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ADOPTED FISCAL PLAN



Table of Contents

Glossary of Terms	3
Introduction	6
Budget Basics	8
Budget Philosophy, Values, and Economic Context	10
Selected Investments by Strategic Plan Priority	15
Revenues	18
Cost of Services	22
Expenditures	23
Capital Investments	26
Citywide Employment	28
Government Information	30

Glossary of Terms

ACEC – Actuarially Computed Employer Contribution Rates

The amount actuarially calculated each year that is required to be contributed by an employer to a pension plan's pool of assets in order to ensure there will be enough funds to pay promised pension benefits.

Adopted Budget

Plan of financial operation consisting of an estimate of proposed revenue and expenditures for the upcoming fiscal year. The budget is adopted by the City Commission annually in May.

Amended Budget

The Adopted Budget plus changes authorized by the City Commission throughout the fiscal year. (See also **Budget Amendment**)

ARPA – American Rescue Plan Act

The American Rescue Plan Act of 2021 (the Act) provides relief for individuals and businesses affected by the coronavirus pandemic. The Act also includes funding for state, local, and tribal governments as well as education and COVID-19-related testing, vaccination support, and research.

Appropriation

The legal authorization granted by the City Commission to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and the time it may be expended.

Appropriation Lapse

The amount of authorized spending that will go unused and effectively “fall” to fund balance. Position vacancies comprise a majority of the appropriation lapse estimate, but other expenditure categories also factor into the computation.

Asset

Property owned by the City, regarded as having value and available to meet debts, commitments, legacy costs or provide some other future benefit.

Budget Amendment

Used to change authorized spending or to transfer appropriations between different departments or funds. Also, used to appropriate funds for a new project or grant, or to change appropriation for an existing active project or grant. Budget Amendments must be approved by a voice vote of the Fiscal Committee.

Budget Stabilization Fund

Serves as the City's “savings” account and to assist in stabilizing revenues during periods of economic recession. The fund provides a safeguard to protect critical programs for residents when the City experiences an economic downturn.

Capital Expenditure (See page 22)

Capital Improvement Funds

Funds established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Co-Response

The Co-Responder model of criminal justice diversion pairs law enforcement and behavioral health specialists to intervene and respond to behavioral health-related calls for police service. These teams utilize the combined expertise of the officer and the behavioral health specialist to de-escalate situations and help link individuals with behavioral health issues to appropriate services.

Glossary of Terms cont.

Inclusion Investments

Appropriations designed to give people the tools, resources and connections necessary to be fully engaged and prepared to benefit from the opportunities they seek.

Fiscal Plan

A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Usually, the term indicates a financial plan for a single fiscal year. The City prepares both a Preliminary and a Final Fiscal Plan annually.

FY – Fiscal Year

A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

Fund

A separate fiscal entity that is established to conduct specific activities and attain objectives in accordance with statutes, laws, regulations, and restrictions or for specific purposes.

Fund Balance

The difference between assets and liabilities of a fund.

GOF – General Operating Fund

A fund to account for all resources not otherwise devoted to specific activities and which finances many of the basic municipal functions.

Liability

Legal obligations payable to a third party (i.e., a promise to make a payment on a future date is a liability).

MOE – Maintenance of Effort

Mandates the City to continue to allocate a specified level of its financial resources in support of certain services such as Parks and the Vital Streets program. Generally, this is funding that may equal or exceed original funding levels. The concept is to ensure that new funds (i.e., millage or income tax) augment, not replace, existing City funding and levels of service.

NOF – Neighborhoods of Focus

NOFs are 17 census tracts in the near west and south side of Grand Rapids in relation to downtown. Due to systemic and historic inequities, residents in NOFs experience the most disparate outcomes in income, educational opportunities, home ownership and wealth accumulation compared to other Grand Rapids census tracts and the city as a whole. These tracts represent 36% of the city's total 47 census tracts.

