

MEMORANDUM



TO: VICTOR CARDENAS, INTERIM CITY MANAGER
FROM: CARL JOHNSON, CFO
SUBJECT: COUNCIL AMENDMENTS TO RECOMMENDED BUDGET
DATE: APRIL 17, 2014

*To: Mayor & Council
FYI - Followup
from last night's
Mtg. Vice*

During last night's council meeting regarding the Recommended Fiscal Year 2014/2015 budget, City Council approved five amendments. I wanted to ensure that the amendments were summarized and the impact on the ending fund balance was documented to eliminate any potential questions. One key item of note, at the meeting amendment #4 (eliminating the engineering related to the proposed DPW building expansion) stated the savings would be \$547,560 (split 60/40% General and Water and Sewer) but only half of that cost was actually budgeted in 14/15 (see CIP summary page in blue book). The following is a summary of the five amendments:

1. Delay the CIP project for the Tim Pope Play Structure Replacement (\$250,000) to a future year and add the Ella Mae Power Park Play Structure Replacement (\$85,000) to the budget. This amendment increase the fund balance in the General Fund by \$165,000 and has no impact on the Parks and Recreation Fund as the net decrease in cost will be offset by a decrease in transfer from the General Fund.
2. Eliminate the \$2 round trip fee charged for senior transportation for specific in city rides (estimated loss in revenue of \$25,000) with General Fund transfer to Parks and Recreation Fund to replace the lost revenue. This amendment decreases the fund balance in the General Fund by \$25,000 and has no impact on the Parks and Recreation Fund as the decrease in revenue will be offset by an increase in transfer from the General Fund.
3. Gross revenue from gun range currently budgeted in the General Fund would be placed in new capital project fund for the purpose of future capital needs to the gun range facility. This amendment decreases the fund balance in the General Fund by \$135,000 and increases the fund balance in the new capital project fund.
4. Remove budget for preliminary engineering related to expansion of DPS building (\$164,268 budgeted in FY 14/15 in the General Fund and \$109,512 in Water and Sewer Fund). This amendment increases the fund balance in the General Fund by \$164,268 and increases the fund balance in the Water and Sewer Fund by \$109,512.

5. Eliminate the two new positions proposed in the General Fund for a Non-Motorized Engineer (\$110,905) and Human Resources Generalist (\$65,758). This amendment increases the fund balance in the General Fund by \$176,663.

I have attached a spread sheet summarizing the impact of the above amendments on the overall proposed fund balance. The net effect to the General Fund Balance moving forward is as follows:



2014/15 - 24.18%
2015/16 - 22.08%
2016/17 - 21.25%

Let me know if my understanding of these amendments is not correct or if you have any questions.

