FINANCIAL REVIEW AND FORECAST AND PRIORITIZATION WORKSHOP
CITY COMMISSION, OCTOBER 30, 2020
ACCOUNTABILITY
COLLABORATION
CUSTOMER SERVICE
EQUITY INNOVATION
SUSTAINABILITY
Spanish Translation and Public Comment Notice

• Viewers can listen to the meeting’s Spanish interpretation via the link provided in the event description (https://youtu.be/xBkS2j_qiW8). Interpretation is being provided by the Hispanic Center of Western Michigan.
  • Los espectadores pueden escuchar esta reunión en español a través del enlace proporcionado en la descripción del evento (https://youtu.be/xBkS2j_qiW8). El Centro Hispano de Western Michigan está a cargo de los servicios de interpretación.

• At the end of the meeting, we will open the public comment line to receive feedback from our community. When the line is open, you can comment by calling 311 or 616-456-3000. Once you call and here the intro message, press 1 and you will be placed in the queue. We will have a Spanish interpreter for public comment.
  • Al final de la reunión, abriremos la línea de comentarios para recibir comentarios de la comunidad. Cuando la línea está abierta, puede comentar llamando al 311 o al 616-456-3000. Una vez que llame y aquí el mensaje de introducción, presione 1 y será colocado en la cola. Tendremos un intérprete de español para comentarios públicos.
Agenda

• Opening Remarks
• Guest speaker – Elizabeth K. Kellar, Director of Public Policy and Disaster Recovery, Programs International City/County Management Association (ICMA)
• Financial Review and Forecast
• Break
• Follow up on Additional Requests for Information
• Commissioner Prioritization Exercise and Discussion – facilitation support by Scott Patton, Senior Manager, Plante Moran
• Lunch
• Prioritization Results and Discussion – facilitation support by Mr. Patton
• Public Comment
• Closing Remarks
Acknowledging Today’s Contributors

- Eric DeLong
- Doug Matthews
- Molly Clarin
- Scott Saindon
- Alison Sutter
- Holly Young
- Asante Cain
- Connie Bohatch
- Kristin Turkelson
- Lou Canfield

- Chief Payne
- Deputy Chief Rifenberg
- Deputy Chief Kiddle
- Chief Lehman
- Travis Scott
- Sirena Johnson
- Becky Jo Glover
- 311 Customer Service
- Martin Clason
- Doug Start

- Zac Thiel
- Chardonnay Henderson
- Lilibeth Perez
- All Commissioners
- 80+ leadership staff

Non-staff
- Elizabeth Kellar
- Scott Patton
- Hispanic Center of Western Michigan
Values, Vision, Mission

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.

Mission

To elevate quality of life through excellent City services.
Proposed Performance Management and Budget Schedule

• December/January: FY2021 Financial Report and Potential Adjustments
• Tuesday, Feb. 9: Police Quarter 1 Performance Report
• Tuesday, Feb. 23*: FY2021 Performance Management Mid-year Update (1 – 4pm)
• Tuesday, Apr. 27: FY2022 Preliminary Fiscal Plan presentation
• Tuesday, May 4*: Budget Review Workshop (9am – Noon)
• Thursday, May 6*: Budget Town Hall (TBD)
• Tuesday, May 11*: Budget Review Workshop (1 – 4pm)
• Tuesday, May 18: Committee of the Whole Discussion (9:30am)
  Public Hearing at City Commission (7pm)
• Thursday, May 20*: Deliberation and City Commission Adoption of FY2022 Fiscal Plan (9-11am)

*Special meetings to be scheduled
Guest Speaker
Elizabeth K. Kellar

Director of Public Policy and Disaster Recovery Programs
International City/County Management Association (ICMA)
TRENDS AND ISSUES IN THE COVID-19 ERA

Key issues, leading practices, mitigation strategies, and priorities
ICMA, the National League of Cities, National Association of Counties, the U.S. Conference of Mayors, and Government Finance Officers Association, along with state government organizations, are advocating for:

• Additional, direct funding to cities and counties to plug budget shortfalls and projected losses in revenue

• Adjusting the FEMA cost share for all emergencies and disasters declared in 2020 to not less than 90% federal funding and for all COVID-19 related disaster declarations to 100% federal

• Clarity on Treasury’s shifting guidance on CRF (CARES Act funds) eligibility and reporting requirements

• Restoration of advance refunding of municipal bonds
Any Stimulus?

- Unlikely before November 3rd
  - Speaker Pelosi and Secretary Mnuchin talks limp along
  - Senate Republicans disagree; balk at any state/local $$
  - Senate’s priority was the Supreme Court appointment

- What about after November 3rd?
  - Lame Duck
  - Contentious Transition
COVID STATE BUDGET SHORTFALLS COULD BE LARGEST ON RECORD

Estimate based on Center for Budget and Policy Priorities calculations
COVID-19 CHALLENGES AND ISSUES

Early challenges and ongoing issues
EARLY CHALLENGES

• Lack of PPE
• Insufficient staff with IT expertise to support rapid move to remote work.
• Dealing with conflicting public health messages from different sources; lack of public health expertise in smaller jurisdictions
• Staffing public safety, critical infrastructure when isolation was required
• Availability of child care
• Shelters inadequate during natural disasters (and Red Cross ill equipped to make hotel arrangements)
ONGOING ISSUES AND CHALLENGES

- Food insecurity among residents
- Looming evictions
- Local government revenue losses
- Communicating and enforcing state restrictions
- Health equity
- Availability and cost of child care
- Lack of sufficient broadband for virtual school environment, especially in rural areas
- Social unrest and mental health
- Navigating return to work safely
SCARY STATISTICS

• Homicide rate in cities over 250,000 population increased by 53% between June and August 2020 compared with the same period in 2019.*

• Preliminary FBI report found murders up 15% nationwide in the first half of 2020.

• Increase in gun purchases

*Council on Criminal Justice
MORE SCARY STATISTICS

- 60% of small businesses do not have a business continuity plan
- Of those businesses without a plan, 43% won’t reopen after a crisis
- 75% will fail within 3 years

Resource: https://www.fema.gov/media-library-data/1441212988001-1aa7fa978c5f999ed088dcaa815cb8cd/3a_BusinessInfographic-1.pdf
COVID-19 CASES TRENDING UP
14-DAY CHANGE

Cases: 8.9 million total
- 74,740 on Oct. 27
- +39% last 14 days
- 20 states reached record levels
- 39 states have a surge, including MI

Deaths: 227,667 total
- 983 on October 27
- +13% last 14 days

A look at how social distancing measures may have influenced trends in COVID-19 cases and deaths

MICHIGAN

Select another state
Michigan

How to read this graphic

RECENT OPENING AND CLOSING POLICY DECISIONS
- Restriction/closing
- Opening
- Deferring decisions to county
- Other

at 03:00 AM EDT.

This timeline shows the major infection control measures and re-openings undertaken by states after the first COVID-19 cases appeared in the United States, alongside the number of new cases and deaths in each state over the same time period.

Dots on the timeline indicate key events in each state - closings (in red), openings (in green) and other policy changes and events (in grey). Clicking on a dot will display event details below the chart. Additionally, the PREVIOUS and NEXT buttons move users through key events by day, allowing them to be viewed in chronological order. The timeline can be viewed against either new cases or new deaths. To see current cumulative case and death counts and daily counts for days with no policy events, click here.
DATA-DRIVEN PUBLIC HEALTH DECISIONS
COPING WITH BUDGET SHORTFALLS

- Employee furloughs
- Reductions in force, resignations, and end of temporary appointments; Continuation of medical benefits through June 30
- Navigating ever-changing reimbursement guidelines under CARES Act
- Revenue losses, including delays in collecting utility fees
- Freezing expenditures, including keeping positions vacant (including public safety)
- Planning for a “very bad” 2022 budget
Before: Baseline Revenues and Expenditures
- Adjust pre-recession revenue growth rates
- Vary growth rates of key areas such as staffing levels, salaries, pension, health, O&M, debt, capital

After: Incorporate Revenue Loss from COVID-19 Recession
- Vary severity of loss and recovery period, and continually adjust impacts as better information becomes available on local economic activity

Mitigation: Model Impact of Corrective Measures
- Budget reductions, tax increase
- Federal assistance, borrowing
Dust off old data, create a pre-Great Recession forecast, and compare to actuals for that period

Then compare to what your scenarios show for COVID-19 recession

This example shows a more severe initial loss under COVID-19, whereas Great Recession impact built up over several years, and the recovery took longer than this sample forecast assumes for COVID-19; this is only one potential outcome.