Performance-Based Budgeting

The practice of developing budgets based on the relationship between program funding levels and expected results from that program. This approach allows the City to make and justify budgetary changes that meet community needs and advance citywide priorities.

Property Tax Millage

A millage rate is a rate to determine property taxes. Each item on your tax bill has a set number of mills that are multiplied by every \$1000 of your taxable value. You can look up the current and recent year millage rate for Grand Rapids on Kent County's [website](#).

SEV – State Equalized Value

SEV is the assessed value that has been adjusted following county and state equalization. The County Board of Commissioners and the Michigan State Tax Commission must review local assessments and adjust (equalize) them if they are above or below the constitutional 50% level of assessment. (See also Taxable Value).

Glossary of Terms cont.

Taxable Value

Every year, the City Assessor's office does an assessment of your property based on market value. They calculate the assessed value and taxable value of your property. The taxable value is sometimes equal to or less than the assessed value. The taxable value is the amount the City uses to calculate your property taxes. (See also SEV).

Unrestricted Cash

The measure of reserves that are available to be appropriated and spent in future years. In most cases, the unrestricted cash is approximately equal to the working capital (current assets minus current liabilities).



Introduction

The City of Grand Rapids is the 2nd largest city in the State of Michigan with a land area of approximately 45 square miles and a population of 198,917 people – and growing! The City saw a 5.8% population increase from the 188,040 residents counted in the 2010 census.

The City has fully complied with Michigan Public Act 2 (“Uniform Budgeting and Accounting Act”) and has been awarded the “Distinguished Budget Presentation Award” by the Government Finance Officers Association (GFOA) for the past 37 years.

The Adopted Fiscal Plan was proposed by the City Manager within the context of a five-year plan. Five years encompasses a sufficient time frame to plan for the City’s long-range requirements and financial investments. The long-range modeling helps to prepare the City for future issues 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.

*“Helping residents understand their annual budget is a top priority. Is there a subject or concept in this report we could help explain? A subject or concept you would like considered for inclusion in future reports? We’d be happy to follow up with you. Please reach out to **contactbudget@grcity.us**”*



