



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

Perhaps the most surprising thing about the City of Grandville budget for Fiscal Year 2016-17 is the extreme flatness in City revenues. The recovery from the Great Recession is now several years old, commercial activity appears to be up, construction is rising and the local housing market is very healthy. Yet State of Michigan restrictions on local government revenues are overriding the positive impacts of the economic recovery for local governments and projected City of Grandville General Fund revenues derived from property taxes will increase by only 0.3% this year, far below overall inflationary levels. This continues the lengthy 15 year strain on local governments to balance their budgets and places a greater burden on local taxpayers.

According to the Michigan Municipal League, since State of Michigan shared revenues with local units of government were last fully funded by the legislature, the City of Grandville has been denied a cumulative \$4.2 million in these funds derived from Michigan sales taxes. Last year alone, state funding to the City was shorted by over \$460,000 from the full funding level dictated by State formulas.

The City Council and staff, however, have been proactive in addressing revenue constraints by making and maintaining previous cuts, monitoring on-going expenses, looking diligently for cost savings and efficiencies and prioritizing decisions impacting the high quality of life that is so attractive to residents and businesses in the City. The City Council continued this approach for Fiscal year 2016-17. The millage rate approved by the City Council will remain at 10.3 mills, second lowest of any City in Kent County without an income tax. The allocation of the millage rate is as follows:

General Fund – 8.945 mills (\$5,611,083)  
Street Funds – 1.155 mills (\$729,682)  
Project Reserve Fund – 0.20 mills (\$126,352)

The total appropriation recommended for all funds, excluding transfers between funds and the use of designated reserves, is \$23,878,985. This budget is intended to continue providing critical investment in our major and local streets, continue growing a capital needs reserve fund, preserve the City's outstanding credit rating and maintain the targeted General Fund fund balance of 15%.

Highlights of select programs and their proposed budgets and detail of the financial plan for the fiscal year beginning July 1, 2016 through June 30, 2017 follow as well as various graphs and charts that may be helpful in illustrating key points of this plan:

### **General Fund**

General Fund revenues are projected to total \$9,194,693 which is \$116,359 (1.28%) more than budgeted General Fund Revenues for the current fiscal year. Our two primary sources of revenue are property taxes and state shared revenue (79% 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. 61% of Grandville General Fund spending is on public safety and court/probation. Total General Fund expenditures are budgeted at \$9,387,255. This is an increase of \$393,357 (4.37%) from budgeted expenditures in the current fiscal year. Many factors contributed to the increase, with the largest being \$122,000 increase to MERS for pension funding. Other increases include \$65,000 in vehicle rental, \$45,000 for court security, \$30,000 in health insurance costs, \$30,000 in capital purchases, and \$25,000 in police overtime.

### **Police Department**

Police Department budgeted expenditures total \$3,485,425 or approximately 37% of total City General Fund expenditures. There are budgeted expenditures of \$76,500 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 a full-time Police School Liaison Officer jointly funded by the City and the Grandville Public School District. Authorized departmental strength this year remains at 24 full-time officers and two full-time and one part-time civilian.

### **Fire Department**

Fire and 24 hour emergency medical response budgeted expenditures total \$1,095,752 or approximately 12% of total city General Fund expenditures. Capital expenditures of \$54,000 were budgeted, including turn out gear, fire hose replacement, an intercom system for fire trucks, upgrade to the records management system and heavy rescue tools. The Fire Department operates with 7 full-time, 26 paid on-call Firefighter/EMS employees and one part-time administrative assistant.

### **Parking Lot**

Repaving of the public parking lot at 30<sup>th</sup> Street is budgeted.

### **Parks and Recreation**

Budgeted Park and Recreation capital projects include restoration work to the Mill Race Park Barn.

### **Special Projects**

The 2016-2017 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.

### **Project Reserve**

The 2016-2017 budget also allocates 0.2 mills (\$126,352) designated for future capital projects. There is \$20,000 budgeted for an update to the library space needs study.

### **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. A millage of 1.155 mills is allocated to Major and Local Streets in 2016-2017 from the General Fund.

Two Major Street projects are budgeted for this year, Wilson Ave from Chicago Drive to Rivertown Parkway and 44<sup>th</sup> Street from Wilson to Canal.

Four local streets will be reconstructed or resurfaced next fiscal year: Heritage Court, Pineview, Sutton Place and Omaha. An additional \$50,000 was budgeted for preventative maintenance to various streets throughout the City.

### **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 \$7,050,862. This budget includes \$1,184,000 in capital improvement to the plant and the collection system.

A comprehensive utility rate study is completed annually and the recommendation is to keep the Commodity charge of \$3.00 per thousand gallons. Also, it is recommended to maintain the Ready-To-Serve rate at \$9.60 per quarter for a 5/8" meter, adjusting larger meters accordingly.

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 \$2,722,938 and includes a budgeted expenditure of \$420,000 for a water main replacement on Omaha.

The same annual comprehensive rate study completed for sewer rates is used to determine water rates. The result of this year's study showed the commodity charge per thousand gallons to increase from \$2.19 per thousand gallons to \$2.24 per thousand gallons and the Ready-to-Serve charge to increase from \$11.76 for 5/8" meters to \$13.43 per quarter for a 5/8" meter, adjusting larger meters accordingly.

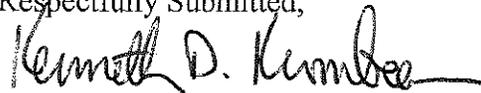
The commodity charge is used to pay for the operations of the water system. A majority of the expense in operations is the wholesale purchase of water from the City of Wyoming.

The Ready-to-Serve charges are used to maintain the water main infrastructure in the City. The City has been replacing and repairing the water mains as recommended.

### Summary

The Fiscal Year 2016-2017 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 2016-17 budget.

Respectfully Submitted,



Kenneth D. Krombeen  
City Manager