

FY 2021-2025

# FINAL FISCAL PLAN

ACCOUNTABILITY

COLLABORATION

CUSTOMER SERVICE

EQUITY INNOVATION

SUSTAINABILITY

300 Monroe Avenue, NW/Grand Rapids, Michigan 49503/[www.grandrapidsmi.gov](http://www.grandrapidsmi.gov)



# Introduction

- The State of Michigan Public Act 2 of 1968 (as amended) known as the “Uniform Budgeting and Accounting Act” requires that governmental units adopt an annual budget.
- The City has fully complied with Public Act 2 and has been awarded the “Distinguished Budget Presentation Award” by the Government Finance Officers Association (GFOA) for the past 31 years.
- The annual budget is developed within the context of a five-year plan. Five years encompasses a sufficient time frame that will demonstrate the consequences of trying to fund ongoing expenditures with one-time revenues. The long-range modeling helps to alert the City to future problems that may be created by decisions made today.
- Balancing the Budget. The City must live within its means. The City is supported by various financial resources and must function within the limits of these resources each fiscal year.

## What’s Inside

- Strategic Plan
- About the City
- Budget Basics
- Revenues
- Expenses
- Asset Management
- Authorities
- Personnel

A handwritten signature in blue ink that reads "Molly J. Clarin".

Molly J. Clarin  
Chief Financial Officer

**QUICK FACTS**

- Form of Government: Commission – Manager
- First incorporated in 1838
- 2<sup>nd</sup> largest city in the State of Michigan
- Population: 200,217 <sup>1</sup>
- Land Area: 45.27 square miles
- Tax Base:
  - Income Tax
    - .75% (Non-Resident) 1.5% (Resident)
  - Property Tax
    - \$4.9 billion of taxable value
- Diverse employer base
- Extensive cultural, entertainment and recreational opportunities
- July 1 – June 30 fiscal year

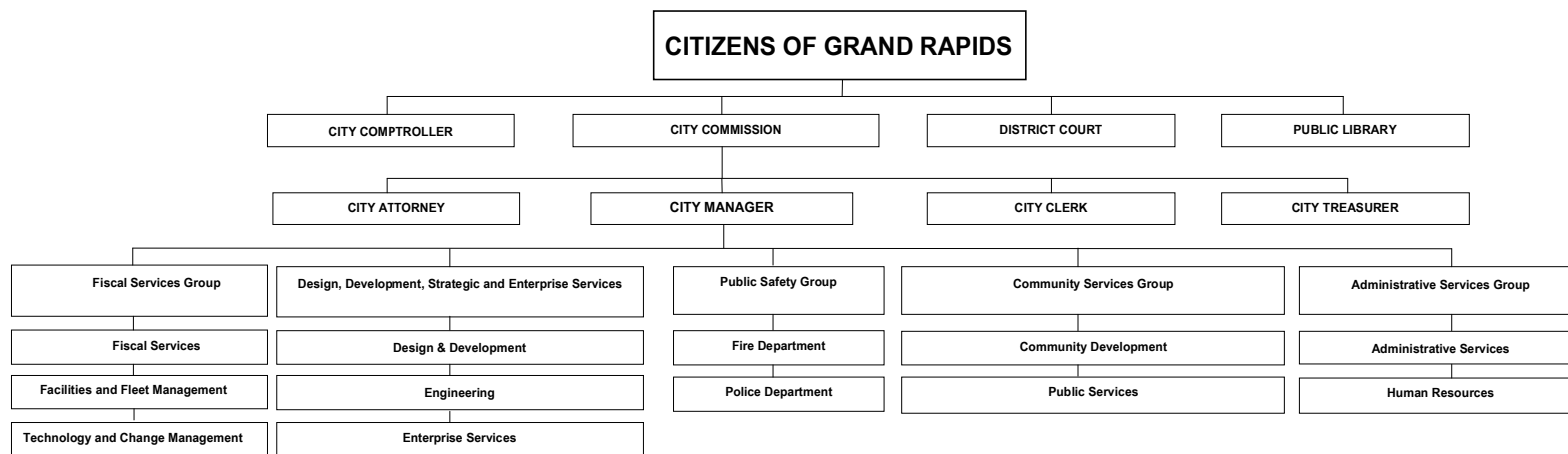
<sup>1</sup> U.S. Census Bureau estimate as of July 1, 2018

## The City's Vision

Grand Rapids will be nationally recognized as an equitable, welcoming, innovative and collaborative city with a robust economy, safe and healthy community, and the opportunity for a high quality of life for all.

## The City's Mission

To elevate quality of life through excellent City services.