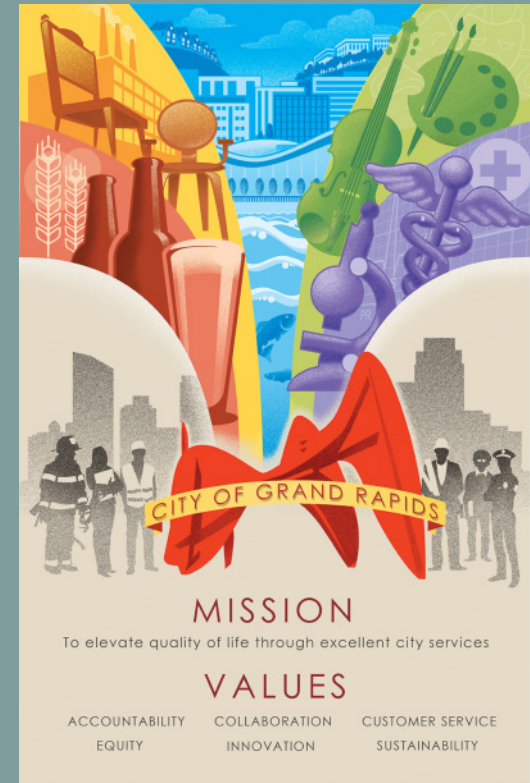
Mark Washington

Mark Washington, City Manager
City of Grand Rapids, MI



Molly J. Clarin

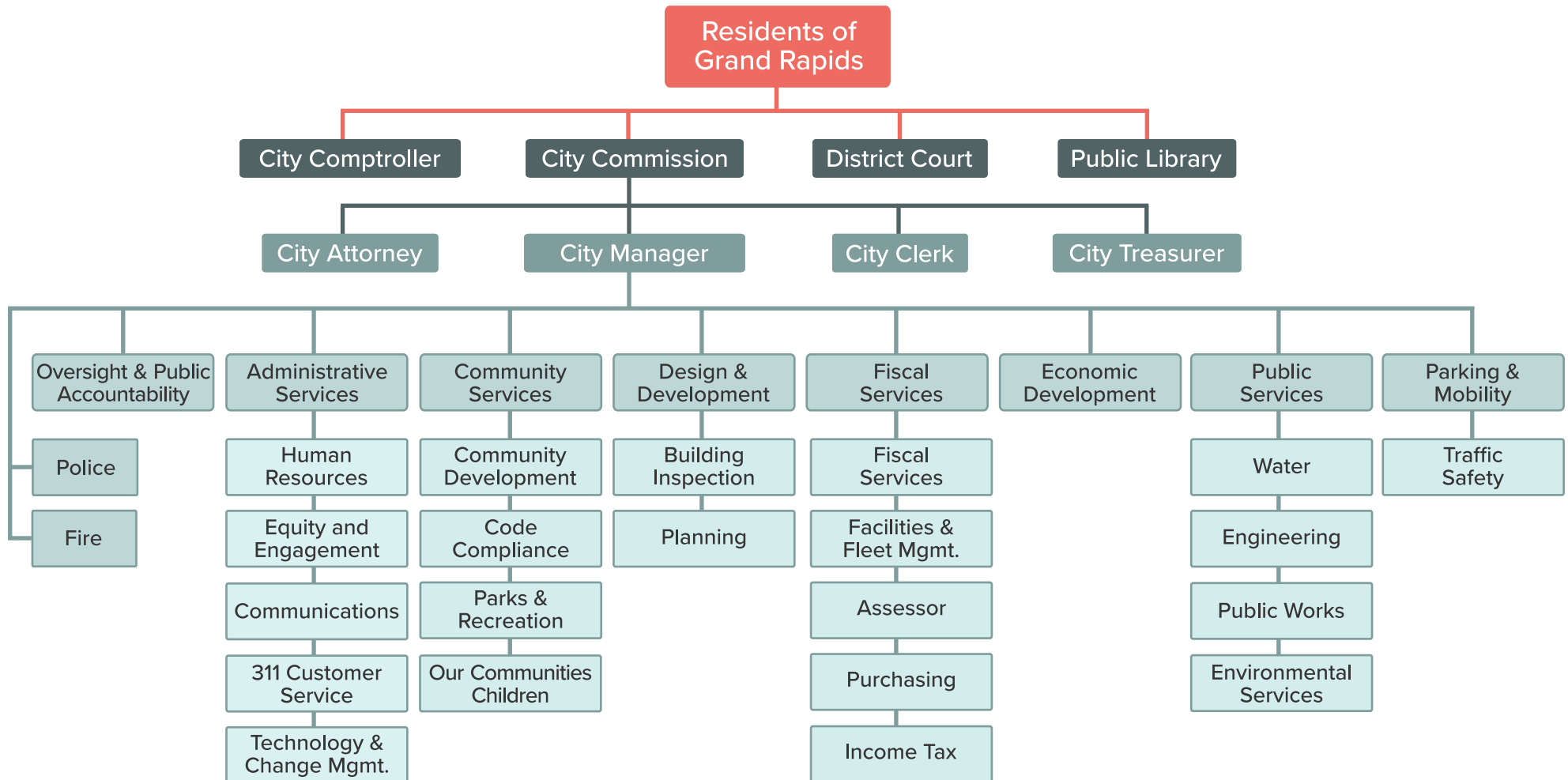
Molly J. Clarin, Chief Financial Officer
City of Grand Rapids, MI



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.