SAMPLE FORECAST – COMPARISON TO GREAT RECESSION

- Total General Fund Revenue Loss from Great Recession
- Total General Fund Revenue COVID-19 Recession Forecast

Percentages are amount below a revenue forecast that assumes the Great Recession did not happen

Percentages are amount below revenue forecast without COVID-19 recession
LEADING PRACTICES
Applying creativity and innovation
LEADING PRACTICES AND ACTIONS TAKEN

• Remote work, virtual interviews, virtual council/board meetings, virtual public hearings, support for virtual schools
• Managers authorized by elected officials to take timely actions absent a vote
• Scheduling rotating shifts to protect critical workers
• Wide range of community communications
• Fabricating their own face shields and cloth masks
• Child care in government facilities for essential workers
HELP FOR BUSINESSES, RESIDENTS

- Emergency housing assistance
- Assisted individuals in obtaining special unemployment support
- Hotel vouchers for homeless
- Library staff delivered cloth face masks to residents
- Organized volunteers to help residents with chores
- Emails, hotlines, podcasts

- Financial support for small businesses – grants and loan funds
- Outreach to businesses
- Allowing landlords to apply for assistance for tenants
- Weekly testing at long-term care facilities
- Safe shopping practices
COMMUNICATE AND ENGAGE

◆ Focus on priorities
◆ Make sure everyone understands the challenges
◆ Gather input on possible solutions
TRUST IS YOUR WORKING CAPITAL

- Listen
- Show sensitivity to the needs of the community, the staff, and each other
- Understand and respect each other’s roles

“Wisdom is the reward you get for a lifetime of listening when you would rather have talked”

--Mark Twain
IAP2 Spectrum of Public Participation

**Inform**
- Goal: To provide balanced and objective information in a timely manner.
- Promise: “We will keep you informed.”

**Consult**
- Goal: To obtain feedback on analysis, issues, alternatives and decisions.
- Promise: “We will listen to and acknowledge your concerns.”

**Involve**
- Goal: To work with the public to make sure that concerns and aspirations are considered and understood.
- Promise: “We will work with you to ensure your concerns and aspirations are directly reflected in the decisions made.

**Collaborate**
- Goal: To partner with the public in each aspect of the decision-making.
- Promise: “We will look to you for advice and innovation and incorporate this in decisions as much as possible.”

**Empower**
- Goal: To place final decision-making in the hands of the public.
- Promise: “We will implement what you decide.”
BROOMFIELD CITY AND COUNTY, COLORADO – VIRTUAL STRATEGY

- Daily, then weekly, communication with council and community across several different platforms
- Weekly virtual town hall and council meetings were successful in keeping citizens and businesses informed and addressing questions/concerns
-Evaluated several business processes in the community development department and implemented changes that allowed for more virtual services; continue to evaluate more long-term changes for efficiency
MANKATO, MINNESOTA

- Event center staff created an all virtual “band together” series promoting local artists, donation opportunities for COVID relief fund, and providing something to do during lock down.
- Story time with staff across the city for children and families.
- Content and online programming for an online cooking show featuring area celebrities and cooks.
- Worked with schools, the university, and the YMCA to provide capacity for additional learning assistance for virtual school as well as childcare support for employees.
- Did not hire seasonal or temporary employees to maintain parks
CHAMBERSBURG, PENNSYLVANIA, RELIED ON HEALTH AND SAFETY EMPLOYEE

- The Borough of Chambersburg has had a pandemic response plan for 10 years; had a full-time health and safety employee.
- Dedicated employee became expert on CDC and PA health guidelines and provided information, inspection, and training
- Supervised off-hours disinfection of buildings & vehicles
- Managed individual employee cases of COVID-19; just 5 of the borough’s 300 employees tested positive and all suspected off-the-job infection
LEADERSHIP LESSONS AND STRATEGIES

What have we learned?
"Don't wait for a crisis to develop the relationships and partnerships you'll need. Ten years ago, we developed a pandemic plan for the H1N1 virus that we could adapt."

Andrea Arnold
City Manager
Decatur, GA
2020 ICMA UNITE
“Leading in Crisis”
HAVE PLANS AND UPDATE THEM

- Be prepared for anything
- Update your plans, train your staff, and use table top exercises
- Build relationships with the nonprofit and faith communities; include the staff who work with them in training
RECOMMENDED STRATEGIES

Use the COVID-19 response as a guide to revisit COOP plans.
Centralize decision making so tough decisions can be made quickly
Communicate daily with residents and elected officials at the outset, then weekly or as needed; set up website with public health updates
Provide free testing in neighborhoods with widespread outbreaks
Work with nonprofits and faith community to support food assistance and rent/mortgage assistance; consider collective impact approach
Allow landlords to apply for rental assistance on behalf of tenants.
Use CARES Act funds to pay for incremental increase in costs directly to child care provider
Set up hot spots in public or semi-public locations for virtual school.
TAKE CARE OF YOUR TEAM AND YOURSELF -- IT’S A MARATHON

The pace of change and the challenges our communities and our organizations face can be daunting – and energizing. Pass the baton.

Carpe Diem!
QUESTIONS?

Elizabeth Kellar
Director of Public Policy
ICMA
ekellar@icma.org
Financial Review and Forecast
### General Fund Preliminary Results: FY2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Amended Budget</th>
<th>Budget Estimate</th>
<th>Actual (Unaudited)</th>
<th>Variance From Estimate – Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$153,359,548</td>
<td>$147,518,665</td>
<td>$147,645,354</td>
<td>$126,689</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$150,679,609</td>
<td>$146,103,513</td>
<td>$144,830,203</td>
<td>$1,273,310</td>
</tr>
<tr>
<td>FY2020 Revenue Over/(Under)</td>
<td>$2,679,939</td>
<td>$1,415,152</td>
<td>$2,815,151</td>
<td>$1,399,999</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# FY2021 General Fund Projections
(Including FY2020 Carry-Forwards & Re-Appropriations)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Actual</th>
<th>FY2021 Re-appropriations &amp; Carry-forwards</th>
<th>FY2021 Budget</th>
<th>Revised FY2021 Estimate</th>
<th>Change in Unassigned Fund Balance from FY2021 Fiscal Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$147,645,354</td>
<td>-0-</td>
<td>$142,895,595</td>
<td>$142,895,595</td>
<td>N/A</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$144,830,203</td>
<td>$893,417</td>
<td>$142,892,121</td>
<td>$143,785,538</td>
<td>N/A</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
<td>$2,815,151</td>
<td>($893,417)</td>
<td>$3,474</td>
<td>($889,943)</td>
<td>N/A</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>$38,134,167</td>
<td>N/A</td>
<td>$39,549,319</td>
<td>$37,037,796</td>
<td>N/A</td>
</tr>
<tr>
<td>Net Change to Receivables / Payables</td>
<td>($3,911,522)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$37,037,796</td>
<td>N/A</td>
<td>$39,552,793</td>
<td>$36,147,853</td>
<td>($3,404,940)</td>
</tr>
</tbody>
</table>
## FY2020 Unassigned Fund Balance