# Budget Basics

## Process:

- Revenue forecasts
- Personnel labor cost projections
- Departments submit five-year budget requests
- Budget review meetings with the Executive Team
- Capital funding request review
- Preliminary Fiscal Plan delivered in April
- City Commission conducts several study sessions
- Public hearing second Tuesday in May
- City Commission approval third Tuesday in May
- Budget amendments as needed throughout the fiscal year

## Asset Management

- Capital Improvement
  - Multiple funding sources
  - 4.25% Income Tax set-aside
  - City, Village & Township revenue sharing
- Streets Capital
  - Vital Streets income tax extension
  - GOF supplemental funding (\$13 million over 15 years)
  - Additional State investment approved (\$3 million in FY2017; \$1.5 million in FY2018; \$3.5 million in FY2019)
- Parks Millage
  - Seven-year capital investment plan
  - GOF Maintenance Of Effort (MOE) required
  - FY2021 MOE - \$6.2 million
  - Permanent millage of 1.25 mills beginning July 1, 2021 (FY2022)

## Budget Guidelines:

- Balancing the budget
  - The City must live within its means
- Five-year budgeting
- Spending authority assumes a budgetary lapse to account for partial year of unfilled positions
  - Amount differs by fund; approximately \$4.9 million in GOF
- Contingencies
  - Provides funding for unanticipated or unforeseen events – approximately \$1.7 million in FY2021
- Fund Balance & Unrestricted Cash policy requirements
  - General Operating Fund (GOF)
    - 15% of current spending in GOF
    - 10% of current spending in GOF reserved in the Budget Stabilization Fund
  - Other funds
    - 15% or 25% depending on fund type
- Income tax revenue projections based upon current trends and economic indicators
- Very slow property tax revenue growth. Growth in tax revenue mainly due to new investment, not property appreciation



## Recovery of a Resilient City

- Our financial reserves have never been stronger
- This budget anticipates revenue shortfalls but minimizes the reduction to essential services in a fiscally responsible and sustainable way
- The General Operating Fund (GOF) recommendation includes \$500,000 in investments to support resiliency of community members and local business during the pandemic and to "build back better" once the pandemic subsides
- The \$500,000 GOF appropriation will be combined with \$2.2 million in supplemental Community Development Block Grant (CDBG-CV) and \$1.1 million in Emergency Solutions Grant (ESG-CV) funding for a total of \$3.75 million in economic stimulus identified to date for the Grand Rapids community from City sources
- We have applied for stimulus funding from county, state and federal resources that will assist in response and recovery
- Enacted several measures expected to save approximately \$500,000 including a modified hiring freeze for non-essential services, travel limitations and other cost reductions to slow spending
- We will continue to monitor economic performance and if the economic realities are different than our initial projections, we will be able to quickly adjust and propose budget amendments

## FY2021 Fiscal Highlights

- Investment in Indigent defense representation to provide legal representation to the 90% of defendants at initial criminal offense court appearances, who are disproportionately persons of color and without representation for a variety of structural inequities within the criminal justice system
- Continuing work to increase affordable housing, including State Land Bank partnership and Affordable housing grants from Community Development
- Received \$5.5 million in Lead Hazard Control Grants and launched lead awareness and education campaign
- Investment of over \$2.2 million in DASH (free fare) and low-cost commuter lots
  - DASH ridership increased 39% (600,000+ rides in 2019)
- May Mobility pilot exceeded 50,000 rides before it was suspended
- Investment of \$870,000 to support the City's commitment to river restoration in conjunction with project partners and preliminary design of the proposed Wealthy Street takeout site
  - Embedding equity in all City practices, policies and sphere of influence regarding the Grand River Restoration Project

## FY2021 Fiscal Highlights (Cont.)

- Streetlighting infrastructure improvements are well underway with an \$8.8M Bond
  - 13 awarded projects for \$6.6 million and 6 projects in final design/bid for \$2.2 million
  - Phase 2 is being readied for FY2021 LED roll-out
- Compost site construction improvements to be completed in Spring of 2020 with yard waste composting operations beginning in mid-2020
- \$800,000 for the Martin Luther King Jr. Park Lodge redevelopment and \$100,000 for park acquisition in the Third Ward
- The Vital Street rating showed we have achieved a ranking of 61% good and fair for the first time since 2002
  - \$1.90 million in sidewalk projects and \$20.8 million in Vital Streets projects
  - Bid awarded to two vendors for more than 100 miles of sidewalk across our three wards
- We will invest in a second-year sidewalk snowplow pilot at a cost of \$100,000 to demonstrate the cost and impact of winter sidewalk maintenance services divided among each of our three wards
- \$200,000 to support land acquisition and future design costs for the Division Street Fire Station

## Strategic Foundation

### Focused Strategy

- ✓ The City's strategic plan continues to focus the work of the City
- ✓ This FY2021 Fiscal Plan aligns resources, department operations and investments in a transparent manner to implement the Strategic Plan

### Investing Strategically

- ✓ Investments aligned to achieve the priorities outlined in the Strategic Plan
- ✓ Staffing modifications to drive Strategic Plan outcomes
- ✓ Accountability is embedded in this budget; proper resources to ensure tracking and reporting are provided
- ✓ We will measure and report progress during the fiscal year