Organizational Structure



Budget Basics



Budget Process

The Budget process is the decision-making process for allocating public resources to the City's strategic priorities and includes the following steps:

- 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 and City Commission approval both occur in May
- Budget amendments as needed throughout the fiscal year
- Preliminary and Final Fiscal Plans
 - The Preliminary Fiscal Plan and accompanying Resident's Guide is presented annually in late April and is subject to change.
 - The Final Fiscal Plan and accompanying Resident's Guide to the Budget is published within 90 days of Commission budget adoption.

Asset Management

The City has established a system for assessing capital assets and appropriately planning and budgeting for capital maintenance and replacement needs.

Capital Improvement:

- General Capital property tax millage
- 5% 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

Parks Millage:

- Strategic Parks and Recreation Master Plan
- GOF Maintenance Of Effort (MOE) required
- FY2026 MOE - \$8.4 million
- Permanent millage of 1.25 mills beginning July 1, 2021 (FY2022)

Budget Basics cont.

Budget Guidelines

Budget guidelines provide direction on the processes and constraints within which the City prepares its budget.

- The City must balance the budget, which means authorized spending cannot exceed available resources
- Five-year budgeting allows the City to anticipate and prepare for financial challenges well before they materialize
- The General Fund assumes a \$6.5 million budgetary lapse to account for unspent budget such as positions being unfilled for a portion of the year

Contingencies:

- Provides \$1.5 million set-aside for unanticipated or unforeseen events

Fund Balance Policy:

- Net worth of a fund at a point in time
- 15% of current spending in GOF (FY2025 Estimate = 41.1%)
- 10% of current spending in GOF reserved in the Budget Stabilization Fund (FY2025 Estimate = 9.5%)
- Other funds: 15% or 25% depending on fund type
- Stable property tax revenue growth. Increases primarily attributable to new investment.

Service Enhancements Recommended for FY2026:

- Continued investment in fire services through operational funding for the Kendall Street, Division Avenue, and Training Center facilities.
- Funding to sustain progress in 911 Dispatch operations through four additional positions focused on performance, retention, and overtime reduction.
- A second police academy class to continue progress toward full sworn staffing.
- Support for meeting a recently imposed state mandate on background checks for firearm purchasers through staffing and systems investment.
- Investment in economic development and equity capacity, including continued support for the Third Ward Equity Fund, sustainable staffing for small business and inclusion programs, and expanded funding for the West Michigan Welcome Plan and Grand Rapids Sister Cities International.
- Continued implementation of the Community Master Plan, including the first phase of the Zoning Ordinance update and support for technology platforms that align regulatory tools with community vision.





Budget Philosophy, Values, and Economic Context

The development of this fiscal plan reflected continuity in both approach and values. We prioritized long-term sustainability over short-term expansion, reaffirmed our commitment to strategic priorities, and structured the plan to be adaptable in the face of economic and political uncertainty. As always, the City's six core values – accountability, collaboration, customer service, equity, innovation, and sustainability – remain central to the decisions presented in this plan.

Several indicators signal potential volatility ahead. Local economic forecasts remain cautiously optimistic, but national and global pressures – including U.S. economic performance, trade policy, inflation, regulatory shifts, and political gridlock – pose significant risks. While the banking system remains stable and the labor market resilient, wage pressures, housing costs, and slowing migration trends challenge our local capacity for continued growth. At the same time, availability of one-time relief and recovery funding sources from the state and federal government is winding down, and the long-term structural gap between expenditure growth and revenue growth is widening. This mismatch, left unchecked, will eventually impact the City's ability to sustain current services without new revenue or service realignment.

The City's approach has been proactive. We have maintained discipline in our financial practices, pursued grants and partnerships to stretch our local dollars, and invested in tools and systems that improve our efficiency. We are also leaning into innovation – such as piloting artificial intelligence tools to improve customer service and efficiency, and investing in a state-of-the-art zoning platform aligned with our new Community Master Plan.

