



Members of the Grandville City Council:

For more than a decade, annual budgets for the City of Grandville and many other municipalities in the State of Michigan have been under the stress of decreasing revenues related to the Great Recession, declining property values, Proposal A restrictions on revenue growth, high medical cost inflation and a series of severely impactful cuts to State Revenue Sharing by the State of Michigan.

During this time period, the City cut staffing by 20%, reduced some services, initiated collaborations, adjusted benefits, limited capital investment and pursued efficiency in every department in order to cover expenses and still maintain one of the lowest property tax millage rates in Kent County and a prudent targeted General Fund fund balance of 15%. The result was a bottom-line focused General Fund budget that has grown at a rate much lower than inflation since 2001 but that did not necessarily look strategically over the horizon to the future needs of the City.

The City Council took the time during budget development this year to broaden its view. There was a longer and deeper examination of the past decade, the current position of the City and projected critical needs. The Council discussed making the preservation and enhancement of property values a priority and of setting the stage for community investments that would insure Grandville's future will be strong and bright, with an attractive quality of life critical to residents and businesses in the City.

Ultimately, the Council determined to implement a budget they are confident puts the City on a path to long-term and sustainable success. It is a budget where, for the first time since 1999, projected revenues will meet or exceed projected expenses without digging into fund balances. It is a budget that . . .

- . . . improves the overall fiscal health of the City,
- . . . establishes a new capital needs reserve fund,
- . . . insures critical investment in our major and local streets,
- . . . creates greater financial flexibility to meet needs and exploit opportunities,
- . . . preserves capital assets,
- . . . meets the fund balance target and
- . . . maintains the City's outstanding credit rating.

The millage rate approved by the City Council for the FY 2014-2015 year totals 10.3 mills compared to the 9.145 mills levied in FY 2013-14. For the owner of a home of the average

value of \$126,000 in Grandville, the increased tax would be \$6 per month or \$72.32 for the year. The allocation of the millage rate is as follows:

General Fund – 8.80 mills (\$5,542,667)
Street Funds – 1.30 mills (\$824,712)
Project Reserve Fund – 0.20 mills (\$126,879)

Highlights and detail of the financial plan for the fiscal year beginning July 1, 2014 through June 30, 2015 follow as well as various graphs and charts that may 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 \$20,376,732. 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 \$8,862,443 which is \$556,316 (6.6%) more than budgeted General Fund Revenues for the current fiscal year. Our two primary sources of revenue are property taxes and state shared revenue (77% of all revenue). The primary revenue increase was in tax revenue (\$626,506) due to an increase of 0.801 mills allocated to the General Fund. Court revenue is budgeted approximately \$100,000 less than prior 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 \$8,910,915. This is an increase of \$17,125 (0.19%) from budgeted expenditures in the current fiscal year. A surplus of \$39,028 is budgeted for fiscal year 2014-2015.

Police Department

Police Department budgeted expenditures total \$3,251,058 (decrease of \$113,655) or approximately 36.5% of total City General Fund expenditures. There are budgeted expenditures of \$87,500 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 \$984,565 (decrease of \$19,564) or approximately 11% of total city General Fund expenditures. Capital expenditures of \$63,300 were budgeted, including turn out gear, portable radios, and AED replacements. The Fire Department operates with 7 full-time, 26 paid on-call Firefighter/EMS employees and one part-time administrative assistant.

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 2014-2015 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 2014-2015 budget also includes 0.2 mills designated for future capital projects. This totals \$126,879 designated in the Project Reserve Fund for 2014-2015.

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 designated millage of 1.30 mills is allocated to Major and Local Streets in 2014-2015.

One Major Street project is budgeted for this year, Prairie/Division from Wilson Ave to Chicago Drive, in conjunction with a water main replacement project.

Five local streets will be reconstructed or resurfaced next fiscal year: Crystal, Restmor, Littlestar Ct, Peshtigo Ct, Wallace Ct, Bruce Dr, and Billmar. The State of Michigan will be funding the resurfacing of Billmar from the Road, Risk & Reserve Fund. 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 \$5,591,149. The Clean Water Plant Expansion/Renovation project was completed last fiscal year 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 is to keep the Commodity and Ready-To-Serve rates unchanged.

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 \$2,324,785 and includes a budgeted expenditure of \$50,000 for water main replacement on Prairie/Division.

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 can remain unchanged at \$2.19 per 1,000 gallons and the Ready-to-Serve charge needs to increase \$1.00 per quarter for 5/8" meters, 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 2014-2015 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 2014-15 budget.

Respectfully Submitted,

Kenneth D. Krombeen
City Manager