



CITY OF GRAND RAPIDS FY 2022 **PRELIMINARY FISCAL PLAN**
DISCUSSION AND DELIBERATION MAY 18, 2021

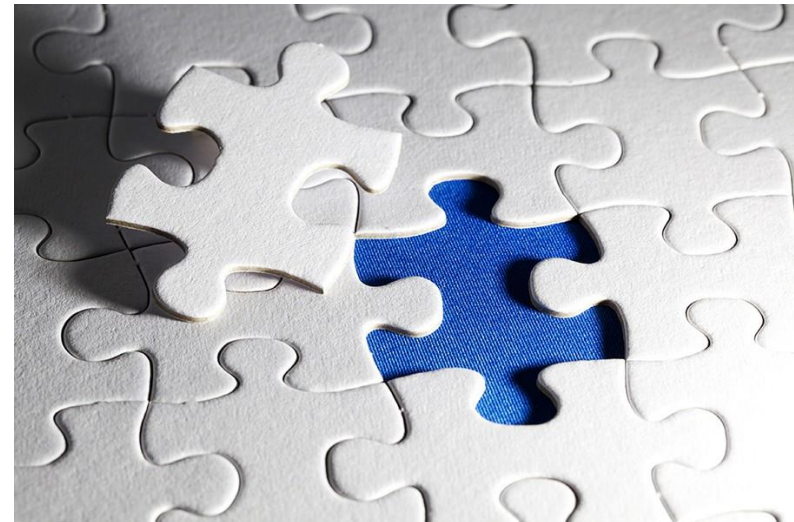
NEVERTHELESS,
YOU PERSISTED.

Today's Objectives

- Reviewing changes and assumptions in the budget to date
- Update GOF outlook and horizon issues
- Review Post budget adoption process
- Support Commission deliberation

Approach to the FY2022 Preliminary Fiscal Plan

- Recognizing the volatility, uncertainty and complexity in the environment
- Continued use of Strategic Plan as roadmap
- Managing through the pandemic while maintaining our services
- Declining income tax revenue projections
- Use of Federal relief funding
- Focus on near-term priorities