Now more than ever, it is important to continue investing in ways that reflect our values and meet the most pressing needs of the community. This plan takes a cautious approach to service expansion, includes funding to meet unfunded government mandates, sustains staffing levels where appropriate, and emphasizes continuity in core operations. It also reflects our shared belief that public service is a long game – one that requires balancing short-term pressures with long-term commitments to people, place, and possibility.

~~\$734,193,445~~

The total Citywide
FY2026 proposed
appropriations

\$196,331,489

The proposed
appropriation for the
General Operating Fund



FY2026 Proposed Budget in Brief

The assumptions used to develop the FY2026 Preliminary Fiscal Plan include:

- An increase of income tax revenues in FY2025 of 6.0%
- Income tax: 3.5% growth in FY2026 and 3.0% in FY2027-30
- Ensure the continuation of all basic services and sustained funding for core public safety services while providing focused service enhancements in other areas
- 5.0% annual income tax capital set-aside
- Follow Vital Streets and Parks Maintenance of Effort Investment Guidelines
- Police Department funding at 35.1% of GOF expenditures (38.6% in FY2021)
- Reserve a minimum \$1.5 million for contingent appropriation
- Assume annual lapse in the GOF of 3% of pre-lapse GOF expenditures for FY2026-2030 (\$6.5 million in FY2026)
- Continue to use performance measurement and key metrics to guide decision making and maintain alignment with the City Strategic Plan
- Fully fund Actuarially Computed Employer Contribution Rates (ACEC) for both City Pension Plans and the three Retiree Trust Funds

American Rescue Plan Act Funding and Investments

The City continues to leverage its American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant to support current operations as well as provide support in key focus areas. This allocation of funding was fully obligated by the December 31, 2024 deadline, and will be fully expended by December 31, 2026. The FY2025 budget fully allocated the remaining unassigned funds. Investments are detailed in the table below.

Project Category	Obligated Amount	Expenses Thru 3/31/25	Remaining
Medical Expenses	\$1,494,380	\$1,494,380	0
PPE/Workplace Safety	\$128,234.32	\$128,234.32	0
Broadband Connectivity	\$224,339.91	\$224,339.91	0
HOT/Public Safety Response	\$3,089,801.13	\$3,089,801.13	0
Affordable Housing/Vulnerable	\$8,380,081	\$5,834,989.50	\$2,545,091.50
Violence Reduction/Co-response	\$1,661,486.55	\$1,088,445.97	\$573,040.58
Special Events/Other Support	\$969,220.94	\$969,220.94	0
Provision of Governmental Services	\$33,642,952.64	\$24,239,733.62	\$9,403,219.02
Strong Healthy Communities	\$13,300,000	\$4,270,141.96	\$9,029,858.04
Software Upgrade (Fairfax)	\$382,650	\$239,780	\$142,870
ERP	\$9,400,000	\$7,493,696.07	\$1,906,303.93
ARPA Administration	\$400,000	\$260,224	\$139,776
Scribner	\$19,206,352.71	\$18,600,771.31	\$605,581.40
Total	\$92,279,500	\$67,933,758.73	\$24,345,741.27



Proposed look of the new Kendall Street Fire Station/City of Grand Rapids

Continuing Our Commitment to Inclusion and Opportunity for All

- The FY2026 budget includes approximately \$36.27 million in investments, identified as departmental priorities, that have a quantifiable impact in creating a more inclusive city that serves everyone.
- We continue to promote inclusive practices through expanded learning opportunities, such as the continued support of the Equity Champions cohort and the Equity Learning Community.
- We continue to address systemic and institutional barriers and disparities so Grand Rapids can achieve our vision to be nationally recognized as a welcoming and inclusive city for all.
- Many of the strategies submitted do not require a direct budget allocation beyond staff time to make the policy or practice change, while other strategies require a financial investment.
- The department budget meetings with the City Manager also served as opportunities to discuss how departments are advancing inclusive strategies.
- The budget also includes support for global and regional partnerships that promote belonging and cross-cultural connection, including continued investments in Grand Rapids Sister Cities International and the West Michigan Welcome Plan.

