



Members of the Grandville City Council:

The following financial plan for the City of Grandville’s 2020-2021 fiscal year looks much the same as the previous fiscal year but is the result of a very different City Council review process due to the COVID-19 emergency. Typically, the Council meets in multiple work sessions to collectively review and discuss the draft budget. The members look at revenue and expense projections and examine the millage rate, fund allocations, proposed capital expenditures, fund balance estimates, utility rates and all material budget changes from the previous budget. They discuss the numbers relative to identified community needs and expressed City Council priorities leading, ultimately, to a final plan shared at a public hearing to gain community input prior to adoption.

This year, with the statewide assembly restrictions in place to prevent further spread of the COVID infection, the Council did not have the benefit of that extensive collective consideration and face-to-face dialogue. Instead, City staff met virtually with individual Council members to advance the process with the public hearing being held on-line with comment offered remotely. Nonetheless, Council is optimistic that the result, again in 2020-21, will be an effective and fiscally responsible budget plan for the City of Grandville.

That plan anticipates there may COVID-related impacts to City revenues for FY 2020-21 that are difficult to predict at the time of budget adoption but include the potential for decreases in State Shared Revenues (SSR), Act 51 road funds and the collection of various City fees. For that reason, City Council has chosen a strategy featuring a largely status quo budget with few new expenditures or additional initiatives in order to maintain maximum flexibility throughout this budget year. The potential for volatility in revenues yields an expectation this budget, and the assumptions used to craft it, will require close and frequent monitoring and that mid-course adjustment may be more likely than typical fiscal years. The existing property tax millage rate of 11.05 mills will be unchanged in 2020.

An exception to the status quo is the Council’s commitment to proceeding with expansion of the existing library building to better accommodate library user needs and community use. Construction on that project, and the Downtown Development Authority’s Franklin Corridor Connector project including a fixed farmer’s market/event structure, is expected to commence mid-summer 2020 and be completed in the second half of calendar year 2021.

General Fund tax revenue will be allocated as follows:

- General Fund – \$7,092,040
- Street Funds – \$648,109
- Capital Fund – No Allocation for FY 20/21
- Project Reserve Fund – \$143,229

Highlights of select programs and their proposed budgets and detail of the financial plan for the fiscal year beginning July 1, 2020 through June 30, 2021 follow that may be helpful in illustrating key points of this plan:

General Fund

General Fund revenues are projected to total \$11,092,162, approximately \$835,000 (8.1%) more than budgeted General Fund revenues for the current fiscal year. Our two primary sources of revenue are property taxes and state shared revenue (82% 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. 60% of Grandville General Fund spending is on public safety and court/probation. Total General Fund expenditures are budgeted at \$11,733,317. This is an increase of approximately \$940,000 (8.7%) from budgeted expenditures in the current fiscal year. Many factors contributed to the increase, such as increased contribution to MERS for pension funding, additional mandated OPEB Funding, Deputy Clerk position increase from part-time to full-time, Motor Pool equipment charges, and additional Storm Sewer Charges. The largest percentage of the increase is for additional debt service, approximately \$300,000 annually, for the Library Expansion Project.

Police Department

Police Department budgeted expenditures total \$4,248,363 or approximately 36% of total City General Fund expenditures. There are budgeted expenditures of \$37,000 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 Officers jointly funded by the City and Grandville Public Schools. The Police Department budgeted for an additional School Liaison Officer with staffing at a total of 26 full-time officers plus 2 full-time and 1 part-time civilian.

Fire Department

Fire and 24-hour emergency medical response budgeted expenditures total \$1,469,021 or approximately 13% of total city General Fund expenditures. Capital expenditures of \$45,000 were budgeted, including a copier, turn out gear, emergency vehicle equipment, and a Lucas CPR device. The Fire Department operates with 9 full-time, 26 paid on-call Firefighter/EMS employees and 1 part-time administrative assistant.

Parking Lot

Repaving of the Wilson West (Library) and boat launch access road are budgeted.

DPW

Garage LED motion-activated lighting and replacement of two garage doors are budgeted for the DPW building.

Parks and Recreation

The Parks and Recreation budget includes Mill Race Trail maintenance, Wedgwood Park sprinkling control upgrade, and Heritage Park basketball court resurfacing.

Community Projects

The 2020-2021 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 allocate General Fund tax revenue for future capital projects, debt service, and additional MERS pension expense. The tax allocation for the 2020/2021 fiscal year was delayed for this year. The budgeted expenditures to be paid from existing fund balance include an HVAC upgrade for the Police/Court Building and consulting forensic engineering for the Fire Department building.

Special Project

The 2020-2021 budget will receive a tax revenue allocation of \$143,229 designated for future special projects. There is a budgeted expenditure for Mill Race Park grant match of \$235,000. The fund is projected to end the year with a balance of approximately \$364,000.

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 \$648,109 is budgeted to transfer to Major and Local Streets.

Six Major Street resurfacing projects are budgeted for this year: Wilson (Rivertown to South City Limits), Dormax, Remico, Sangra, Dixie, and 30th.

Eight local streets will be reconstructed or resurfaced next fiscal year: Savannah Ct, Choctaw, Mohave, Mohave Ct, and Chickasaw Ct., Oakes, Blackfoot, & Lila

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 \$7,044,351. The Clean Water Plant will continue the \$19 million Solids Handling/Methane Gas Project.

A comprehensive utility rate study is completed annually. There will be no change to the current commodity rate (\$3.00 per thousand gallons). Ready-to-Serve rates will increase from \$9.60 to \$14.92 per quarter for 5/8 “meter, adjusting larger meters accordingly. This increase will provide the revenue necessary for debt service and maintain operating revenue at 120% of operating expenditures as a requirement of project bonding.

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 \$3,138,642 and includes budgeted expenditures to complete water main projects for at Blackfoot Drive and Lila Avenue. This budget also allows for the continuation of the multi-year meter replacement project.

The same annual comprehensive rate study completed for sewer rates is used to determine water rates. This year’s study concluded sufficient revenue with commodity rates (\$2.89 per 1,000 gallons) and Ready-to-Serve charges (\$16.92 per quarter for 5/8”meters) remaining the same as last year.

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

Construction of the library expansion is expected to commence mid-summer 2020. Bonding is underway to cover a majority of the project cost and over \$715,000 has been raised to date from private contributions to the Building Beyond Books capital campaign.

Summary

The Fiscal Year 2020-2021 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 obligation for responsible 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 2020-2021 budget.

Respectfully Submitted,

Kenneth D. Krombeen
City Manager