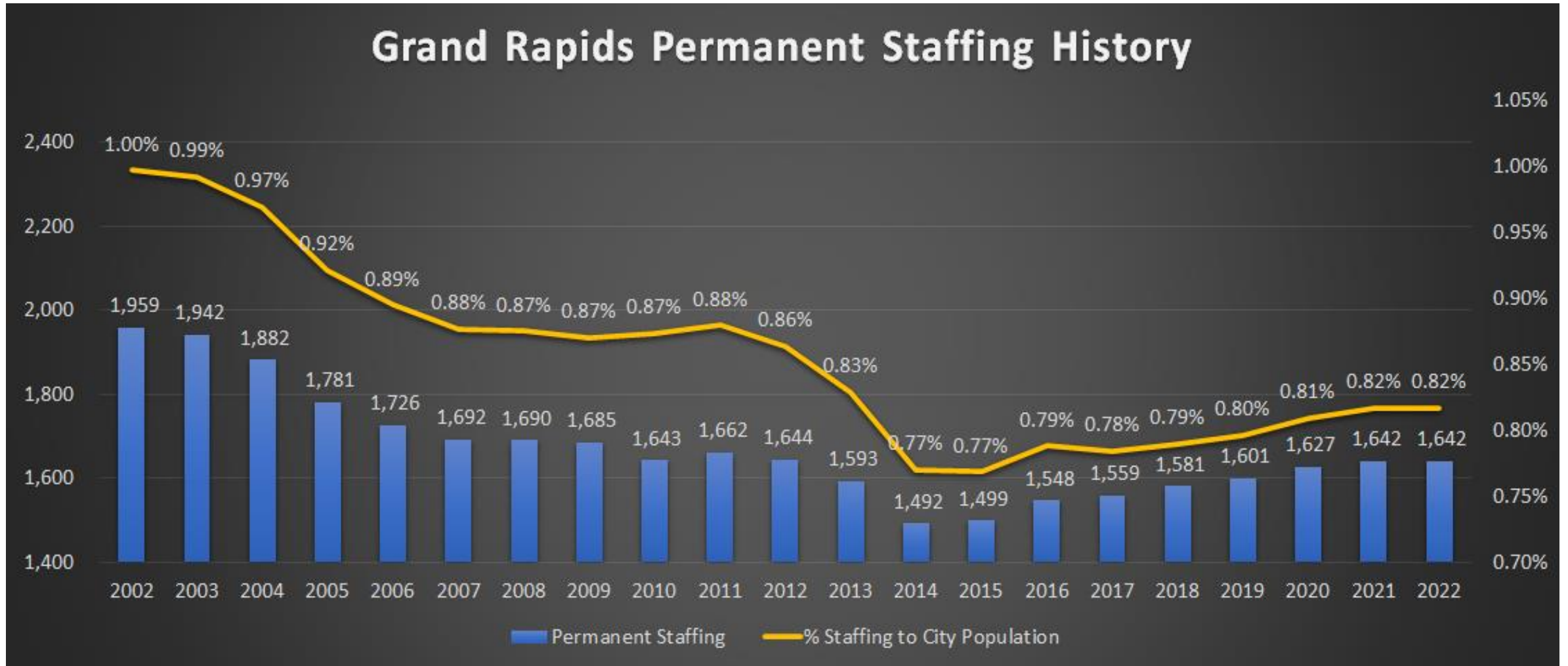
Overview of Budget Topics Schedule

- **April 27 Introduction of the FY 2022 Preliminary Fiscal Plan**
 - Financial Overview (Fiscal Sustainability and Discipline)
 - Equity Investments
 - Summary of proposed work by Strategic Plan priority
- **May 4 Budget Review Workshop**
 - Public Safety Reform and Crime Prevention / Violence Reduction
 - Third Ward / Neighborhood of Focus Equity Funding
- **May 11 COW: Briefing on Sustainability, Capital Investments, Stormwater and Vital Streets**
- **May 11 Budget Review Workshop**
 - Legislative Update on Federal Investment
 - Housing and Homelessness
 - COVID Relief / Economic Recovery including Health Impacts
 - Cannabis Update
- **May 18 Discussion and Deliberation at COW (10am) and Public Hearing (7pm)**
- **May 20 Budget Adoption (9-11am)**

FY2022 Investments for Outcomes

- Continuation budget preserves services in the face of the pandemic by investing:
 - **Total Citywide Appropriations: \$545,973,424**
 - Total General Fund Appropriations: \$155,955,117
- Continuation budget includes:
 - \$25 million in equity investments
 - \$96 million in capital investment, including \$26 million invested in Neighborhoods of Focus
 - \$19.5 million in housing and homelessness investments in city budget– plus another \$79.6 million in Federal investment in local housing and homelessness ecosystem
 - \$43 million for economic development in neighborhood and downtown authorities
 - ARPA investment framework
 - Investment of new parks millage for continued capital investment and increased maintenance and recreation services
 - Execution of the Strategic Plan and City Commission near-term areas of focus
 - Police Department share of GOF reduced from 38.6% to 35.8%

10-Year Personnel History (Positions Relative to City Population)



FY2022 Fiscal Plan Adjustments To Date

- Since the publication of the FY2022 Preliminary Fiscal Plan the following grant fund changes have been identified:
 - Differences in anticipated Federal awards and reprogramming of funds
 - Standard adjustment due to the timing of federal award notification
 - The level of appropriation for the CDBG Fund 2733 increased by \$43,378
 - The level of appropriation for the HOME Fund 2734 decreased by \$168,616
 - Reduced public safety pension contribution FY2023-26 due to updated actuarial report \$1,311,905
 - Parks MOE reduction of \$59,187 FY2023-26 as a result of the changes

General Fund Forecasted Fund Balance (Revised)