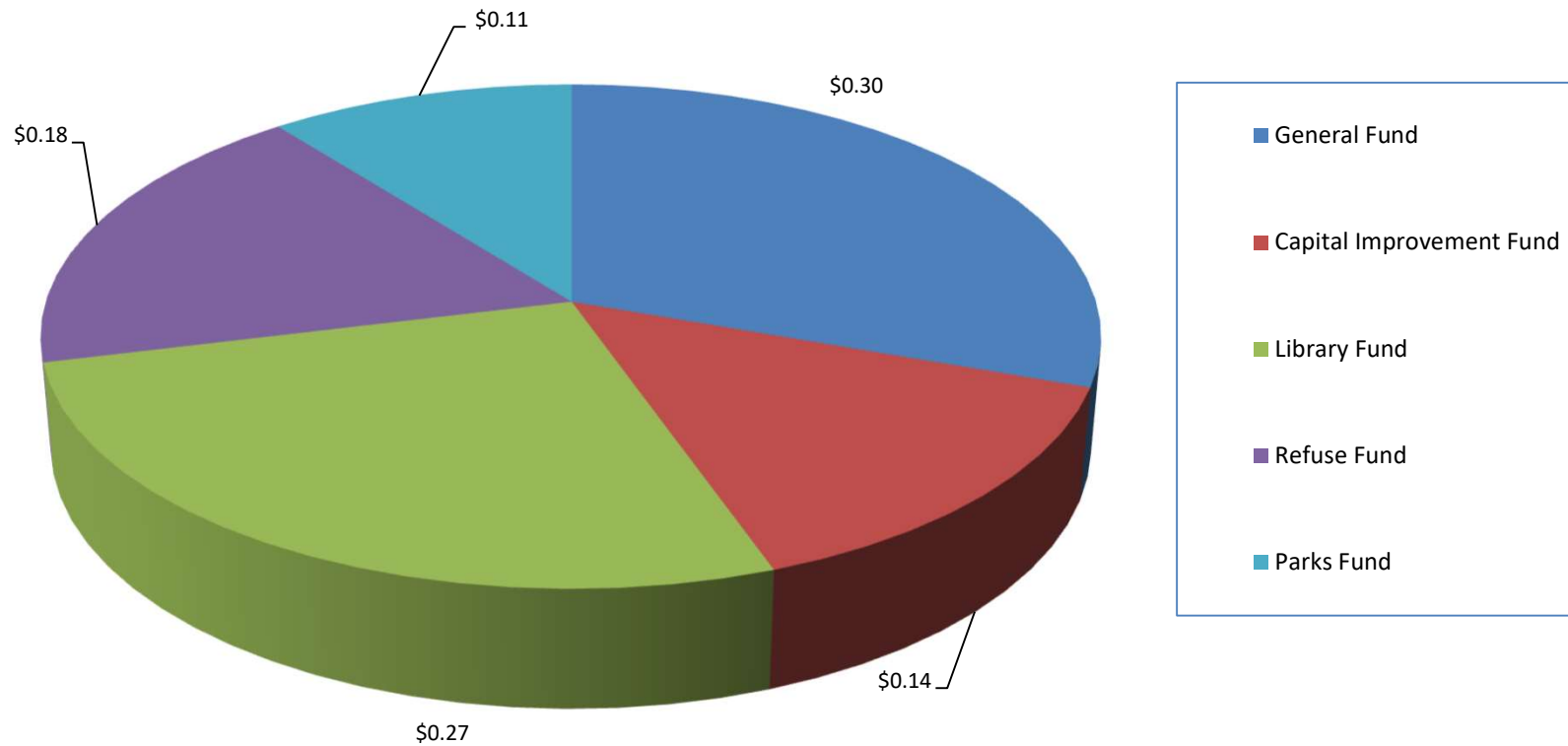
### Advancing Equity

- ✓ Investing to drive equitable outcomes in each strategic priority

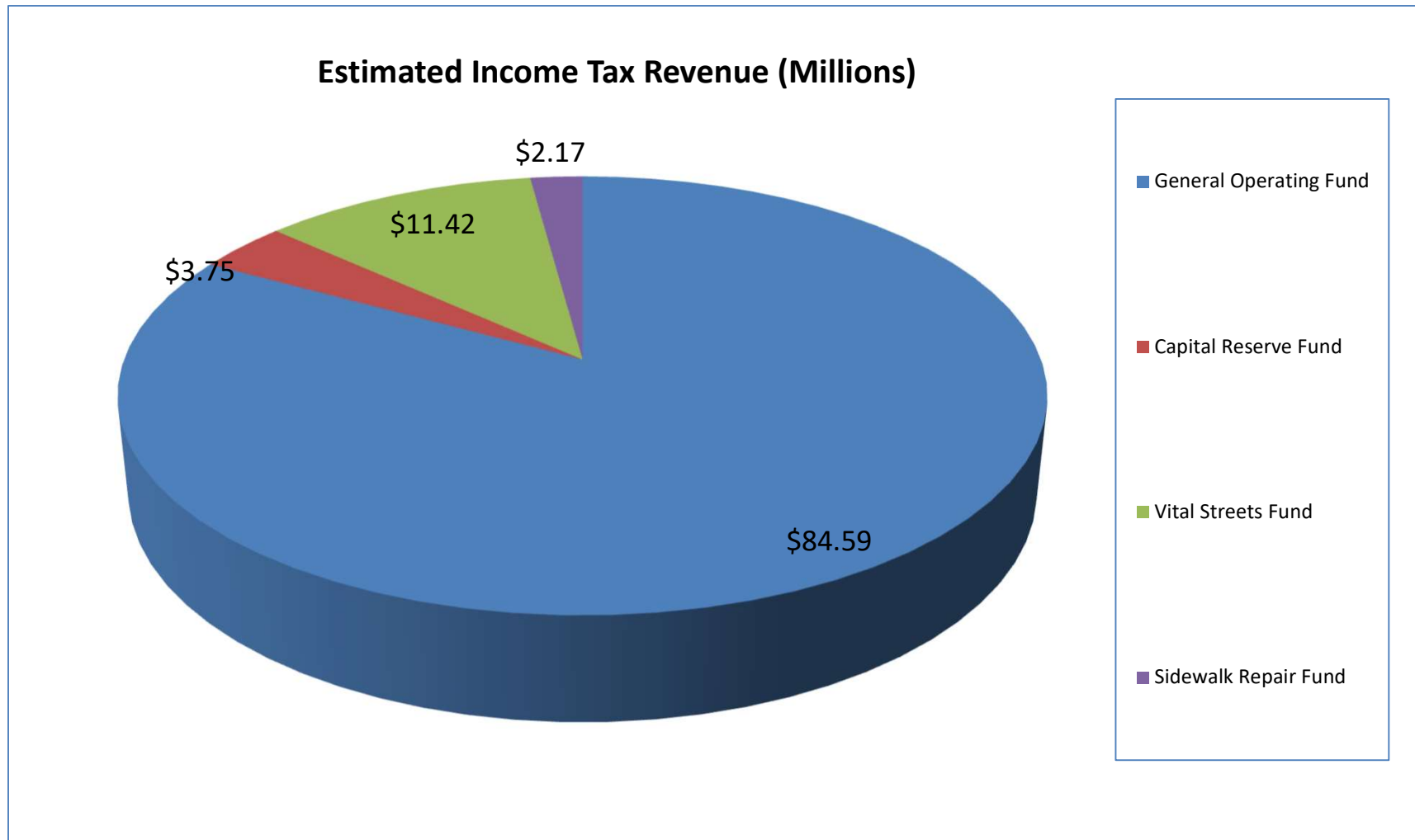


