



Members of the Grandville City Council:

Municipal budgets in the State of Michigan and elsewhere over the past decade have been severely strained by a variety of well-documented factors and so the City Manager's letter to the City Council and the public introducing the City of Grandville financial plans for past fiscal years have often been filled with bad news. While that stress continues on a number of fronts, this letter will take a different approach and highlight some very positive news. For example,

. . . in Fiscal Year 2013-14 the City of Grandville property tax millage rate will remain unchanged at 9.154 mills, a millage rate lower than every other city in Kent County that doesn't also levy an income tax

. . . in Fiscal Year 2013-14 the City of Grandville is budgeting a *reduction* in General Fund expenditures of nearly \$275,000 from the current fiscal year's budget

. . . in Fiscal Year 2013-14 the City of Grandville's projected property tax revenues are less than the amount realized *six years ago* in the 2007-08 budget and yet no City services are being cut back this year

. . . in Fiscal Year 2013-14 the City of Grandville, despite a projected General Fund deficit of \$500,000 covered through use of undesignated fund balance, expects to end the year with a General Fund fund balance of nearly 15%

. . . the City of Grandville's credit rating is a lofty A1 as determined by Moody's Investors Service.

In sum, the City of Grandville has maneuvered through some very imposing budget obstacles yet has successfully maintained a low millage rate, a strong credit rating, a prudent and reasonable fund balance and quality municipal services. This should be a source of pride for the community and evidence of the great care and attention paid by the City Council, City staff, volunteers, businesses and residents in making this community as efficient and fiscally healthy as possible.

Highlights and detail of the financial plan for the fiscal year beginning July 1, 2013 and ending on June 30, 2014 follow. In addition, this year's budget document starts with various graphs and charts I hope will be helpful in illustrating key points of this plan.

The total appropriation recommended for all funds, excluding transfers between funds and the use of designated reserves, is \$21,149,230. The sections that follow contain an overview of select programs and their proposed budgets:

General Fund

General Fund revenues, minus transfers from designated reserves, are projected to total \$8,287,627 which is \$15,590 (0.189%) more than budgeted General Fund Revenues for the current fiscal year. Our two primary sources of revenue are property taxes and state shared revenue (78% of all revenue). In 2013 the City budgeted an increase in the primary revenue of approximately \$72,000, which is still approximately \$100,000 *less* revenue than received in the 2008 fiscal year.

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 \$8,893,790. This is a decrease of \$272,827 from budgeted expenditures in the current fiscal year, mainly due to a change in the pension amortization. The projected deficit of \$500,163 (assuming full expenditure of all General Fund line items) will be covered by utilization of available fund balance, if necessary.

Police Department

Police Department budgeted expenditures total \$3,364,713 or approximately 37.8% of total City General Fund expenditures. There are budgeted expenditures of \$98,500 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 \$1,004,129 or approximately 11.3% of total city General Fund expenditures. Capital expenditures of \$74,100 were budgeted, including a compressor/fill station, heavy rescue tools and fire building repair. The Fire Department operates with 7 full-time and 26 paid on-call Firefighter/EMS employees.

Parks and Recreation

Budgeted Park and Recreation capital projects include trail maintenance and a small amount included for tree planting in City parks.

Special Projects

The 2013-2014 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.

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.

Four Major Streets projects are budgeted for this year, including resurfacing of Fairlane, Chicago Drive from Canal to the west City Limits, Indian Mounds from 28th Street to River Road, and Canal from 44th Street to Chicago Drive. Also included in the budget is \$15,000 for path repair.

Six local streets will be reconstructed or resurfaced next fiscal year: Barrett, Crystal, Lee, Marine, Peck, and Oskaloosa. 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 \$5,646,376. The Clean Water Plant Expansion/Renovation project is complete allowing all sewer flow to be treated at the Grandville Clean Water Plant without any diversion to the Wyoming Clean Water Plant.

A comprehensive utility rate study is completed annually and the recommendation was to decrease the Commodity Charge by \$0.24 per thousand gallons and to maintain the same rate as current for the Ready-to-Serve Charge.

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 \$2,325,494 and includes a budgeted expenditure of \$75,000 for water main replacement on Fairlane.

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 needs to be increased from \$2.10 to \$2.19 per thousand gallons and the Ready-to-Serve charge remain unchanged.

The commodity charge is used to pay for the operations of the water system. The main contributing factor of the commodity charge increase was the Wyoming wholesale rate increase of 11%.

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. Due to the addition of many large meters and the small amount of the budgeted capital improvement there was no need to increase the ready-to-serve charge.

Summary

The Fiscal Year 2013-2014 Financial Plan for the City of Grandville is a product 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. Appreciation is extended to all involved in this important process with special recognition to Finance Director Tammy Hopman for her daily professional stewardship of City finances and her leadership in the development of the FY 2013-14 budget.

Respectfully Submitted,

Kenneth D. Krombeen
City Manager