<table>
<thead>
<tr>
<th>Fund</th>
<th>Target Goal</th>
<th>Target $ (based on FY2020 Actuals)</th>
<th>FY2020 Actual (Unaudited)</th>
<th>Actual % of Operating Expenses</th>
<th>% of Target Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>15% of Operating Expenses</td>
<td>$21,724,530</td>
<td>$37,037,796</td>
<td>25.6%</td>
<td>170.49%</td>
</tr>
<tr>
<td>Budget Stabilization Fund</td>
<td>10% of Operating Expenses</td>
<td>$14,483,020</td>
<td>$14,298,835</td>
<td>9.9%</td>
<td>98.73%</td>
</tr>
</tbody>
</table>
## FY2020 Budget Stabilization Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>Target Goal</th>
<th>Potential Transfer to Achieve 11%*</th>
<th>Potential Transfer to Achieve 12%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Stabilization Fund</td>
<td>10% of Operating Expenses</td>
<td>$1,300,000</td>
<td>$2,600,000</td>
</tr>
</tbody>
</table>

*Estimate based on Revised FY2021 Projections
Fund Balance History: % GOF Expenditures

General Fund Unassigned FB%  |  Budget Stabilization FB%

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.70%</td>
<td>12.50%</td>
<td>7.20%</td>
<td>10.60%</td>
<td>11.60%</td>
<td>12.20%</td>
<td>16.90%</td>
<td>20.50%</td>
<td>22.50%</td>
<td>26.80%</td>
<td>25.60%</td>
</tr>
</tbody>
</table>

FY10, FY11, FY12, FY13, FY14, FY15, FY16, FY17, FY18, FY19, FY20
Fund Balance History

- Unassigned GOF Fund Balance
- Budget Stabilization Fund Balance

Fiscal Year Ending June 30

- FY10: $12.75
- FY11: $13.86
- FY12: $8.70
- FY13: $12.68
- FY14: $13.84
- FY15: $15.10
- FY16: $22.39
- FY17: $27.29
- FY18: $30.43
- FY19: $38.13
- FY20: $37.04

Millions
# General Fund Taxes: FY2020

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Estimate</th>
<th>FY2020 Actuals</th>
<th>Difference from Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Taxes</td>
<td>$85,443,202</td>
<td>$86,781,692</td>
<td>$1,338,490</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$12,463,164</td>
<td>$12,525,986</td>
<td>$62,822</td>
</tr>
<tr>
<td>Property Tax Admin. Fee</td>
<td>$2,163,675</td>
<td>$2,268,160</td>
<td>$104,485</td>
</tr>
<tr>
<td>Total Taxes</td>
<td>$100,070,041</td>
<td>$101,575,838</td>
<td>$1,505,797</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% Growth In Income Taxes (Citywide)</th>
<th>FY2020 Estimated Income Tax Growth</th>
<th>FY2020 Actual Income Tax Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2.00%</td>
<td>-2.00%</td>
<td>-0.45%</td>
</tr>
</tbody>
</table>
## Citywide Income Taxes: FY2020

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Actuals</th>
<th>FY2020 Actuals</th>
<th>Dollar Increase / (Decrease)</th>
<th>Percent Increase / (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prelim Income Tax</td>
<td>$105,064,761</td>
<td>$109,241,958</td>
<td>$4,177,197</td>
<td>3.98%</td>
</tr>
<tr>
<td>Non-Res Refund Adjust</td>
<td>$0</td>
<td>($4,651,319)</td>
<td>($4,651,319)</td>
<td>N/A</td>
</tr>
<tr>
<td>Adjusted Income Tax</td>
<td>$105,064,761</td>
<td>$104,590,639</td>
<td>($474,122)</td>
<td>-0.45%</td>
</tr>
<tr>
<td>Compliance</td>
<td>($6,719,272)</td>
<td>($7,180,214)</td>
<td>($460,942)</td>
<td>6.86%</td>
</tr>
<tr>
<td>Total Net of Compliance</td>
<td>$98,345,489</td>
<td>$97,410,425</td>
<td>($935,064)</td>
<td>-0.95%</td>
</tr>
</tbody>
</table>
Revenue Variances: Charges for Services

- FY2020 Estimate
- FY2020 Actuals

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Estimate</th>
<th>FY2020 Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misc. Service Fees</td>
<td>$1,421,810</td>
<td>$1,428,305</td>
</tr>
<tr>
<td>Code Enforcement Fees</td>
<td>$2,621,961</td>
<td>$2,123,274</td>
</tr>
<tr>
<td>Electric Power Distribution</td>
<td>$1,090,501</td>
<td>$1,032,053</td>
</tr>
<tr>
<td>Central Service Charges (A-87)</td>
<td>$6,206,252</td>
<td>$6,210,963</td>
</tr>
<tr>
<td>Other</td>
<td>$3,551,932</td>
<td>$2,249,121</td>
</tr>
</tbody>
</table>
Revenue Variances

Intergovernmental

- FY2020 Estimate: $20,860,887
- FY2020 Actuals: $19,966,944

Other Financing Sources

- FY2020 Estimate: $4,395,529
- FY2020 Actuals: $4,461,231
### Revenue Variances

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Estimate</th>
<th>FY 2020 Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses &amp; Permits</td>
<td>$2,596,150</td>
<td>$2,446,429</td>
</tr>
<tr>
<td>Fines &amp; Forfeitures</td>
<td>$2,049,204</td>
<td>$1,787,125</td>
</tr>
<tr>
<td>Interest &amp; Rents</td>
<td>$1,052,464</td>
<td>$2,693,604</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$1,601,934</td>
<td>$1,670,466</td>
</tr>
</tbody>
</table>
Expenditure Variances

- Admin Svcs, $(23,470)
- Human Resources, $(238,255)
- Info Tech, $(30,234)
- Fiscal Admin, $30,092
- Code Compliance, $(288,627)
- Economic Development, $(203,397)
- Planning, $(349,790)
- Treasury, $(174,376)
- Attorney's Office, $(61,094)
- Executive Office, $(13,939)
- Community Dev, $(179,457)
- Fire, $(513,090)
- Enterprise Services, $(336,249)
- Comptrollers, $(305,241)
- Assessor, $(331,392)
- Income Tax, $(110,772)
- Purchasing, $(25,395)
- Budget Office, $(19,988)
- Police, $(2,507,123)
- General Admin, $(4,209,508)

$(4,500,000) $(4,000,000) $(3,500,000) $(3,000,000) $(2,500,000) $(2,000,000) $(1,500,000) $(1,000,000) $(500,000) $- $500,000
FY2021 Year-to-Date

Credit overview

S&P Global Economics indicates that the pandemic had caused the national economy to experience recessionary pressures and that the recovery will be slow (see "The U.S. Economy Reboots, With Obstacles Ahead," published Sept. 24, 2020, on RatingsDirect), which we expect could cause moderate revenue declines. However, Grand Rapids’ proactive, forward-looking, and conservative financial management support the city’s sustained budgetary balance and its very strong reserve and liquidity position. We expect these factors should help the city navigate potential challenges related to the COVID-19 pandemic and recessionary pressures specifically related to income tax collections.
**FY2021 Year-to-Date**

**Risk Profile**
- Income Tax Receipts
  - Non-resident WFH
  - Economic downturn
- State Shared Revenues
- Stock Market: Pension and OPEB Funding Status
  - Wall Street/Main Street disconnect
- Business resiliency risk: Bankruptcies, closures, etc.
  - At this time, no big company closures seen on the horizon.
  - A few small companies have filed for bankruptcy but the overall impact to income tax is minimal.

**Other Organizations and Funding Sources:**
- United Way
- Kent County/CARES
- Network 180
- ICCF
The Economy: Navigating Through Uncertainty

- The coronavirus pandemic and the global government responses to contain it from lockdowns to massive public spending and borrowing will have huge consequences in the coming years.