	FY2020 Actual	FY2021 Estimate	FY2022	FY2023	FY2024	FY2025	FY2026
Beginning Fund Balance	\$34,222,645	\$37,037,796	\$72,749,915	\$92,934,441	\$67,720,264	\$42,927,185	\$23,527,211
Revenue							
Income Tax	86,781,692	71,517,840	72,948,197	77,325,089	79,436,574	81,605,154	83,833,376
Property Tax	14,794,146	15,114,195	15,528,874	15,857,340	16,182,212	16,526,861	16,879,701
Other Revenues	46,069,515	58,624,271	44,971,136	44,638,789	45,608,860	46,385,326	47,015,625
American Rescue Plan		40,359,869	42,691,436				
Total Revenues	147,645,354	185,616,175	176,139,643	137,821,218	141,227,646	144,517,341	147,728,702
Total Expenditures	144,830,203	149,904,056	155,955,117	162,931,929	165,755,052	163,518,958	165,557,521
Surplus (Deficit)	2,815,151	35,712,119	20,184,526	(25,110,711)	(24,527,406)	(19,001,617)	(17,828,819)
Ending Fund Balance	\$37,037,796	\$72,749,915	\$92,934,441	\$67,823,730	\$43,296,324	\$24,294,707	\$6,465,888
Unassigned FB %	25.6%	48.5%	59.6%	41.6%	26.1%	14.9%	3.9%

Policy Unassigned FB%: 15%

Final Horizon Issues: Impact of Labor Contract Negotiations

FY2020-26 Preliminary Fiscal Plan

- Contractual wage increases included in FY2022 (final year of contracts)
- No wage increases projected in FY2023-26
- Contract negotiations commence Q2 FY2022
- Estimated General Fund Impact of 2% Wage Increase
 - FY2023-26: \$17.1 million

General Fund Forecasted Fund Balance (Revised with sample 2% Wage Increase in FY2023-25)

Policy Unassigned FB%: 15%

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Beginning Fund Balance	\$34,222,645	\$37,037,796	\$72,749,915	\$92,934,441	\$67,720,264	\$42,927,185	\$23,527,211
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Total Revenues	147,645,354	185,616,175	176,139,643	137,821,218	141,227,646	144,517,341	147,728,702
Expenditures (Fiscal Plan)	144,830,203	149,904,056	155,955,117	162,931,929	165,755,052	163,518,958	165,557,521
Exp: Est 2% Wage Increase				1,846,788	3,764,743	5,750,718	5,737,594
Total Expenditures	144,830,203	149,904,056	155,955,117	164,778,717	169,519,795	169,269,676	171,295,115
Surplus (Deficit)	2,815,151	35,712,119	20,184,526	(26,957,499)	(28,292,149)	(24,752,335)	(23,566,413)
Ending Fund Balance	\$37,037,796	\$72,749,915	\$92,934,441	\$65,976,942	\$37,684,793	\$12,932,458	(\$10,633,955)
Unassigned FB %	25.6%	48.5%	59.6%	40.0%	22.2%	7.6%	(6.2%)