As internal capacity and accountability grows, we are seeing more proactive efforts to embed equity. A few examples include:

- Private lead service line replacement in Neighborhoods of Focus
- Reduction of Child Lead Exposure
- Indigent Defense
- Establish Kendall Street Fire Station
- Construction/renovation of Roosevelt Park and Martin Luther King Park Lodges
- Continuation of the Third Ward Equity Fund
- Transportation Pass Program and DASH (Transportation Assistance)
- Economic Development MLBE/Diverse Vendor incentives and programs

FY2026 Investments for Outcomes

This budget provides the resources needed to continue accomplishing strategic objectives while making transformational investments that will define the future of Grand Rapids through its 175th anniversary year and beyond. Consistent with that approach, this plan includes:

- \$36.27 million in investments to create a more inclusive city that serves everyone
- \$189.21 million in capital investment, with approximately \$582.18 million anticipated over the course of the five-year capital plan*
- Ongoing investments in existing capital assets along with transformational capital investments related to the Grand River Greenway and redevelopment of the 201 Market property.
- Sustained funding for core public safety services – along with preventive approaches including Mental Health Co-response, homeless outreach efforts, and Fire Prevention initiatives.
- Competitive wages and benefits to sustain a capable City workforce – along with initiatives to “grow our own” next generation of diverse and talented City employees.
- Creating alternative energy at the Butterworth Landfill
- Twenty-two position additions focused on service enhancements in communications, emergency dispatch, police, public works, administrative support, human resources, building inspections, and water. Additionally, five positions funded through grants were transferred to the GOF in the Executive Office, Our Community’s Children, the department of Oversight and Public Accountability, the Fire Department, and the Office of Equity and Engagement.

* Includes amounts to be budgeted via future amendments.

Department Position	Number
Communications	
Administrative Aide	2
Dispatch	
Emergency Communications Operator I	3
Emergency Communications Supervisor	1
Police	
Police Records Clerk	1
Street Lighting	
Journeyman Electrician	2
Executive	
Administrative Analyst I	1
Total GOF Proposed	10
Human Resources	
Wellness Coordinator	1
Building Inspections	
Fire Hazard Inspector	1
Environmental Services	
Industrial Pretreatment Program Inspector	1
Safety Technician	1
Parking (Mobile GR)	
Parking Services Shift Supervisor	1
Administrative Aide	1
Parks and Recreation	
Facilities Maintenance Supervisor	1
Refuse	
Office Assistant II	1
Water	
Water Service Worker I	1
Utility Supervisor	1
Laboratory Technician I	1
Office Assistant IV	1
Total Other Proposed	12
FY2026 Additions	22

Selected Investments by Strategic Plan Priority



Economic Prosperity and Affordability

\$15.8 million proposed, and an additional \$33.2 million in Corridor Improvement Districts and Special Authorities, including

- \$7.9 million to increase the supply of affordable housing, prevent evictions, and help meet the needs of unhoused individuals.
- \$2.1 million to support neighborhood business corridors and help meet the needs of small businesses.
- Staff support focused on designing, permitting, delivering, and ensuring inclusive implementation of the Grand River Redevelopment and River's Edge Projects.
- Relocation of several City departments from 201 Market to their eventual new home on Scribner to enable construction of significant civic projects, including the Acrisure Amphitheater and a major mixed-use development.
- Partnership with Kent County, Grand Action, the Convention and Arena Authority, and Downtown Grand Rapids Inc. on transformational projects, including the Acrisure Amphitheater and downtown soccer stadium.
- \$3.2 million in investment, staff time, and resources in the following projects: Butterworth, Grand River Revitalization, and deck replacement on the Gillett Bridge over the Grand River.