  - The crisis will accelerate trends that were already growing:
    - More saving
    - Low interest rates
    - Less globalization
    - E-Commerce
    - Remote work
    - Online education and health care
    - Power conflict and trade disputes
    - Growing wealth disparities
FY2021 Year-to-Date

State Shared Revenue
  - FY2021 Budget = $19,452,785, 8/24/20 State Revenue Estimating Conference = $21,919,518 ($2,466,733 increase)

Property taxes – Meeting forecasts
  - As of September, collected 95.4% of the summer property taxes billed
  - Anticipate collecting close to 100% of the forecast amount

Gas & Weight Tax (Act 51) Revenue
  - FY2021 Budget = $20,740,282; 8/24/20 State estimates in excess of $23 million
  - July and August receipts increased 9.4% and 20.2%, respectively year-over-year

Capital Asset Management
  - Continue to implement Sustainable Asset Management strategies
  - In FY2021 Fiscal Plan, Income Tax allocation to Capital Reserve Fund maintained at 4.25%
FY2021 Year-to-Date

- **Mobile GR/Parking Service**
  - Downtown event revenue lagging
  - Daily parking & on street making a comeback
  - Monthly remains stable

- **Water System**
  - Billed volume down 7.9% in FY20
  - Expected rate increase January 1: 3-5%

- **Sanitary Sewer**
  - Billed volume down 4.1% in FY20
  - Pressure from Biodigester project delays will have January rate implications
  - Expected rate increase January 1: >5%
FY2021 Year-to-Date

COVID-19 Recovery: Federal and State Assistance
- August 2020 CVTRS payment of $927,621 replaced with Coronavirus Relief Local Government Grants (CRLGG) Program
  - The City received approximately $1.44 million on September 2, 2020 from the CRLGG Program
- Public Safety and Public Health Payroll Reimbursement Program (PSPHPR)
  - The City received $5 million on September 24, 2020 from the PSPHPR Program
- Federal Coronavirus Aid, Relief and Economic Security (CARES) Act
  - Provided $150 billion in economic relief for eligible units of local government impacted by the COVID-19 pandemic
  - Kent County was awarded $114.6 million.
  - The County will use a portion of this funding to assist local units of government, including Grand Rapids
  - The City has been allocated $6.48 million from the County
- Center for Tech and Civic Life COVID-19 Response Grant
  - Provides approximately $281,000 for election related expenses
  - Staffing, training and equipment
# FY2021 Year-to-Date

COVID-19 Relief for the City of Grand Rapids as of 10/26/20:

<table>
<thead>
<tr>
<th>Program</th>
<th>Formal Name</th>
<th>Amount</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG-CV1</td>
<td>Emergency Solutions Grant – Coronavirus/HUD</td>
<td>1,120,648</td>
<td>Economic Resiliency and Recovery Group</td>
</tr>
<tr>
<td>ESG-CV2</td>
<td>Emergency Solutions Grant – Coronavirus/HUD</td>
<td>2,039,593</td>
<td>Economic Resiliency and Recovery Group</td>
</tr>
<tr>
<td>CDBG-CV</td>
<td>Community Development Block Grant – Coronavirus/HUD</td>
<td>2,219,476</td>
<td>Economic Resiliency and Recovery Group</td>
</tr>
<tr>
<td>CDBG-CV3</td>
<td>Community Development Block Grant – Coronavirus/HUD</td>
<td>1,194,278</td>
<td>Economic Resiliency and Recovery Group</td>
</tr>
<tr>
<td>CESF</td>
<td>Coronavirus Emergency Supplemental Funding Program/DOJ</td>
<td>350,308</td>
<td>Reimbursement for public safety PPE</td>
</tr>
<tr>
<td>CARES</td>
<td>Coronavirus Aid, Relief, and Economic Security Act/Kent County</td>
<td>6,485,558</td>
<td>Public Safety Payroll FY20*</td>
</tr>
<tr>
<td>FEMA-PA</td>
<td>Public Assistance Grant/Dept of Homeland Security</td>
<td>145,087</td>
<td>Still being spent - PPE specific to public safety</td>
</tr>
<tr>
<td>PSPHPSP</td>
<td>Public Safety Public Health Payroll Reimbursement Program/State of MI</td>
<td>5,000,000</td>
<td>Public Safety Payroll FY20*</td>
</tr>
<tr>
<td>CRLGG</td>
<td>Coronavirus Relief for Local Government Grant (CVTRS replace)/State of MI</td>
<td>1,441,891</td>
<td>City COVID expenses incurred</td>
</tr>
<tr>
<td>CTCL</td>
<td>COVID-19 Response Grant/Center of Tech and Civic Life</td>
<td>280,852</td>
<td>Still being spent - election expenses</td>
</tr>
<tr>
<td>T2TC</td>
<td>To College Thru College/Michigan College Access Network, State of MI</td>
<td>TBD</td>
<td>Still waiting on information from OCC</td>
</tr>
</tbody>
</table>

**Total** 20,277,691
# FY2021 Year-to-Date

## Recovery Funds to be Repurposed:

<table>
<thead>
<tr>
<th>Amount Rolled to Fund Balance:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kent County CARES</td>
<td>6,485,558</td>
</tr>
<tr>
<td>PSPHPRP</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,485,558</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Known Investments:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless Outreach Team</td>
<td>510,000</td>
</tr>
<tr>
<td>Network 180</td>
<td>261,874</td>
</tr>
<tr>
<td>Enhanced security/Cleaning</td>
<td>75,000</td>
</tr>
<tr>
<td>Census</td>
<td>45,000</td>
</tr>
<tr>
<td>CD – Anticipated Network 180 Expenses</td>
<td>243,054</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
</tr>
<tr>
<td>Ongoing COVID/recovery response (August’20 – June ’21)</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Income Tax Shortfall FY21 (could be as high as $10M)</td>
<td>7,350,630</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,485,558</strong></td>
</tr>
</tbody>
</table>

**Other concerns:**

1. Can HUD grants (CDBG & ESG) handle isolation centers should there be another COVID outbreak this winter?
2. How are winter social zones being funded? Not currently in CDBG or ESG plans.
3. Do we need to cover Grow1000 or should departments absorb this cost?
4. Do we need to hold more in reserve for a second wave of pandemic this winter?
FY2021 Year-to-Date: Income Taxes

- Trend is below projections (around -9% YTD) but still highly volatile
  - Withholding is down approximately 6%
- Increased focus on compliance activities to maximize revenues
  - Warrants & small claims
  - Assessments are up
- Automated billing and streamlined processing
- Additional “EZ” type forms now available
- Utilization of “State Tapes” for collection activities

<table>
<thead>
<tr>
<th>WEEK</th>
<th>WEEK ENDING</th>
<th>YR TO DATE FY 2020</th>
<th>YR TO DATE FY 2021</th>
<th>DIFFERENCE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOM</td>
<td>9/30/2019</td>
<td>16,393,421.72</td>
<td>14,778,920.66</td>
<td>(1,614,501.06)</td>
<td>-9.85%</td>
</tr>
<tr>
<td>9</td>
<td>10/4/2019</td>
<td>16,940,123.82</td>
<td>15,594,513.76</td>
<td>(1,345,610.06)</td>
<td>-7.94%</td>
</tr>
<tr>
<td>10</td>
<td>10/11/2019</td>
<td>17,039,256.06</td>
<td>16,072,329.77</td>
<td>(966,926.29)</td>
<td>-5.67%</td>
</tr>
<tr>
<td>11</td>
<td>10/17/2019</td>
<td>18,685,351.24</td>
<td>16,980,553.04</td>
<td>(1,704,798.20)</td>
<td>-9.12%</td>
</tr>
</tbody>
</table>
FY2021 Year-to-Date: Income Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2020 YTD</th>
<th>FY2021 YTD</th>
<th>Inc/(Dec) Amount</th>
<th>Inc/(Dec) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL ESTIMATED TAX PAYMENTS:</td>
<td>$3,036,745.44</td>
<td>$2,532,718.40</td>
<td>($504,027.04)</td>
<td>-16.60%</td>
</tr>
<tr>
<td>TOTAL WITHHOLDING:</td>
<td>$13,803,939.76</td>
<td>$12,965,405.11</td>
<td>($838,534.65)</td>
<td>-6.07%</td>
</tr>
<tr>
<td>RETURN TOTAL:</td>
<td>$573,979.24</td>
<td>$669,041.28</td>
<td>$95,062.04</td>
<td>16.56%</td>
</tr>
<tr>
<td>ASSESSMENT TOTAL:</td>
<td>$581,737.35</td>
<td>$1,295,191.85</td>
<td>$713,454.50</td>
<td>122.64%</td>
</tr>
</tbody>
</table>

- Some employers no longer withholding
- Majority of Assessment total related to one case
FY2021 Year-to-Date: Economy

- **CBO Says Economy Could Take Nearly 10 Years to Catch Up After Coronavirus**

- At its September meeting, the FOMC projected real GDP to decline 3.7% in 2020 before increasing 4.0% in 2021 and 3.0% in 2022.