# Property Tax Distribution

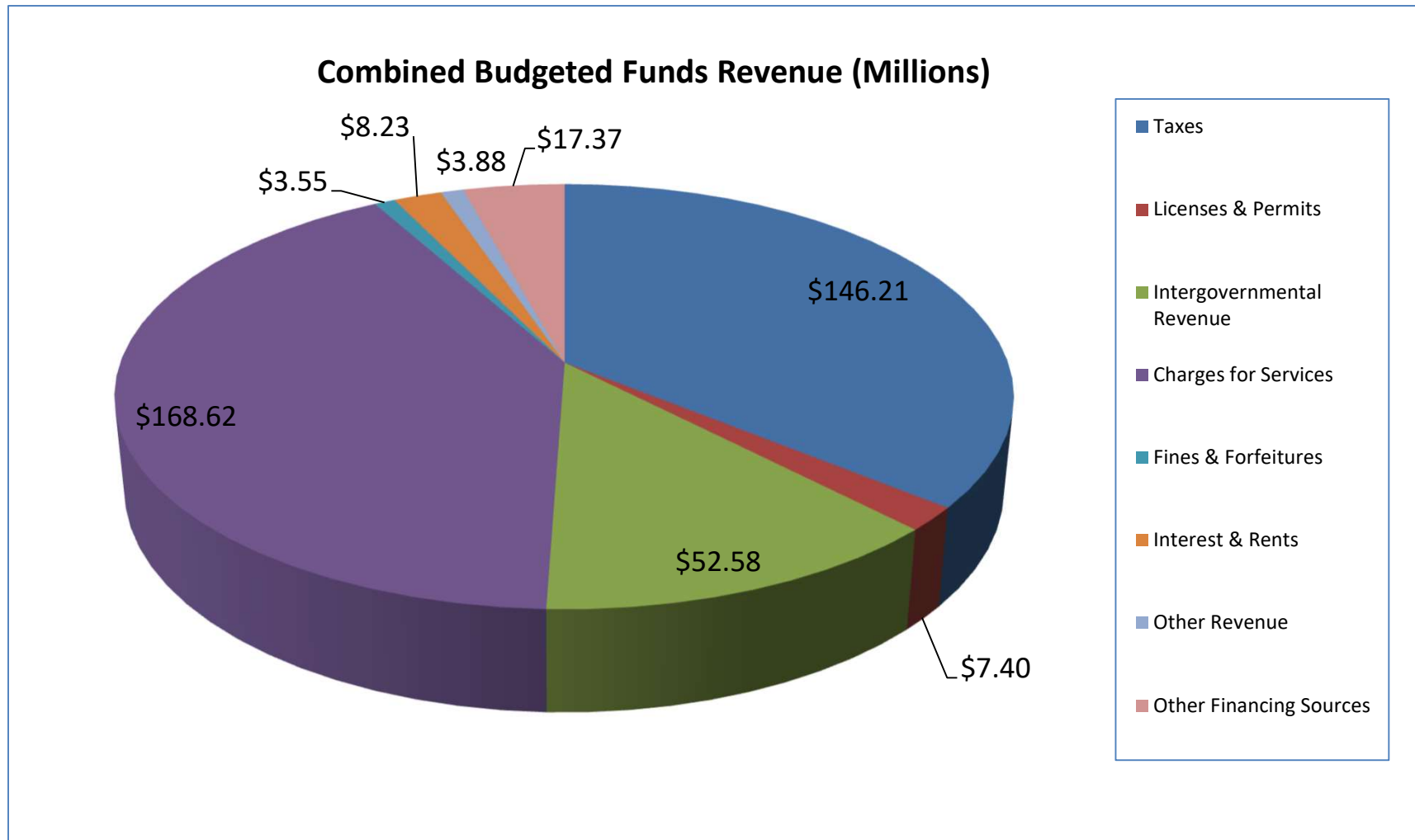
City of Grand Rapids Property Tax Revenue Allocation for Every Dollar Collected



