past year. However, the long-term challenges to the City's financial health remain.

- Property tax revenues have declined due to a cumulative 23% decrease in citywide Taxable Value between 2007 and 2014.
- State Shared Revenues have decreased by more than 20% since 2007. These revenues also support general operating services.
- The stability of the personal property tax is unknown.

Why a Ten-Year Headlee Override?

Over the course of four years (2007-2011), the City lost about 25% of its taxable value—an approximate total loss of \$2.6 million in property tax revenues. Yet revenue increases can only grow at 5% or the rate of inflation (whichever is less).

The inflation rate has averaged less than 2% over the past 15 years. Thus, even after ten years, the City can expect to recover just \$1.5 million (notwithstanding new construction/sales).



The above chart illustrates that property tax revenues, denoted in green, remain lower than in 2007. The additional revenue from the voter-approved Headlee Override, shown in blue, will bridge the gap in the City's operating budget.

An Operating Millage:

What is it Worth?

We hear it often from our residents: "Ferndale is more than a city—it's a community." People are proud to live here, and they appreciate the safety, cleanliness, and vitality of their city.

When making the decision about whether to support a millage, voters often wonder what their tax dollars will be supporting. In this case, it's exactly what residents take the most pride in: services that support Ferndale's livability!

For example:

- Police and fire—Well-funded police and fire departments help to reduce crime and lead to faster response times. Crime rates in Ferndale have been at 1960s levels for two years, and they continue to go down.
- DPW—In addition to snow removal and road maintenance and repairs, the Dept. of Public Works provides street sweeping, tree trimming, park improvements, curbside leaf pickup, and more—services that improve the appearance and upkeep of our homes and neighborhoods, which may increase property values.

IF the Headlee Override *is not approved*, the City will have to reconsider the service levels currently provided and make reductions to help offset the loss in operating revenues.