Recommended ARPA Investments – Now \$92.3 million

	FY2021	FY2022	FY2023-25	Total
Recommended Revenue Replacement (not adjusted for new guidance)				
Income Tax-GOF	\$15,415,361	\$13,985,004	\$19,768,763	\$49,169,128
Income Tax-Capital Reserve Fund	949,167	885,685	1,098,335	2,933,187
Income Tax-Vital Streets	2,232,052	2,039,003	2,989,810	7,260,865
Income Tax-Sidewalk Repair	285,495	248,729	220,420	754,644
Total Revenue Replacement	18,882,075	17,158,421	24,077,328	60,117,824
Recommended Investments to Provide Immediate Support for Recovery				
Master Plan*		250,000	500,000	750,000
Housing Practice Lead Contract*		100,000		100,000
Special Events*		300,000		300,000
Homeless Outreach Team/Network180*		1,500,000		1,500,000
Total Immediate Investments		2,150,000	500,000	2,650,000
Potential Investments for Post-budget Process				
Third Ward/NOF Equity Funding*		2,000,000		2,000,000
Violence Reduction*		1,000,000		1,000,000
Additional Co-response*		1,000,000		1,000,000
Creating Affordable Housing Supply		5,000,000		5,000,000
Fiscal Sustainability and Efficiency*		500,000		500,000
Employee Support - Vaccinations, Testing, etc.		700,000		700,000
Reserve (Additional revenue loss or recovery investment)			19,311,676	19,311,676
Total for Post-budget Process		10,200,000	19,311,676	29,511,676
Total Uses of ARPA Funds	\$18,882,075	\$29,508,421	\$43,889,004	\$92,279,500
*These amounts are appropriated in the FY2022 Preliminary Fiscal Plan				

ARPA - Post Budget Adoption Process

- **June 2021: Staff preparation**
 - Get clarity on uses of funding from U.S. Treasury
 - Preliminary Discussions with City Commission seated as the American Rescue Plan Allocation Committee
 - Put together communication plan/tools
 - Begin engagement
- **Beginning July 2021: Commission special meetings to discuss FY2022 uses of ARPA**
 - Review engagement outcomes
 - Fine tune plan & recommend appropriation categories and amounts
 - Appropriation goes through Fiscal Committee for recommendation to full City Commission
 - Request for proposal/procurement processes for project investments within categories as needed
 - Approval of FY2022 investment agreements as developed
- **June-July 2022: potential to repeat a similar process for FY2023 based on financial status, strategic needs and FY2022 experience following receipt of second ARPA installment**

Budget and Property Tax Millage Rate Adoption

	2020		2021		Increase/ (Decrease)
	<u>(FY2021)</u>		<u>(FY2022)</u>		<u>(Decrease)</u>
City Operating*	5.8997		5.8129		-0.0868
Library	0.3630		0.3576		-0.0054
Refuse	1.6000		1.6000		0.0000
Promotional (\$50K Limit)	0.0090		0.0087		-0.0003
Parks (expires FY2022)	0.9353		0.0000		-0.9353
Parks II	0.0000		1.2158		1.2158
TOTAL	8.8070		8.9950		0.1880
*City Operating Allocation:					
<u>Purpose:</u>					
General Operating	2.6721		2.6144		-0.0577
General Capital	1.2500		1.2500		0.0000
Library Operating	1.9776		1.9485		-0.0291
TOTAL	5.8997		5.8129		-0.0868

Budget and Property Tax Millage Rate Adoption (Cont.)

- Tuesday May 18, 2021 Public Hearing at 7pm
- Thursday, May 20, 2021 Special Commission Meeting at 9am
 - Resolution Adopting FY2022 City Budget
 - The FY2022-2026 Preliminary Fiscal Plan
 - Reflects a “continuation” budget
 - Based on FY2021 appropriation levels
 - Total Citywide Appropriations: \$545,973,424
 - Total General Fund Appropriations: \$155,955,117
 - Resolution Adopting Property Tax Millage Rate for 2021
- No changes to the FY2022 Preliminary Budget have been proposed by the Commission to date

Thank you to the Team

- Public for input received through boards and commissions
- Executive Team
 - Eric DeLong, Deputy City Manager
 - Doug Matthews, Assistant City Manager
 - Lou Canfield, Chief of Staff
 - Alison Sutter, Sustainability/Performance Manager
 - Stacy Stout, Director of Equity and Engagement
- Department Directors and Department Fiscal Leads
- Fiscal Services
 - Molly Clarin, Chief Financial Officer
 - Scott Saindon, Deputy Chief Financial Officer
 - Keith Heyboer, Budget Analyst
 - Nick Salazar, Budget Analyst
 - Karen Mendez, Budget Specialist
 - Jenessa Carter, Utility Financial Officer
- Design by Michael Moore