Health and Environment

\$240.2 million proposed including

- \$676,000 to implement climate resilience and greenhouse gas reduction measures, including a climate action and adaptation plan; Equitable, Healthy and Zero Carbon Buildings (E.H.Zero) Initiative; energy efficiency audits; and pilot program to convert gasoline-fueled pickup trucks to compressed natural gas (CNG).
- \$245,000 to reimagine the materials management program, including the future of landfilling, waste-to-energy, recycling and composting education, cleanliness and upkeep of key commercial corridors.
- \$13.9 million to continue addressing sources of lead contamination in homes, and other environmental concerns.
- \$266,916 to continue several large parks construction/improvement projects that began in FY2025 with work that will continue through FY2026.
- \$75.4 million in Health and Environment capital investments including MLK Park Lodge, Greenway-related projects, park improvements, water system investments, and infrastructure extension necessary for Butterworth solar development.

Selected Investments by Strategic Plan
Priority cont.



Mobility \$120 million proposed,
including

- \$2.2 million for traffic signal improvements, and other investments to help reduce serious injuries and fatalities through improved signals, lighting, signage, traffic calming, and winter operations.
- \$400,000 for pedestrian and bicycle connectivity and micro-mobility solutions.
- \$314,864 for the anticipated addition of Allied Security for 24/7 supplemental ramp security, and resources for one Parking Services Shift Supervisor.
- \$42.1 million in Mobility capital investments for asphalt for paving and maintenance repairs in Vital Streets projects, transportation planning for Vital Streets Plan update, EV Carshare charging infrastructure in Neighborhoods of Focus, bus stop improvements, and the purchase of an additional Traffic Engineering vehicle.



Safe Community \$154.6 million
proposed, including

- \$5.9 million to reduce Police and Fire department vacancies, right-size to meet demand for public safety services, and augment services through partnerships and contracting.
- \$2.7 million for crime prevention and violence reduction through community partnerships and innovative approaches to improve community safety by addressing root causes of crime and violence, and by redirecting non-violent individuals toward supportive resources rather than into the criminal justice system.
- \$6.6 million for other public safety services responsive to community needs and concerns including court representation for low-income defendants, residential fire safety, and the SAFE Task Force.
- \$20.8 million in Safe Community capital investments, including emergency protection equipment and 800MHZ backup radio system replacement for Police, updated radios at each siren site for Dispatch, ballistics forensics, three kits to allow off-site 911 Dispatcher call-taking and dispatch capabilities, and continued construction of Kendall Street and Division Avenue fire stations and fire training center.

Selected Investments by Strategic Plan
Priority cont.



Engaged and Connected Community \$25.4 million proposed, including

- \$187,656 for two digital content/social media and production staff (converted to full-time from part-time) to sustain and expand communications and outreach initiatives, to include priority initiatives around mobility, construction-related engagement and government transparency.
- \$31,100 to implement a citywide framework for engagement.
- \$338,500 to improve engagement with neighborhood associations, including the Neighborhood Summit, neighborhood association support, Neighborhood Leadership Academy, and Develop with Us (project-specific engagement).
- \$221,800 for OPA staffing and programming to continue engaging with our community with a special emphasis on serving immigrant and refugee communities.