- U.S. unemployment rate fell to 7.9% in September (down from historic record of 14.7% in April and in alignment with FOMC projections ranging from 7.0% to 8.0% for 2020 and gradually declining in 2021-2023.
  - Grand Rapids-Wyoming unemployment rate as of August 2020 is 7.5%* (2.9% in August 2019; peak of 22.3% in April 2020).

- Inflation remains in check (overall inflation fell to 1.3% in August, down from 2.5% in January; core inflation continues to run slightly higher, at 1.7% in August).**

- Economic growth will continue to be impacted by rising trade barriers and heightened geopolitical tensions.
Development/Construction Impacts of COVID-19

- Construction value down 50%
- Building permitting down 20%
- Planning Commission applications (excluding cannabis) down 30%
Reactivation!

Pedestrian foot traffic

• Currently in place:
  • Economic Resiliency and Recovery Team
  • Homeless Outreach
  • Social Zones
  • City COVID relief funding
  • Kent County CARES relief plan
Economic Outlook: Revenues

STATE SHARED REVENUES


$10,000,000 $15,000,000 $20,000,000 $25,000,000 $30,000,000
Economic Outlook: Revenues

State Shared Revenue

- FY2020 decline of 1.0% and 12% in constitutional and statutory (CVTRS) revenue sharing, respectively
  - August 2020 CVTRS payment replaced with Coronavirus Relief Local Government Grants (CRLGG) Program; can only be used on qualifying activities under CARES Act
  - The City received approximately $1.44 million on September 2, 2020 from the CRLGG Program
- FY2021 State projected increase of 0% and a 23% in constitutional and statutory (CVTRS) revenue sharing, respectively from FY2020 levels
  - Actual payments will differ from estimates if the economy experiences a further slowdown
- 50% of CVTRS revenues deposited into the General Fund and 50% in the Capital Reserve Fund (since FY2016)

Property Taxes

- The long-term impact of the current COVID-19 crisis on the real estate market is unknown
  - Residential and Industrial are still competitive and strong; monitoring industrial sector
- Full effects of Personal Property Reform continue to work out
  - Small Business Tax Exemption
  - Eligible Manufacturing Personal Property exemption (EMPP)
    - In 2023, all Eligible Manufacturing Personal Property will be exempt in the State of Michigan
Economic Outlook: Retiree Healthcare

• The Governmental Accounting Standards Board (GASB) imposes specific accounting and financial reporting requirements for retiree healthcare and pension plans

• The State of Michigan Public Act 202 of 2017 (Protecting local government retirement and benefits act) imposed additional reporting requirements for retiree healthcare and pension plans using uniform assumptions

• The cost of the City’s provided retiree healthcare has become more stable and predictable over time due to the closure of the City’s defined benefit plans and the transition to defined contribution retiree health savings accounts (RHSA’s)

• The City saw significantly lower contribution rates in the FY2021 budget among all three defined benefit retiree healthcare plans primarily due to savings anticipated from the transition to new third-party healthcare plan administrators of the City’s Unified Healthcare Plan. The reduced rates were calculated as part of the annual healthcare trend report effective January 1, 2020 to December 31, 2020.
## Economic Outlook: Retiree Healthcare

City of Grand Rapids  
Summary of Defined Benefit Retiree Health Care Funds  
Fiscal Year Ending June 30, 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>General (7371)</th>
<th>Police (7372)</th>
<th>Fire (7373)</th>
<th>Library (7374)</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position a/o June 30, 2019</td>
<td>$12,901,210</td>
<td>$36,571,540</td>
<td>$20,398,971</td>
<td>-</td>
<td>$69,871,721</td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>$3,761,766</td>
<td>$2,786,728</td>
<td>$2,106,558</td>
<td>$11,786</td>
<td>$8,666,838</td>
</tr>
<tr>
<td>Retiree Contributions</td>
<td>$625,615</td>
<td>$438,173</td>
<td>$367,865</td>
<td>$1,529</td>
<td>$1,433,182</td>
</tr>
<tr>
<td>Net Interest Earnings</td>
<td>$15,399</td>
<td>$11,104</td>
<td>$4,273</td>
<td>-</td>
<td>$30,776</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>$355,241</td>
<td>$933,428</td>
<td>$483,509</td>
<td>-</td>
<td>$1,772,178</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>$(182,840)</td>
<td>$(173,855)</td>
<td>$(138,589)</td>
<td>-</td>
<td>$(495,285)</td>
</tr>
<tr>
<td>Claims Paid</td>
<td>$(3,374,874)</td>
<td>$(2,608,987)</td>
<td>$(2,855,832)</td>
<td>$(13,315)</td>
<td>$(8,853,008)</td>
</tr>
<tr>
<td>Net Position a/o June 30, 2020</td>
<td>$14,101,516</td>
<td>$37,958,130</td>
<td>$20,366,755</td>
<td>-</td>
<td>$72,426,402</td>
</tr>
<tr>
<td>2020 DC contributions</td>
<td>$1,049,500</td>
<td>$295,576</td>
<td>$123,978</td>
<td>$80,052</td>
<td>$1,549,107</td>
</tr>
</tbody>
</table>

- 68.1% of employees now in RHSA Accounts (increase of 2.5% from FY2019)
- Unfunded Actuarial Accrued Liability (UAAL) liability = $33 million as of 6/30/2020
  - FY2019 = $66 million
  - FY2009 = $216 million
- Current amortization periods - General and Police: 18 years; Fire: 20 years
- FY2020 Actuarial Valuations will be received near calendar year-end
## Economic Outlook: Pensions

### City of Grand Rapids DB Retirement Plans Summary

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Actuarial Value of Plan Assets</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>Unfunded AAL (UAAL)</th>
<th>Funded Ratio</th>
<th>Contribution **</th>
<th>Blended Contribution **</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(b-a)</td>
<td>(a / b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General Retirement System</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2015</td>
<td>$401,743,923</td>
<td>$500,205,954</td>
<td>$98,462,031</td>
<td>80%</td>
<td>29.15%</td>
<td>23.03%</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>$404,096,873</td>
<td>$510,324,266</td>
<td>$106,227,393</td>
<td>79%</td>
<td>32.85%</td>
<td>23.89%</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>$418,027,055</td>
<td>$517,035,103</td>
<td>$99,008,048</td>
<td>81%</td>
<td>32.25%</td>
<td>22.23%</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>$426,989,004</td>
<td>$526,954,073</td>
<td>$99,965,069</td>
<td>81%</td>
<td>34.74%</td>
<td>21.93%</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>$429,105,052</td>
<td>$539,265,786</td>
<td>$110,160,734</td>
<td>80%</td>
<td>39.31%</td>
<td>22.59%</td>
</tr>
<tr>
<td><strong>June 30, 2020</strong> *</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42.67%</td>
</tr>
<tr>
<td><strong>Police &amp; Fire Retirement System</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2015</td>
<td>$386,363,384</td>
<td>$461,091,743</td>
<td>$74,728,359</td>
<td>84%</td>
<td>23.27%</td>
<td>N/A</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>$399,808,165</td>
<td>$479,362,227</td>
<td>$79,554,062</td>
<td>83%</td>
<td>23.59%</td>
<td>N/A</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>$421,679,693</td>
<td>$506,255,138</td>
<td>$84,575,445</td>
<td>83%</td>
<td>23.71%</td>
<td>N/A</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>$425,207,986</td>
<td>$527,629,168</td>
<td>$102,421,182</td>
<td>81%</td>
<td>24.95%</td>
<td>N/A</td>
</tr>
<tr>
<td>December 31, 2019</td>
<td>$437,029,237</td>
<td>$548,560,018</td>
<td>$111,530,781</td>
<td>80%</td>
<td>28.02%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Projection per June 30, 2019 52nd Annual Actuarial Valuation Report (Page A-5)