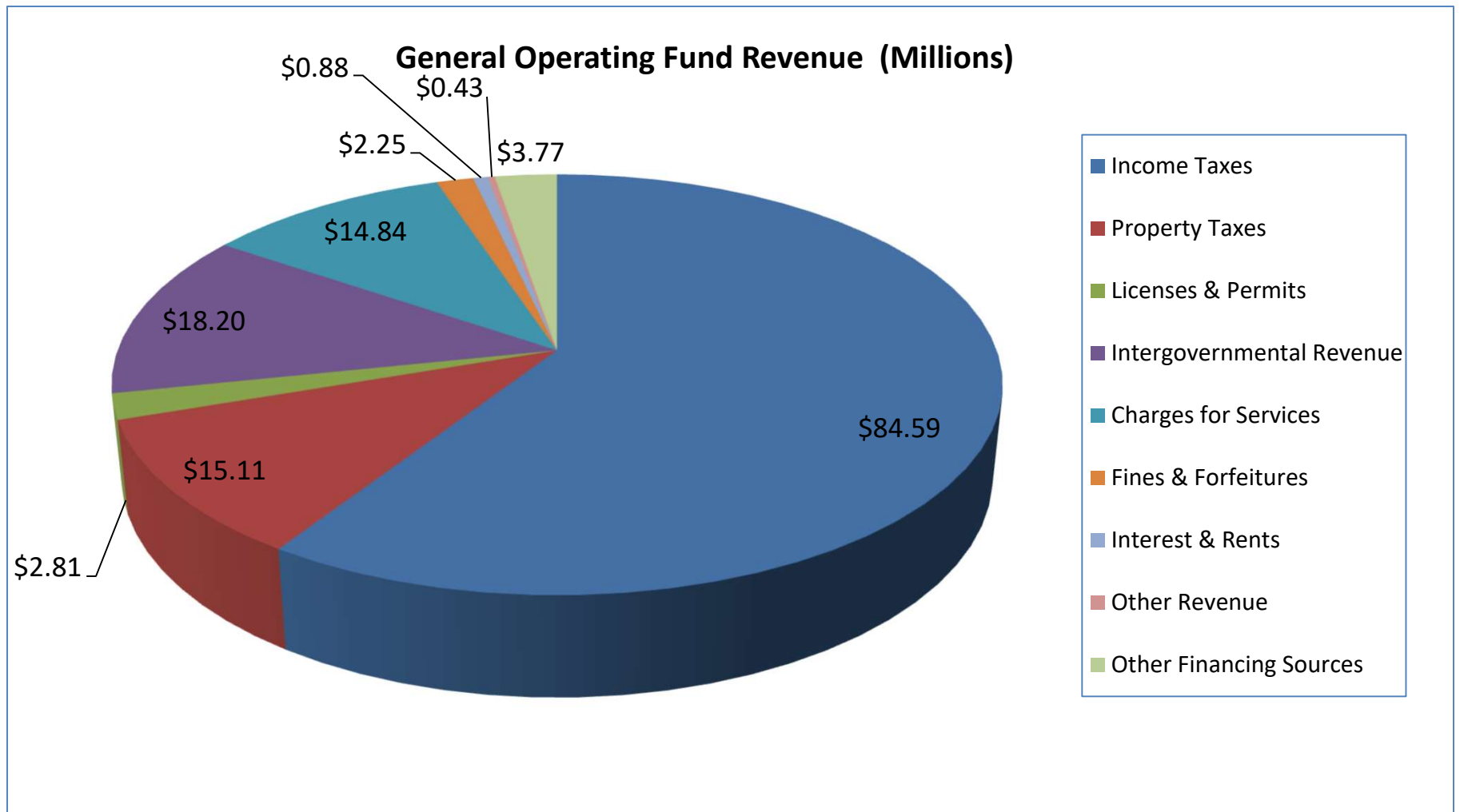
# Income Tax Allocation



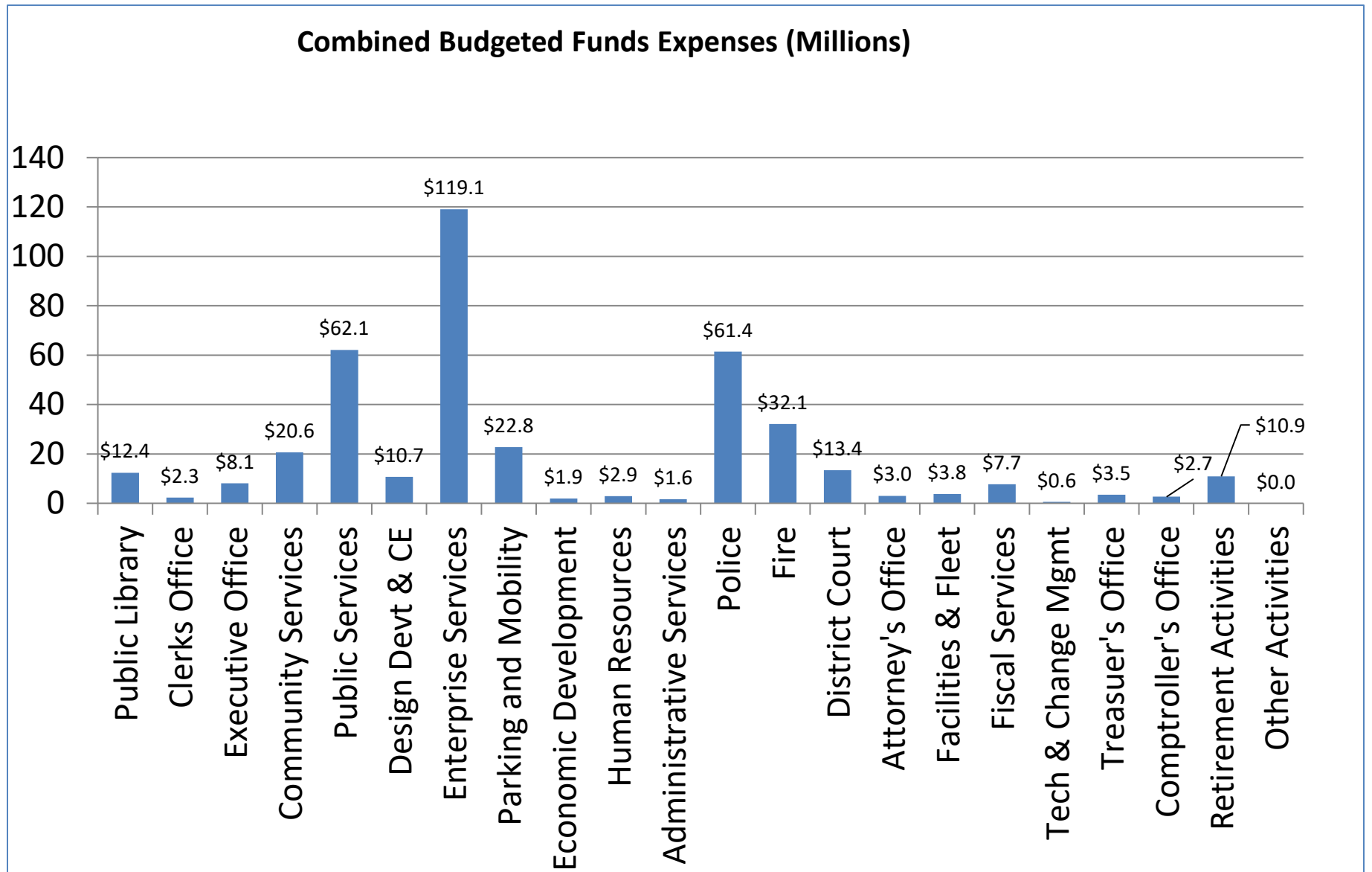
# Citywide Total Revenues



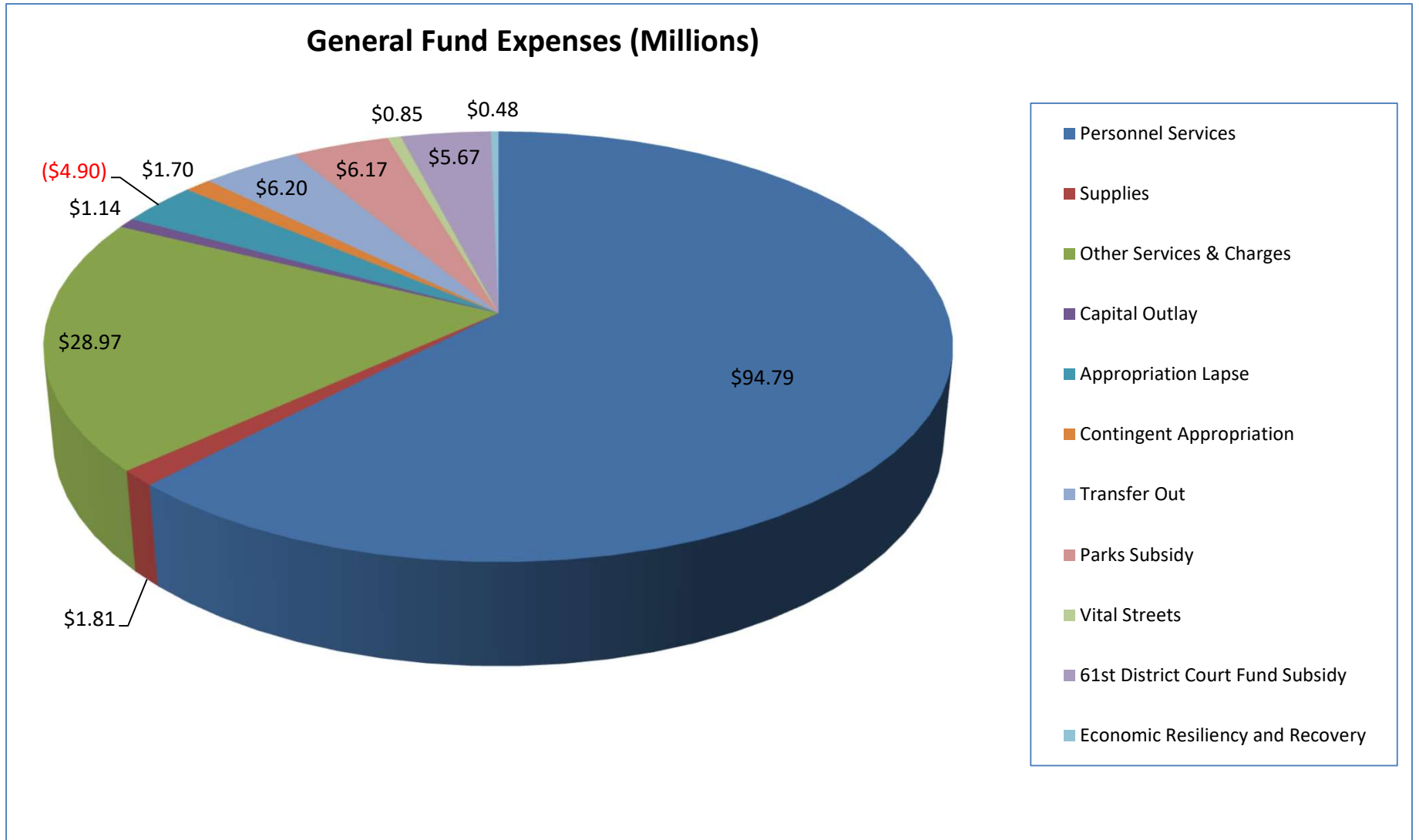
# GOF Revenues



# Citywide Expenses by Function/Department

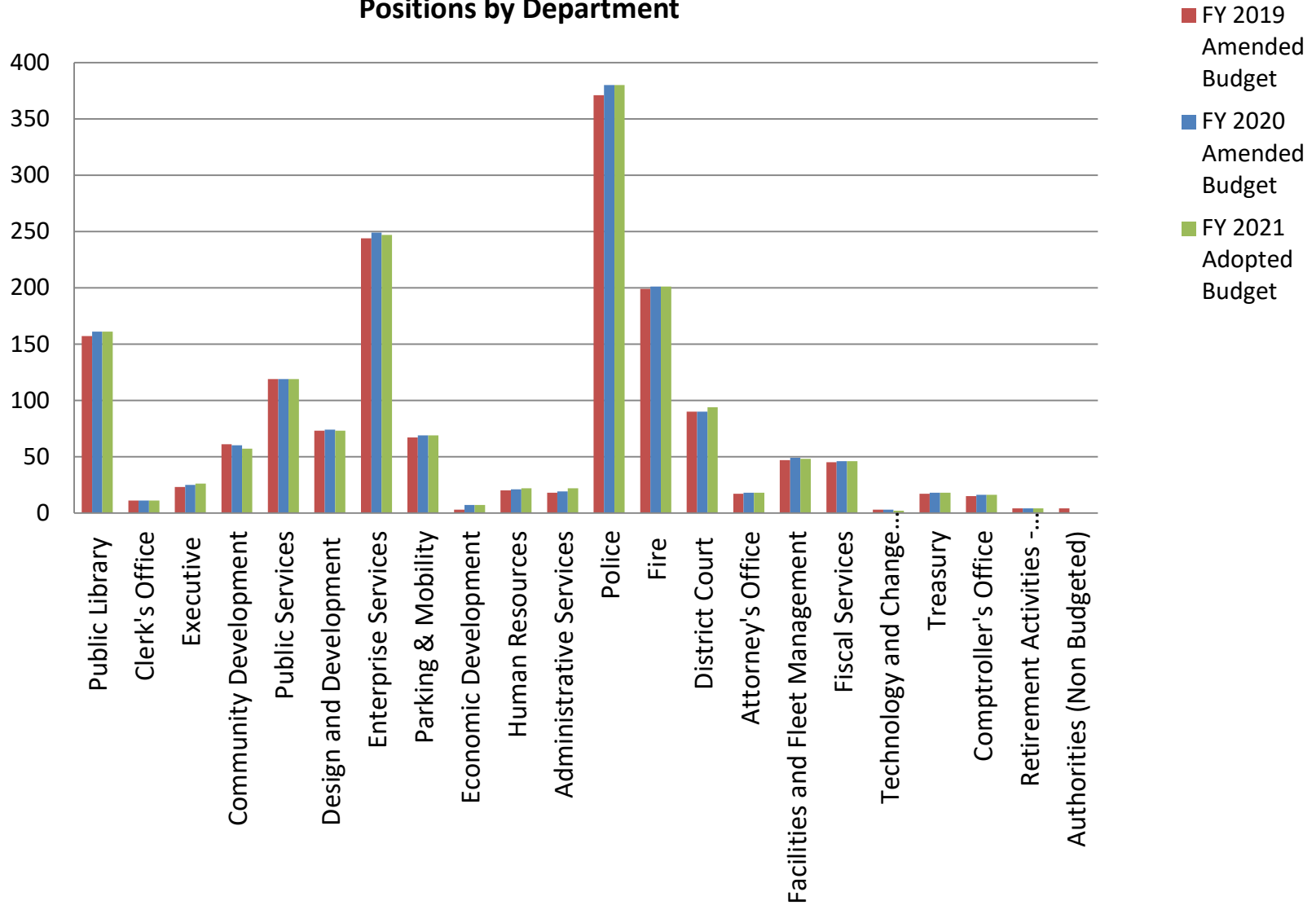


# General Fund Expenses by Category



# Citywide Employment

## Positions by Department



# Cost of Services for Residential Customers

Service or Fee	Last Year	As of July 1, 2020	\$ Increase / (Decrease)	% Increase / (Decrease)	Typical Ratepayer Defined as:
GR Water	\$341.52	\$351.12	\$9.60	2.81%	Residential customer usage of 80,784 gallons annually