CITY OF NOVI
MULTI-YEAR BUDGET 2014 through 2017

GENERAL FUND

DESCRIPTION	REVENUE				
	Actual 2012-13	Estimated 2013-14	Budget 2014-15	Projected 2015-16 2016-17	
TAXES					
Current Property Taxes	\$ 14,463,208	\$ 14,553,000	\$ 15,014,000	\$ 15,504,000	\$ 15,962,000
Trailer Fees	7,885	7,500	7,800	7,800	7,800
Penalty and Interest	176,120	180,000	185,000	190,000	195,000
	<u>\$ 14,647,213</u>	<u>\$ 14,740,500</u>	<u>\$ 15,206,800</u>	<u>\$ 15,701,800</u>	<u>\$ 16,164,800</u>
LICENSES, PERMITS & CHARGES FOR SERVICES					
Clerks Dept Fees (previously included Bus. Regis.)	\$ 28,855	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Liquor licenses	69,504	60,000	60,000	61,800	63,700
Engineering Review Fees	132,716	130,000	120,000	123,600	127,300
Planning & Landscape Review Fees	77,416	78,000	78,000	80,300	82,700
Landscape Inspection Fees	31,165	35,000	31,500	32,400	33,400
Grading Permit Fees	5,523	7,000	7,000	7,200	7,400
Building Permits	693,757	599,000	720,000	741,600	763,800
Plan Review Fees	326,899	252,000	300,000	309,000	318,300
South Lyon Inspection Fees	73,348	43,000	-	-	-
Refrigeration Permits	64,325	50,000	50,000	51,500	53,000
Electrical Permits	218,635	177,000	200,000	206,000	212,200
Heating Permits	233,410	185,000	210,000	216,300	222,800
Plumbing Permits	133,965	115,000	110,000	113,300	116,700
Other Charges	172,766	272,000	672,000	192,200	198,000
Court Abatement	381	13,000	13,000	13,400	13,800
Soil Erosion Fees	6,965	16,000	16,000	16,500	17,000
Cable Television Fee	991,272	775,000	800,000	824,000	824,000
Cable Television PEG Fees (restricted)	231,749	170,000	180,000	185,400	191,000
Weed Cutting	4,634	10,000	9,000	9,000	9,000
Board of Appeals	20,096	21,000	21,000	21,000	21,000
Public Safety - Police	686,568	541,970	439,761	444,159	448,600
Public Safety - Fire	7,200	7,200	7,200	7,200	7,200
Administrative Reimbursement	54,838	91,000	75,000	77,250	79,570
Insurance Reimbursement	-	43,300	-	-	-
	<u>\$ 4,265,987</u>	<u>\$ 3,716,470</u>	<u>\$ 4,144,461</u>	<u>\$ 3,758,109</u>	<u>\$ 3,835,470</u>
FEDERAL GRANTS					
	<u>\$ 18,768</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
STATE SOURCES					
Police Training Grant	\$ 809	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
State Revenue Sharing	4,074,589	4,160,522	4,316,470	4,402,800	4,490,900
	<u>\$ 4,075,398</u>	<u>\$ 4,185,522</u>	<u>\$ 4,341,470</u>	<u>\$ 4,427,800</u>	<u>\$ 4,515,900</u>
OTHER REVENUE					
Fire Department	\$ 9,437	\$ 12,500	\$ 12,000	\$ 12,120	\$ 12,240
Miscellaneous Income	161,609	300,000	300,000	303,000	306,030
Filming Permit Revenue	225	200	200	200	200
Novi Township assessment	14,718	15,000	15,000	15,300	15,610
Municipal Service Charges	365,270	365,270	365,270	400,000	400,000
Library Networks Charges		35,000	35,000	35,000	35,000
State of the City Revenue	5,169	5,500	5,500	5,500	5,500
	<u>\$ 556,428</u>	<u>\$ 733,470</u>	<u>\$ 732,970</u>	<u>\$ 771,120</u>	<u>\$ 774,580</u>
FINES AND FORFEITURES					
Court Fees and Fines	\$ 539,584	\$ 500,000	\$ 515,000	\$ 530,500	\$ 546,400
Motor Carrier Fines and Fees	9,750	9,000	10,000	10,000	10,000
	<u>\$ 549,334</u>	<u>\$ 509,000</u>	<u>\$ 525,000</u>	<u>\$ 540,500</u>	<u>\$ 556,400</u>
INTEREST ON INVESTMENTS (net of unrealized gain(loss))					
	<u>\$ (81,620)</u>	<u>\$ 254,000</u>	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 260,000</u>
TRANSFERS FROM OTHER FUNDS					
Transfer from Police and Fire Fund	\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	\$ 5,200,000	\$ 5,100,000
TOTAL REVENUE	<u>\$ 29,331,508</u>	<u>\$ 29,448,962</u>	<u>\$ 30,510,701</u>	<u>\$ 30,659,329</u>	<u>\$ 31,207,150</u>

