



**The City  
of Grandville**

CITY HALL

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### **Members of the Grandville City Council:**

The budget development process for local governments in the State of Michigan in 2007 has been clouded by the uncertainty surrounding the State of Michigan's budget crisis and key decisions that have yet to be made at that level. In particular, how these decisions will impact the state's revenue sharing payments to local government, whether the personal property tax system in the state will be changed and how the legislature intends to fill the giant revenue hole created by its repeal of the Single Business Tax.

Given these uncertainties, the following budget for the City of Grandville for FY 2007-08 reflects a very conservative approach. It authorizes no additional staffing, it assumes no increase to current revenue sharing payments and, aside from covering a small General Fund projected deficit (assuming that all budgeted funds for the year are fully expended), it sets aside excess fund balance as a hedge against any budget shocks that might be forthcoming from the State.

Fortunately, the City of Grandville has made significant efforts in recent years to reduce General Fund expenditure levels in response to the state's repeated cuts to revenue sharing payments. These included seeking cost-saving collaborations, gaining efficiencies, reducing staffing and making minor service cuts. In fact, actual city General Fund expenditures for the most recent fiscal year were \$550,000 (6%) less than the previous year.

Following is the recommended financial plan for the fiscal year beginning July 1, 2007 and ending on June 30, 2008. It maintains the existing 8.454 mill city property tax millage rate for the 6<sup>th</sup> consecutive year. The total appropriation recommended for all funds, excluding transfers between funds, is \$20,041,627. The sections that follow contain an overview of select programs and their proposed budgets:

### **General Fund**

General Fund revenues are projected to total \$8,680,055. The majority of general fund revenue comes from property taxes (62%). The percentage of general fund revenues provided by the Federal and State governments (16.8%) continues to slide.

The General Fund provides a wide array of city services including police, fire, district court, parks and recreation, cemetery, general administration and others. General Fund expenditures are budgeted at \$8,776,450. This is a slight inflationary increase of 1.77% from budgeted expenditures in the current fiscal year.

### **Police Department**

Police Department budgeted expenditures total \$3,022,904 or approximately 34.4% of total city General Fund expenditures. The Police Department provides a full range of law enforcement services including a Detective Bureau and Community Policing Unit that includes a full-time Police School Liaison Officer jointly funded by the city and the Grandville Public School District. Authorized departmental strength this year is 26 full-time officers and two full-time and one part-time civilian. There was a decrease of one full-time officer and three full-time civilians due to Grandville's public safety dispatch being dissolved. This service is now being contracted from the City of Wyoming.

### **Fire Department**

Fire and 24 hour emergency medical response budgeted expenditures total \$896,189 or approximately 10.2% of total city General Fund expenditures. The Fire Department will maintain its staffing level in this fiscal year.

### **Parks and Recreation**

Budgeted Park and Recreation capital projects include additional new fencing for the baseball fields at the Aaron Street Little League complex. The city also budgeted for construction of a small neighborhood "pocket" park in the northeast portion of the city at Lee Street and will be utilizing a Kent County Community Development Block Grant for funding a majority of the cost. The city will also provide local funds to supplement grant funds from Lowes Home Improvement obtained by the Grandville Public Schools to add a "fitness trail" loop in the Wedgwood Park/Central Elementary School area.

### **Special Projects**

The 2007-2008 budget contains funding to continue city involvement in such programs as the Grand Valley Metropolitan Council, REGIS, Michigan Municipal League, Right Place Program, Community Access television and the Grandville Chamber of Commerce.

### **Major and Local Streets**

Primary activity in the Major and Local Street Funds continues to emphasize the improvements necessary to maintain the integrity of Grandville's street system. The most significant projects are the reconstruction of portions of 44<sup>th</sup> Street, Dixie, Dormax, Sangra, Remico, and Wilson. Ten local streets will be resurfaced including portions of Vine, Billmar, 26<sup>th</sup>, Gable, 27<sup>th</sup>, Lee, LaRue, Homewood, Dixie, and Eastlake.

### **Clean Water & Water Systems**

The City's Clean Water System budget is comprised of three departments:

- The Clean Water System Collection Department is used to account for operations directly related to the City of Grandville and supported solely by City residents.

- The Clean Water System Operations Department is the primary operating fund for the Clean Water System and is supported proportionally by Ottawa County users of the system.
- Clean Water System Improvement and Extension Department is used to fund Capital improvements, debt retirement, interest expense, and depreciation reserves.

The total expense budgeted for the Clean Water System Fund is \$4,718,446. Major capital items scheduled for purchase this year are Canal/Viaduct lift station improvements, a tractor, UV bulb replacement and digester insulation and siding.

The Clean Water System has recently reached 80% of its capacity and, as a result, the City is mandated to explore expansion alternatives. In cooperation with our customer communities in Ottawa County, the City is currently exploring the possibility of expanding the Clean Water Plant in order to allow for future growth of the system.

The Water system is comprised of two departments. The Water Operations Department is used to account for regular operations and the Water Improvement & Extension Department accounts for long-term Capital improvements, debt retirement, interest expense and depreciation reserves.

The total expense budgeted for the Water Fund is \$2,314,624 and includes water main replacements in conjunction with street repaving on LaRue, Gable, Homewood, and Dixie.

A comprehensive rate study, which was recently completed, showed the need for increased revenue in the Water System due to a 21% wholesale water rate increase from the City of Wyoming. These new rates, consisting of an increase in commodity charge from \$1.71 per 1,000 gallons to \$1.84 per 1,000 gallons, will be effective with all bills beginning July 1, 2007. There will also be an increase in miscellaneous fees, such as reconnect and meter removal and replacement (if requested by a customer) to reflect current labor costs.

### Summary

The Fiscal Year 2007-2008 Financial Plan for the City of Grandville is a product of months of considerable effort by many individuals beginning with the input and analysis of staff members at all levels of the organization and continuing through the final decisions of a City Council that values strategic planning and is committed to our community's quality of life and efficient stewardship of public funds. My appreciation goes to all involved in this process and, in particular, to Finance Director Tom Guinther for his budget leadership.

Respectfully Submitted,



Kenneth D. Krombeen  
City Manager