GR Sewer	\$467.46	\$482.48	\$15.02	3.21%	Residential customer usage of 56,848 gallons annually
GR Property Tax Bill (City of Grand Rapids millage only)	\$482.89	\$512.09	\$29.20	6.05%	Based on average residential taxable value of \$58,146 and \$54,251 in FY2021 and FY2020 respectively (estimated average market value \$164,155)
<b>Total Yearly Impact</b>	\$1,291.87	\$1,345.69	\$53.82	<b>4.17%</b>	

\$54 = \$4.50/month



## CITY COMMISSION

Rosalynn Bliss  
Mayor

Jon O'Connor  
First Ward Commissioner

Kurt Reppart  
First Ward Commissioner

Milinda Ysasi  
Second Ward Commissioner

Joseph Jones  
Second Ward Commissioner

Nathaniel Moody  
Third Ward Commissioner

Senita Lenear  
Third Ward Commissioner

## CITY OFFICIALS

Mark Washington  
City Manager

John Globensky  
City Treasurer

Joel Hondorp  
City Clerk

Anita Hitchcock  
City Attorney

Max Frantz  
City Comptroller

## For More Information

Visit the City on the web:  
[www.grandrapidsmi.gov](http://www.grandrapidsmi.gov)

The City's website is your source for information about City policies, services, commission meetings and events 24 hours a day, seven days a week.

Residents can take advantage of our online services:

- Download agendas and meeting minutes
- View our progress at MyGRCity Dashboard
- Find parks and download reservation forms
- Download City financial reports
- Search the municipal code
- Report a problem or request a service
- Pay parking tickets and utility bills

## Form of Government

The City of Grand Rapids operates a City Commission – City Manager form of government. Working as a consensus, the Mayor and City Commissioners are responsible for establishing city policy and providing direction to the City Manager. The City Commission appoints the City officials above with the exception of the elected City Comptroller.



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