



Members of the Grandville City Council:

The following financial plan for the City of Grandville's 2019-2020 fiscal year has been generated by a thoughtful and diligent review undertaken by the City Council during the annual budget development process. The Council takes very seriously its responsibility to produce a budget that meets as many identified community needs and expectations as possible while maintaining the fiscal responsibility to operate within expected available resources and the flexibility to adapt to constantly changing circumstances. In so doing, the Council looks not only at the short term horizon of a single budget year but also makes a concerted effort to anticipate longer term needs and impacts so they can be incorporated into the budget strategy. It can be a challenging task.

A strong focus this year was on critical major investments in our community. From the budget that follows, you will see that the Council has prioritized investments in infrastructure and public safety that are frequently expressed by residents as being of the greatest importance to the health of the community. The Council also maintained a commitment to the capital improvement and special project funds designed to save for longer-term capital needs and create the flexibility to respond to emerging opportunities. All has been done without impact to the existing property tax millage rate of 11.05 mills that will be unchanged in 2019-20.

General Fund tax revenue will be allocated as follows:

General Fund – \$6,350,799
Street Funds – \$620,593
Capital Fund - \$438,873
Project Reserve Fund – \$137,148

Highlights of select programs and their proposed budgets and detail of the financial plan for the fiscal year beginning July 1, 2019 through June 30, 2020 follow that may be helpful in illustrating key points of this plan:

General Fund

General Fund revenues are projected to total \$10,256,718, which is \$455,541 (4.65%) more than budgeted General Fund revenues for the current fiscal year. Our two primary sources of revenue are property taxes and state shared revenue (80% of all revenue).

The General Fund provides a wide array of city services including police, fire, district court, parks and recreation, cemetery, general administration and others. 62% of Grandville General Fund spending is on public safety and court/probation. Total General Fund

expenditures are budgeted at \$10,753,082. This is an increase of \$438,569 (4.25%) from budgeted expenditures in the current fiscal year. Many factors contributed to the increase, such as increased contribution to MERS for pension funding, an additional School Liaison Police Officer, an additional administrative Fire Department position, Public Works equipment/building improvements and additional Storm Sewer Charges.

Police Department

Police Department budgeted expenditures total \$4,071,906 or approximately 38% of total City General Fund expenditures. There are budgeted expenditures of \$61,000 for the purchase of capital items that will be funded by Drug Forfeiture Reserves. The Police Department provides a full range of law enforcement services including a Detective Bureau, narcotics enforcement and two full-time Police School Liaison Officer jointly funded by the City and the Grandville Public School District. The Police Department budgeted for an additional School Liaison Officer, for a total of 26 full-time officers, and two full-time and one part-time civilian.

Fire Department

Fire and 24 hour emergency medical response budgeted expenditures total \$1,403,742 or approximately 12% of total city General Fund expenditures. Capital expenditures of \$55,200 were budgeted, including turn out gear, computer replacements, heavy rescue tools, and Ballistic Personal Protection Equipment. An administrative position was added to the Fire Department budget for 2019/2020. The Fire Department will be operating with 9 full-time, 26 paid on-call Firefighter/EMS employees and 1 part-time administrative assistant.

Parking Lot

Repaving of the Fire Department parking lot is budgeted.

Parks and Recreation

The Parks and Recreation budget includes Little League fence repair and Heritage Park dock railing replacement.

Community Projects

The 2019-2020 budget contains funding to continue city involvement in such programs as the Senior Neighbor Recreation Program, Grand Valley Metropolitan Council, REGIS, Michigan Municipal League, Right Place Program, WCET community access television, the Historical Commission and the Grandville/Jenison Chamber of Commerce.

Capital Improvement Fund

This is a fund designated by council to be used to earmark revenue from General Fund tax revenue for future capital projects and additional MERS pension expense. An allocation of \$438,873 of the total tax revenue for the 2019/2020 fiscal year. The budgeted expenditures

include a QRV (mini pumper) for the Fire Department and Police/Court Building roof repair. Also included is the design engineering for the Library Expansion Project. The fund will be reimbursed for this cost from the fundraising dollars.

Special Project

The 2019-2020 budget will receive tax revenue of \$137,148 designated for future special projects. There is one budgeted expenditure for AV upgrade for the Council Chambers. The fund is projected to end the year with a balance of approximately \$336,000.

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. Tax revenue of \$620,593 is budgeted to transfer to Major and Local Streets.

Three Major Street projects are budgeted for this year: the completion of Ivanrest, Busch Drive, and Wentworth (in conjunction with Wyoming).

Eight local streets will be reconstructed or resurfaced next fiscal year: Kiowa Ct, Comanche Ct, Aaron, Savannah Ct, Choctaw, Mohave, Mohave Ct, and Chickasaw Ct.

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 \$6,880,225. The Clean Water Plant will be undergoing an \$18 million Solids Handling/Methane Gas Project beginning in the 2019/2020 fiscal year.

A comprehensive utility rate study is completed annually and the recommendation to maintain without change the current commodity (\$3.00 per thousand gallons) and Ready-To-Serve (\$9.60 per quarter for a 5/8" meter) rates.

The Water system is comprised of two departments:

- The Water Operations Department is used to account for regular operations

- 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 \$3,255,756 and includes budgeted expenditures of \$686,000 to paint the water tank exterior and complete water main projects on Kiowa Ct, Comanche, and Aaron.

The same annual comprehensive rate study completed for sewer rates is used to determine water rates. This year's study documented the need to increase the commodity charge from \$2.85 per thousand gallons to \$2.89 per thousand gallons and the Ready-to-Serve charge from \$16.67 for 5/8" meters to \$16.92 per quarter for a 5/8" meter, adjusting larger meters accordingly.

The commodity charge is used to pay for the operations of the water system. A majority of the expense in operations is the wholesale purchase of water from the City of Wyoming.

The Ready-to-Serve charges are used to maintain the water infrastructure in the City. The City had an Asset Management Report required by the State of Michigan and the report has identified several projects to complete in the next five years.

Library Expansion

The City of Grandville is leading a Capital Campaign to help fund \$1 million of the proposed \$5 million Library Expansion. The bonding and the start of construction for the expansion project is expected to begin in the 2019/2020 fiscal year.

Summary

The Fiscal Year 2019-2020 Financial Plan for the City of Grandville is a collective effort of the public, City Council and City staff members. All involved in the development of this plan are mindful of the responsibility for stewardship of public funds and committed to contributing to a successful and sustainable community future with a continued high quality of life. Appreciation is extended to all involved in this important process with special thanks to Finance Director Tammy Hopman for her professional management of City daily finances and her leadership in the development of the FY 2019-20 budget.

Respectfully Submitted,

Kenneth D. Krombeen
City Manager