** Two-year lag between fiscal plan year and valuation date year (i.e., FY2021 fiscal plan utilizes June 30, 2019 valuation date rate)

- FY2019 General Pension earnings were below the 7.15% assumed rate. The Pension Board voted to reduce the assumed rate of investment return for the General Pension to 7.00%, resulting in an increased pension liability.
- In FY2020, an additional $1.0 million was contributed to the General Pension Fund.
- December 31, 2019 Police & Fire Pension earnings were also below the 7.15% assumed rate.
- Stock market volatility will continue to make contribution amounts less predictable and more challenging to earn the expected rates of return.
Economic Outlook: Healthcare

Items of Interest

• 2020 was first year with new third-party administrators of the City’s Unified Healthcare Plan
• Affordable Care Act Cadillac Tax repealed in December of 2019, eliminating uncertainty of impact on the City’s healthcare & retiree healthcare plans
• Significant decrease in health insurance claims from April to June of Fiscal Year 2020 caused by COVID-19 pandemic
• Actuary anticipating increased claims in 2021 trend report above prior expectations due to elective & non-essential procedures resuming
• Tiered rates implemented 1/1/2019 (single, double, family) continue to be utilized
• Smoothing of prior year’s experience (gains/losses) continues to lower healthcare rates
Economic Outlook: Healthcare

2021 rate decrease anticipated due to:

- Smoothing of prior year’s gains:
  - $4.0 million gain from Fiscal Year 2020 experience due to impacts of COVID-19 Pandemic
  - $2.5 million surplus reduction applied in 2021 rate calculation. Surplus primarily accounted to:
    - Recognition of prior year’s prescription rebates in annual healthcare trend report (inadvertently excluded in the past)
    - Investment returns earned by the City Treasurer’s Office on cash balance of healthcare fund
- After calendar year 2021, rates are projected to increase above inflation due to medical and prescription industry trend assumptions

- A considerable cash balance must be maintained to:
  - Pay current claims; and
  - Provide stop-loss coverage for catastrophic claims (City is self-insured)
Economic Outlook: Positives

- Strong General Fund reserves
- Bond Rating: Maintained Aa2 stable rating outlook per Moody's annual review
  - Still considered high quality and slightly stronger than US cities median rating of Aa3
  - Cited for our robust financial position, considerable tax base, adequate wealth and income profile, a light debt burden, and a significant pension liability
- Income tax compliance efforts will continue to buttress revenue in FY2021
- On-going revenues exceeded on-going expenditures when adjusting for one-time and/or temporary revenue streams by approximately $400K
- The City saw significantly lower contribution rates in the FY2021 budget among all three defined benefit retiree healthcare plans
- Continue to annually fund the actuarially determined employer contribution to the defined benefit retirement system, including OPEB and pension retirement systems
- The local economy continues to out-perform the rest of the state
- Unemployment rates have steadily declined from peaks reached in April and May
- Inflation remains in check
Economic Outlook: Concerns

• The full impact of the current COVID-19 crisis on the City’s finances is unknown
• FY21 wage allocations of non-residents due to work from home
  • Most cities are anticipating a 5%-15% refunding of withholding for non-residents
  • Worst case scenario could be up to a $10M loss
• Income tax impact of lost business revenue due to COVID
• Uncertainty surrounding the outcome of the November election
• Capital set-aside may be insufficient to maintain all City asset classes
• Pension and OPEB costs comprise a large portion of the budget ($34.9 million city-wide, $20.5 million GOF)
• Forecasts show on-going expenses exceeding on-going revenues
• One-time revenues are still being utilized
• Reserves can be used in the short-term, however long-term structural deficits must be solved
### Capital Reserve Fund: FY2020-2025

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Actual</th>
<th>FY2021 Adopted</th>
<th>FY2022 Forecast</th>
<th>FY2023 Forecast</th>
<th>FY2024 Forecast</th>
<th>FY2025 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$12,531,766</td>
<td>$12,450,809</td>
<td>$12,826,895</td>
<td>$13,263,177</td>
<td>$13,286,056</td>
<td>$13,564,950</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$14,012,779</td>
<td>$12,895,403</td>
<td>$12,925,580</td>
<td>$13,234,418</td>
<td>$13,257,617</td>
<td>$13,538,832</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
<td>($1,481,012)</td>
<td>($444,594)</td>
<td>($98,685)</td>
<td>$28,759</td>
<td>$28,439</td>
<td>$26,118</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>$2,999,341</td>
<td>$1,518,329</td>
<td>$1,073,735</td>
<td>$975,051</td>
<td>$1,003,810</td>
<td>$1,032,249</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$1,518,329</td>
<td>$1,073,735</td>
<td>$975,051</td>
<td>$1,003,810</td>
<td>$1,032,249</td>
<td>$1,058,367</td>
</tr>
<tr>
<td>Minimum Fund Balance</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Capacity</td>
<td>$518,329</td>
<td>$73,735</td>
<td>($24,949)</td>
<td>$3,810</td>
<td>$32,249</td>
<td>$58,367</td>
</tr>
</tbody>
</table>

- Income Tax Revenue Projection
  - No Change from FY2021-25 Fiscal Plan
  - 4.25% allocation in all years

- Two debt issues retired in FY2022; new bond proposals projected to utilize portion of capacity
  - ELC Department proposed Street Lighting
  - Fire Department proposed Division Street Fire Station
On-going Revenues vs. Expenses

- Targets will again be used to assist with balancing the budget
- Strategies to Enhance current revenue streams
  - Continued compliance activities in Income Tax Department
  - Senate Bill 1127 (2016) – Universal Withholding
- District Court
  - State Equity or Court Reform
- Additional transformation savings
  - Other shared services
  - Budget reductions from process efficiencies
- Health and Wellness program expansion to reduce costs of healthcare
Concluding Remarks

• Still early and need more performance data, but economic indicators are concerning
• Any new ongoing initiatives must be accompanied by offsetting reductions
• Preliminarily FY2022 will be level or “Continuation Budget” is ideal, but we must be prepared to make reductions as needed
Questions
Follow Up on Additional Requests for Information
Additional Requested Information

• CARES Funding
  • Total CARES funding (covered in financial presentation)
  • County CARES funding specific for homelessness (covered in Homelessness slides)

• Housing and Homelessness
  • City investments in addressing housing and homelessness
  • Cost of a 2nd shift of the Homeless Outreach Team to cover until midnight every night of the week

• Crime Prevention
  • Investments internal and external to the Police Department
  • Results of special weekend neighborhood policing efforts with extra enforcement
  • Technology opportunities (unmanned aerial systems, gun fire detection)

• Police Reform
  • Follow up to Police defunding question

• Master Plan
  • Costs and implementation approach
City Annual Investment in Housing and Homelessness

FY21 Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) and Emergency Solutions Grants (ESG) – $4,656,183

• Increase the supply of affordable housing $933,000 (HOME)
  • 77 affordable housing units constructed

• Improve the condition of existing housing $1,415,000 (CDBG)
  • 45 homeowner units receive major home repairs
  • 517 homeowner units receive minor home repairs
  • 14 housing units made accessible for people with disabilities

• Reduce blight and code violations $1,423,688 (CDBG)
  • 6,350 property cases addressed for compliance with housing, zoning and historic preservation codes

• Increase access to and stability of affordable housing $583,881
  • 91 households provided rental assistance for up to 6 months (HOME)
  • 5,000 people receive fair housing education and outreach services (CDBG)
  • 230 people receive free legal counseling and/or representation for housing related matters (CDBG)
  • 1,865 households assessed to avert housing crisis (CDBG)

• Reduce and prevent homelessness $300,614 (ESG)
  • 51 households receive financial assistance to prevent homelessness
  • 24 households rapidly re-housed
City COVID-related Investment in Housing and Homelessness