MULTI-YEAR BUDGET 2014 through 2017

DESCRIPTION	GENERAL FUND APPROPRIATIONS				
	Actual	Estimated	Budget	Projected	
	2012-13	2013-14	2014-15	2015-16	2016-17
PUBLIC SAFETY - POLICE DEPARTMENT					
Personnel Services	\$ 9,852,832	\$ 10,429,278	\$ 10,337,359	\$ 10,492,420	\$ 10,649,810
Supplies	215,881	316,958	229,500	236,390	243,480
Other Services and Charges	1,027,463	1,051,964	1,138,600	1,172,760	1,207,940
Capital Outlay	280,021	102,830	174,800	-	165,000
	<u>\$ 11,376,197</u>	<u>\$ 11,901,030</u>	<u>\$ 11,880,259</u>	<u>\$ 11,901,570</u>	<u>\$ 12,266,230</u>
PUBLIC SAFETY - FIRE DEPARTMENT					
Personnel Services	\$ 3,845,999	\$ 3,919,729	\$ 3,900,193	\$ 3,958,700	\$ 4,018,080
Supplies	147,082	133,620	144,485	148,820	153,280
Other Services and Charges	456,633	582,738	569,430	586,510	604,110
Capital Outlay	98,851	625,310	179,000	-	-
	<u>\$ 4,548,565</u>	<u>\$ 5,261,397</u>	<u>\$ 4,793,108</u>	<u>\$ 4,694,030</u>	<u>\$ 4,775,470</u>
PUBLIC SAFETY TOTAL	<u>\$ 15,924,762</u>	<u>\$ 17,162,427</u>	<u>\$ 16,673,367</u>	<u>\$ 16,595,600</u>	<u>\$ 17,041,700</u>
COMMUNITY DEVELOPMENT - BUILDING DIVISION					
Personnel Services	\$ 1,276,108	\$ 1,326,552	\$ 1,367,391	\$ 1,387,900	\$ 1,408,720
Supplies	38,344	32,100	35,600	36,670	37,770
Other Services and Charges	70,927	102,002	110,459	93,770	96,580
Capital Outlay	63,917	45,993	23,500	24,210	24,940
	<u>\$ 1,449,296</u>	<u>\$ 1,506,647</u>	<u>\$ 1,536,950</u>	<u>\$ 1,542,550</u>	<u>\$ 1,568,010</u>
COMMUNITY DEVELOPMENT - PLANNING DIVISION					
Personnel Services	\$ 449,886	\$ 466,223	\$ 510,030	\$ 517,680	\$ 525,450
Supplies	4,036	4,400	8,850	9,120	9,390
Other Services and Charges	35,143	124,757	312,605	66,980	68,990
	<u>\$ 489,065</u>	<u>\$ 595,380</u>	<u>\$ 831,485</u>	<u>\$ 593,780</u>	<u>\$ 603,830</u>
COMMUNITY DEVELOPMENT TOTAL	<u>\$ 1,938,361</u>	<u>\$ 2,102,027</u>	<u>\$ 2,368,435</u>	<u>\$ 2,136,330</u>	<u>\$ 2,171,840</u>
DPS - GENERAL/ADMINISTRATIVE					
Personnel Services	\$ 258,987	\$ 280,010	\$ 270,667	\$ 278,790	\$ 287,150
Supplies	11,016	28,212	11,200	11,370	11,540
Other Services and Charges	295,254	384,860	337,140	342,200	347,330
Capital Outlay	145,297	175,473	-	-	-
	<u>\$ 710,554</u>	<u>\$ 868,555</u>	<u>\$ 619,007</u>	<u>\$ 632,360</u>	<u>\$ 646,020</u>
DPS - ENGINEERING					
Personnel Services	\$ 395,337	\$ 493,428	\$ 496,320	\$ 503,760	\$ 511,320
Supplies	1,112	1,250	2,000	2,060	2,120
Other Services and Charges	84,054	106,763	107,750	110,980	114,310
Capital Outlay	-	-	204,268	164,268	-
Allocated to Other Funds	(166,524)	(371,784)	(371,784)	(371,784)	(371,784)
	<u>\$ 313,979</u>	<u>\$ 229,657</u>	<u>\$ 438,554</u>	<u>\$ 409,284</u>	<u>\$ 255,966</u>
DPS - FIELD OPERATIONS					
Personnel Services	\$ 1,881,961	\$ 2,083,691	\$ 2,121,339	\$ 2,153,160	\$ 2,185,460
Supplies	75,955	80,530	102,815	88,900	91,570
Other Services and Charges	264,208	297,691	478,025	492,370	507,140
Capital Outlay	347,595	411,232	56,200	57,040	57,900
Allocated to Other Funds	(1,757,046)	(1,877,000)	(1,877,000)	(1,877,000)	(1,877,000)
	<u>\$ 812,673</u>	<u>\$ 996,144</u>	<u>\$ 881,379</u>	<u>\$ 914,470</u>	<u>\$ 965,070</u>
DPS - FLEET ASSET					
Personnel Services	\$ 348,789	\$ 347,069	\$ 396,878	\$ 408,780	\$ 421,040
Supplies	21,493	27,200	24,600	25,340	26,100
Other Services and Charges	401,932	376,493	379,640	391,030	402,760
Capital Outlay	84,168	-	110,000	-	-
	<u>\$ 856,382</u>	<u>\$ 750,762</u>	<u>\$ 911,118</u>	<u>\$ 825,150</u>	<u>\$ 849,900</u>
DEPT OF MUNICIPAL SERVICES TOTAL	<u>\$ 2,693,588</u>	<u>\$ 2,845,118</u>	<u>\$ 2,850,058</u>	<u>\$ 2,781,264</u>	<u>\$ 2,716,956</u>
PLANNING COMMISSION					
Supplies	\$ 194	\$ -	\$ -	\$ -	\$ -
Other Services and Charges	6,550	-	-	-	-
	<u>\$ 6,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TRANSFERS TO OTHER FUNDS, CAPITAL OUTLAY & OTHER NON-RECURRING ITEMS					
Debt Service Fund*	\$ 282,013	\$ -	\$ -	\$ -	\$ -
Parks, Recreation & Cultural Services Fund	720,310	250,000	588,000	591,000	110,000
One-time capital items, service improvements, etc.	-	-	-	1,293,676	1,420,800
TOTAL APPROPRIATIONS/EXPENDITURES	<u>\$ 30,084,543</u>	<u>\$ 30,603,265</u>	<u>\$ 30,588,263</u>	<u>\$ 31,172,830</u>	<u>\$ 31,412,976</u>

