



Members of the Grandville City Council:

A year ago, for Fiscal Year 2014-15, the City Council committed to a longer range and forward-looking view of City finances where the preservation and enhancement of property values would be a high priority. The Council set the stage for future community investments that would contribute to insuring Grandville's quality of life remains attractive to residents and businesses in the City. This view was refreshing after more than a decade of difficult budgeting for local governments in the State of Michigan related to recession, declining property values, Proposal A restrictions on revenue growth and a series of severely impactful State government cuts to Revenue Sharing.

The City Council continued this approach for Fiscal year 2015-16. 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 (\$5,587,350)
Street Funds – 1.155 mills (\$719,548)
Project Reserve Fund – 0.20 mills (\$124,597)

The total appropriation recommended for all funds, excluding transfers between funds and the use of designated reserves, is \$21,878,985. In this budget, General Fund expenditures will grow at a less-than-inflationary rate of just 0.5% while revenues are anticipated to rise by approximately 0.9% and, for the second year in a row, a small General Fund surplus is projected. This budget is intended to continue strengthening the overall fiscal health of the City, to provide for critical investment in our major and local streets, to grow the new capital needs reserve fund, to preserve the City's outstanding credit rating and to maintain a prudent 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, 2015 through June 30, 2016 follow as well as various graphs and charts that may be helpful in illustrating key points of this plan:

General Fund

General Fund revenues, minus transfers from designated reserves, are projected to total \$8,895,634 which is \$83,829 (0.9%) 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 primary revenue increase was in tax revenue (\$43,683). Cemetery Lot Sales decreased by \$24,000 due to lack of existing lots available.

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 \$8,953,435, net of expenditures of reserve fund balance. This is an increase of \$42,520 (0.5%) from budgeted expenditures in the current fiscal year. A surplus of \$84,436 is budgeted for fiscal year 2015-2016.

Police Department

Police Department budgeted expenditures total \$3,246,578 or approximately 36.3% of total City General Fund expenditures. There are budgeted expenditures of \$38,500 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 \$988,063 or approximately 11% of total city General Fund expenditures. Capital expenditures of \$39,500 were budgeted, including turn out gear, fire hose replacement, intercom system for fire trucks and a thermal imaging camera. 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 a small amount included for table and bench replacement in City parks.

Special Projects

The 2015-2016 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 2015-2016 budget also includes 0.2 mills designated for future capital projects. This totals \$124,597 designated in the Project Reserve Fund for 2015-2016.

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 1.155 mills is allocated to Major and Local Streets in 2015-2016.

Two Major Street projects are budgeted for this year, Wilson Ave from Chicago Drive to Rivertown Parkway and Chicago Drive from Wilson to the M-11 Overpass.

Four local streets will be reconstructed or resurfaced next fiscal year: Wyatt, 41st, 42nd, and Missaukee. An additional \$50,000 was budgeted for preventative maintenance to various streets throughout the City.

The Streets budget also provides for the addition of one full-time employee dedicated to street maintenance in partial compensation for staffing cuts in previous years.

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 \$7,160,881. This includes the addition of one full time maintenance worker to allow a dedicated full time employee for the Industrial Pretreatment Program. It also includes \$1,236,500 in capital improvement to the plant and the collection system.

A comprehensive utility rate study is completed annually and the recommendation is to increase the Commodity charge from \$2.64 per thousand gallons to \$3.00 per thousand gallons. Also it is recommended to increase Ready-To-Serve rates from \$7.80 per quarter to \$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 \$2,296,335 and includes budgeted expenditures of \$20,000 for an update to the Water System Hydraulic Maps and new fire hydrants.

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 of \$11.76 for 5/8" meters to remain unchanged.

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 2015-2016 Financial Plan for the City of Grandville is a collective effort possible only through the dedication of the public, City Council and City staff members. All involved in the development of this plan have displayed a serious commitment to our community's quality of life, to the responsible stewardship of public funds and to a successful and sustainable future. Appreciation is extended to all involved in this important process with special gratitude to Finance Director Tammy Hopman for her professional management of City daily finances and her leadership in the development of the FY 2015-16 budget.

Respectfully Submitted,

Kenneth D. Krombeen
City Manager