Economic Resiliency and Recovery Investment Strategy (ERRIS) – $3,316,218

Housing Security $2,844,218 – Services for homeless/imminently at risk persons and families (ESG-CV)
  • Emergency/Temporary Shelter $725,302
  • Homelessness Prevention $511,428
  • Rapid Re-housing $1,548,000
  • Street Outreach $59,488

Housing Support Services $222,000 – Services to maintain stable housing (CDBG-CV)
  • Foreclosure Intervention Counseling $76,000
  • Tenant Legal Assistance $76,000
  • Eviction Prevention Case Management $70,000

Housing Resiliency $250,000 – Rent and mortgage assistance to keep people in their homes (General Operating Fund)
  • La Lucha Fund rent and mortgage assistance for undocumented residents
County and State COVID-related Investment in Housing and Homelessness

Kent County CARES Act funding – from 10/16/20 report

County Expenses

- Homeless (COVID positive isolation/shelter decompression) $2,250,000 budgeted, spent $1,102,000

Mitigation of Homelessness

- Affordable Housing $2,300,000 budgeted, spent $1,184,000
- Rent/Eviction $2,000,000 budgeted, spent $1,000,000
- Hotel/Motel $1,660,000 budgeted, spent $500,000

Michigan State Housing Development Authority (MSHDA)

Eviction Diversion Program – GR and Kent County

- $2.8 million, approximately $820,000 spent as of 10/19/20
Homeless Outreach Team Coverage Expansion

CARES Act Funding Investment for Homeless Outreach Team (HOT) – $771,874

- $510,000 – 2 teams of 2 combined police and fire personnel (No FTEs assigned, 4 required)
- $261,874 – 1 social worker and 1 recovery coach from Network180 for each team (4 staff total)
- 6 am – 6 pm Monday through Saturday, with team overlap on Mondays and Thursdays

Is there a need to expand service hours? Would extending a few hours each day meet demand?

Potential solution:
- Extend hours to 8 pm or later depending on season and need
- One additional team 6 days per week, allows for 2 teams each day

Resources:
- Requires increasing authorized strength by 2 personnel, not currently enough staff to support
- $150,000 for (1) additional police officer and a vehicle, and $125,000 for (1) additional firefighter
- Will continue to have impact on overtime budgets for both departments
Crime Prevention Investments

Community Development Department FY21 Neighborhood Crime Prevention – $329,491

Funding Sources:
• Community Development Block Grant (CDBG) Program – $267,530
• Edward Byrne Memorial Justice Assistance Grant (JAG) Program – $61,961

Program Purpose/Areas:
• To increase neighborhood safety by educating and organizing residents – block clubs, neighborhood watch, home security surveys, business CPTED assessments, distribution of crime alert materials…
• Supports activities in Community Development Specific Target Areas (55% low/mod income)

Funded Organizations:
Crime Prevention Investments (continued)

Planning, Design and Development

• Crime Prevention Through Environmental Design (CPTED) personnel costs $95,000

Economic Resiliency and Recovery Investment Strategy – $194,000 (CDBG-CV)

• GRow1000 Youth Employment Initiative – $164,000
• Park Ambassadors for park re-activation – $30,000

SAFE Task Force – $100,000

• Gun Buyback ($20,000)
• Parenting Support Request for Proposals Approved in July
  • Family Outreach Center ($24,999)
  • Realism is Loyalty ($20,128)
• Community Led Crime Prevention Projects (TBD)
Police Department: Crime Prevention Investments

• Dedicated Crime Prevention Programs $1,364,783
  • Community Outreach Events $5,000
  • Outreach Brochures $7,000
  • Crime Analysis Software $55,000
  • Homeless Outreach Team $255,000
  • 3 Analysts & Crime Prevention Coordinator $432,193
  • 2 Clear and 3 Boys and Girls Club officers $610,590

• Officer Personnel (Hillard Heintze) $16,492,857
  • Officers’ time outside of crime response (40%)

• TOTAL $17,857,640
<table>
<thead>
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<th>Investment</th>
<th>Amount</th>
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<tr>
<td>Comm. Dev. Neighborhood CP</td>
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<tr>
<td>CPTED</td>
<td>$95,000</td>
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<tr>
<td>ERRIS</td>
<td>$194,000</td>
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<tr>
<td>SAFE Task Force</td>
<td>$100,000</td>
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<tr>
<td>Police CP Programs</td>
<td>$1,364,783</td>
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<tr>
<td>Officer time for Crime Prevention</td>
<td>$16,492,857</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$18,576,131</strong></td>
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Operation Safe Neighborhood

**Assignment:** The number of shootings, weapons-related, and disturbing the peace incidents has increased in the City of Grand Rapids over the last several months. To protect life and property, prevent crime, and ensure all people feel safe and are safe at all times throughout our community, the Grand Rapids Police Department initiated several strategies to decrease these negative outcomes.

**Strategy:** Placed high-visibility uniform and plainclothes patrols in patrol beats identified by data. Using foot, bike, cruiser and plainclothes patrols as directed by the Incident Commander, GRPD was able to decrease response times to violent acts, remove several firearms, and make several felony arrests.
Operation Safe Neighborhood

Intelligence was obtained from our Data Analysts and Investigative Personnel to determine the number and location of shootings and weapons related offenses in different beat areas throughout the City.

Community members were contacted in person or through their neighborhood organizations and advised of the planned increase in police activity in their neighborhood.

An operational plan was developed by the Patrol Captains and approved by the Chief's Office.
## Operation Safe Neighborhood

### September OSN

<table>
<thead>
<tr>
<th>Date</th>
<th>Citizen Contacts</th>
<th>Traffic Stops</th>
<th>Fl's</th>
<th>Misd.</th>
<th>Felony</th>
<th>Bike Patrol</th>
<th>Foot Patrol</th>
<th>Guns Recovered</th>
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<td>Sept 18</td>
<td>57</td>
<td>19</td>
<td>6</td>
<td>8</td>
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<td>18</td>
<td>9</td>
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<td>Sept 19</td>
<td>58</td>
<td>16</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>9</td>
<td>15</td>
<td>1</td>
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<tr>
<td>Sept 20</td>
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<td>5</td>
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<td>Totals</td>
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<td>13</td>
<td>18</td>
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<table>
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<th>Cost</th>
<th>Overtime</th>
<th>Straight Time</th>
<th>Total Spent on Operation</th>
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<tr>
<td></td>
<td>$87,308.09</td>
<td>$18,536.30</td>
<td>$105,844.39</td>
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### October OSN

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<tr>
<th>Date</th>
<th>Citizen Contacts</th>
<th>Traffic Stops</th>
<th>Fl's</th>
<th>Misd.</th>
<th>Felony</th>
<th>Bike Patrol</th>
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<th>Guns Recovered</th>
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<tr>
<td>Oct 10</td>
<td>26</td>
<td>9</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>___</td>
<td>___</td>
<td>1</td>
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<tr>
<td>Oct 11</td>
<td>5</td>
<td>4</td>
<td>---</td>
<td>1</td>
<td>3</td>
<td>---</td>
<td>---</td>
<td>3</td>
</tr>
<tr>
<td>Totals</td>
<td>31</td>
<td>13</td>
<td>3</td>
<td>5</td>
<td>6</td>
<td>--</td>
<td>--</td>
<td>4</td>
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</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th>Overtime</th>
<th>Straight Time</th>
<th>Total Spent on Operation</th>
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<tr>
<td></td>
<td>$29,875.56</td>
<td>$7,528.66</td>
<td>$37,404.22</td>
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2020 COMMISSION WORKSHOP
Operation Safe Neighborhood (Sept. 18-20)

Weekend Before Sept. 11 – 13

OSN Sept. 18 – 20

Weekend After Sept. 25 – 27
Operation Safe Neighborhood (Oct. 9 – 11)

Weekend Before Oct. 2 - 4

OSN Oct. 9 – 11

Weekend After Oct. 16 - 18
Crime Prevention Technology Opportunities: Gunshot Detection (ShotSpotter)