*Final debt service payment on taxable bonds in 2012-13

MULTI-YEAR BUDGET 2014 through 2017

DESCRIPTION	GENERAL FUND FUND BALANCE				
	Actual	Estimated	Budget	Projected	
	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund-Fund Balance Summary					
Unassigned Fund Balance, beginning	9,380,096	8,627,418	7,473,115	7,395,553	6,882,051
(c) Restricted for communication equipment	(c) 184,507	184,147	184,147	184,147	184,147
Total Fund Balance, beginning	\$ 9,564,600	\$ 8,811,565	\$ 7,657,262	\$ 7,579,700	\$ 7,066,198
Annual Revenue	\$ 29,331,508	\$ 29,448,962	\$ 30,510,701	\$ 30,659,329	\$ 31,207,150
(a) Annual Expenditures	(a) (30,084,543)	(30,603,265)	(30,588,263)	(31,172,830)	(31,412,976)
(d) Total estimated Fund Balance, ending	(d) \$ 8,811,565	\$ 7,657,262	\$ 7,579,700	\$ 7,066,198	\$ 6,860,373
(b) Unassigned Estimated Fund Balance	(b) \$ 8,627,419	\$ 7,473,115	\$ 7,395,553	\$ 6,882,051	\$ 6,676,226
Estimated Restricted Fund Balance	184,147	184,147	184,147	184,147	184,147
	<u>\$ 8,811,566</u>	<u>\$ 7,657,262</u>	<u>\$ 7,579,700</u>	<u>\$ 7,066,198</u>	<u>\$ 6,860,373</u>
Fund balance (unrestricted) as a percentage of total annual expenditures (b/a)		24.42%	24.18%	22.08%	21.25%
(e) Fund Balance Ending minimum 18% of (a)	(e)		\$ 5,505,887	\$ 5,611,109	\$ 5,654,336
Funds above / (below) 18% minimum of [(d-c)-e]			\$ 1,889,666	\$ 1,270,942	\$ 1,021,890
(f) Fund Balance Ending - 22% of (a)	(f)		\$ 6,729,418	\$ 6,858,023	\$ 6,910,855
Funds above / (below) 22% of [(d-c)-f]			\$ 666,135	\$ 24,028	\$ (234,629)