- 4 square miles – 2 years - $500,000
- Coverage based on data from Jan 2018 through October 2020:
  - 3 square miles on southeast side
  - 1 square mile on northwest side
- Percentage of all gun-related crime within 4-square mile area (2018 – 2020 YTD)
  - Gun-related Willful Killing 43%
  - Attempted Murder 58%
  - Gun-related Agg Assaults 43%
  - Weapon Firing 53%
  - Sound of Gunshots 43%
Crime Prevention Technology Opportunities: Engagement Timeline

• Two community engagement events will be held on Gunshot detection technology
• These will be digital town hall events where the community will be able to call in with their questions
• Dates:
  • Monday, November 2nd (6:00-7:00PM)
  • Thursday, November 5th (6:00-7:00PM)
Crime Prevention Technology Opportunities: Unmanned Aerial Systems (UAS)

- Technology overview
  - First Responder (prepared to respond immediately to calls for service for both Police and Fire)
  - Vehicle Crash Investigation
  - Crime Scene Investigation
  - Critical Incidents
  - Searches for Fleeing Suspects
  - Training Exercises

- Costs
  - $155,000 Start up
    - Equipment ($100,000)
    - Training/Software/Licenses ($55,000)
  - $25,000 Annual operating cost
Crime Prevention Technology Opportunities: Gun Buy Back

• Two Gun Buybacks. Firearms must be in good working condition to qualify. $14,000 was allocated for gift cards for the firearms
  • Tier 1- Assault Rifles / Semi-Automatic Handguns - $200
  • Tier 2- Revolvers / Shotguns / Rifles - $100
  • Tier 3- Black Powder Firearms - $50

• First event was held October 24th in the Third Ward. Second event to be held November 7 in the First Ward. First event awarded all $14,000 of gift cards in 1.5 hours. Working with the Executive Office to allocate new/additional funding for the second event.
**Crime Prevention Technology Opportunities: Gun Buy Back**

<table>
<thead>
<tr>
<th>Date</th>
<th>Gun Tier 1</th>
<th>Gun Tier 2</th>
<th>Gun Tier 3</th>
<th>Total Guns Disposed</th>
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<tbody>
<tr>
<td>Oct. 24</td>
<td>39</td>
<td>66</td>
<td>2</td>
<td>107</td>
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<tr>
<td>Nov. 7</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Totals for Entire Gun Buyback</td>
<td>39</td>
<td>66</td>
<td>2</td>
<td>107</td>
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</table>
Follow Up to Police Defunding Question

• No staff recommendation to reduce the Police budget beyond the $1.2 million reduction already made as compared to the FY2020 adopted budget

• Additional preliminary analysis of FY2022 decoupling options
  • Move radio repair technicians to dispatch $483,532
  • Civilianize Parking and Traffic Enforcement $12,000
  • Crime prevention – analysts, coordinator and nonlabor items $499,193
  • Donations – Boys & Girls Club & Children's Assessment Center $144,000
  • Total $1,138,725
## Police Department General Fund Budget Share

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>PD GOF Budget</th>
<th>GOF Total</th>
<th>% of GOF</th>
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</thead>
<tbody>
<tr>
<td>2020</td>
<td>$56,200,108</td>
<td>$147,831,777</td>
<td>38.02%</td>
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<td>2021</td>
<td>$55,145,968</td>
<td>$142,892,121</td>
<td>38.59%</td>
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<tr>
<td>2021 Amended</td>
<td>$55,004,956</td>
<td>$147,554,890</td>
<td>37.28%</td>
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<tr>
<td>2021 Amended + Potential Decoupling</td>
<td>$53,866,231</td>
<td>$147,554,890</td>
<td>36.51%</td>
</tr>
</tbody>
</table>
Master Plan Update

- Pre-planning phase (Mar. – Dec. 2020)
  - Hiring and training of 20 neighborhood facilitators who are leading review of current Plan
- Issuance of RFP (Feb. 2021)
- Public engagement (begins summer 2021)
- Budget
  - Current: $125k/yr (FY 20 and 21)
  - Estimated Total Future Need: $1 million

Make no little plans; they have no magic to stir men's blood and probably themselves will not be realized.

-Daniel Burnham
Questions
Commission Prioritization Exercise and Discussion

Facilitation support provided by Mr. Scott Patton, Plante Moran
## Draft Short-term Horizon Topics List

- 20 horizon topics
- Focus for remaining FY2021 and all of FY2022
- Identified by aggregating feedback from:
  - All Commissioners
  - City Executive team
  - 80+ staff that participated in the Staff Leadership Retreat

<table>
<thead>
<tr>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing &amp; Homelessness</td>
</tr>
<tr>
<td>COVID Relief/Economic Recovery including health impacts</td>
</tr>
<tr>
<td>Public Safety Reform</td>
</tr>
<tr>
<td>Community Engagement</td>
</tr>
<tr>
<td>Crime Prevention/Violence Reduction</td>
</tr>
<tr>
<td>Equity &amp; Inclusion</td>
</tr>
<tr>
<td>Communications</td>
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<tr>
<td>Fiscal Sustainability &amp; Discipline</td>
</tr>
<tr>
<td>Parks Acquisition &amp; Maintenance</td>
</tr>
<tr>
<td>Lead in Homes</td>
</tr>
<tr>
<td>Third Ward Equity or Neighborhoods of Focus Funding</td>
</tr>
<tr>
<td>Master Plan</td>
</tr>
<tr>
<td>River Restoration</td>
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<tr>
<td>Carbon Reduction &amp; Climate Resilience</td>
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<tr>
<td>Technology &amp; Data</td>
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<tr>
<td>Public Transportation</td>
</tr>
<tr>
<td>Supporting Employees</td>
</tr>
<tr>
<td>Court Funding</td>
</tr>
<tr>
<td>Employment</td>
</tr>
<tr>
<td>Retail Recruitment &amp; Retention</td>
</tr>
</tbody>
</table>
*other
Prioritization Process

• 5 minutes per Commissioner to share FY2021 priority topics and why
• Each Commissioner will select 5 top priorities for FY2021
• Staff will aggregate selections over lunch
  • If a second prioritization exercise is needed, it will be conducted after lunch
• Approximately 6 priority topics will be identified
• The Commission, as a body, will have approximately 5 minutes for each of the 6 topics to identify specific outcomes and accomplishments they would like to see achieved in FY2021
Prioritization Process

• Please note: all 20 topics have been identified as potential priorities for FY2022, today’s exercises are intended to identify a short list of approximately six priority topics for the remainder of FY2021

• Mr. Patton from Plante Moran will help support the facilitation of each exercise in partnership with Ms. Sutter
Prioritization Discussion and Selections
Lunch
Prioritization Results and Desired Outcomes Discussion

Facilitation support provided by Mr. Scott Patton, Plante Moran
Public Comment
Public Comment – Rules for Comment

Comentario público - Reglas para comentar

• Dial 311 or 616.456.3000, option 1
  • Marque 311 o 616.456.3000 Opción 1

• You have 3 minutes
  • Tiene 3 minutos

• All callers will be allowed to comment
  • Todas las personas que llamen podrán comentar
Closing Remarks
Proposed Performance Management and Budget Schedule

- Tuesday, Feb. 9: Police Quarter 1 Performance Report
- Tuesday, Feb. 23*: FY2021 Performance Management Mid-year Update (1 – 4pm)
- Tuesday, Apr. 27: FY2022 Preliminary Fiscal Plan presentation
- Tuesday, May 4*: Budget Review Workshop (9am – Noon)
- Thursday, May 6*: Budget Town Hall (TBD)
- Tuesday, May 11*: Budget Review Workshop (1 – 4pm)
- Tuesday, May 18: Committee of the Whole Discussion (9:30am)
  Public Hearing at City Commission (7pm)
- Thursday, May 20*: Deliberation and City Commission Adoption of FY2022 Fiscal Plan (9-11am)

*Special meetings to be scheduled
Questions?
Thank you.

ACCOUNTABILITY
COLLABORATION
CUSTOMER SERVICE
EQUITY INNOVATION
SUSTAINABILITY