Governmental Excellence \$179 million proposed, including

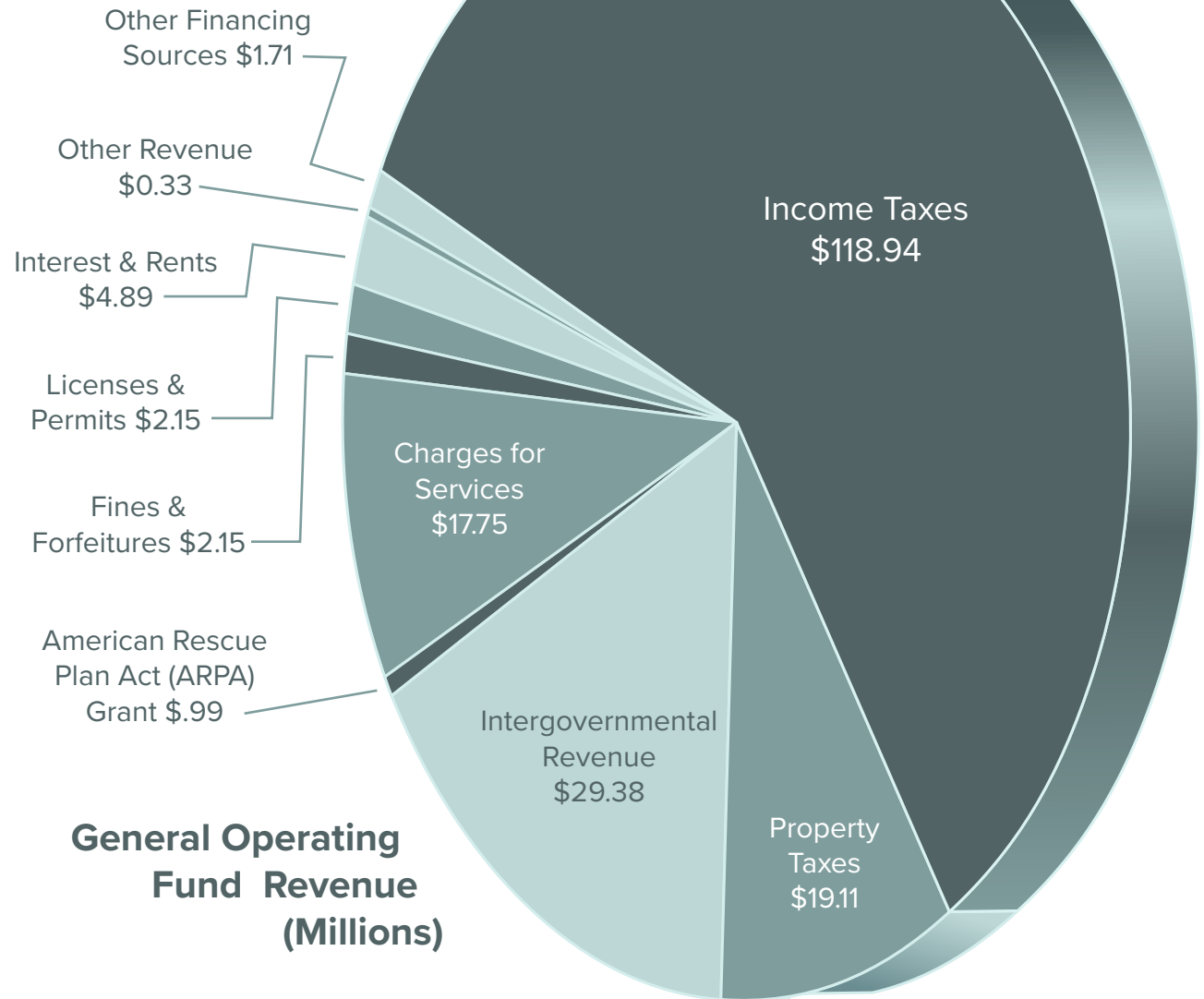
- \$1.4 million for programs and initiatives to hire and retain a talented and diverse workforce, with emphasis on the work we can do to develop

individuals into City careers through internship, apprenticeship, and career development initiatives.

- \$19.9 million to sustainably fund key services, including support for the 61st District Court, Parks and Recreation, Vital Streets, Forestry, and Cemetery maintenance.
- \$566,294 to support an enhanced focus on AI, other supportive technologies, to continue efforts to reduce the backlog of Freedom of Information Requests in Police, and to explore options for implementation of recommendations from the City's facilities study.
- \$312,500 to continue leveraging legislative and grant funding opportunities.
- \$49.4 for various capital projects including street improvements, water infrastructure modernization and resiliency, sewer improvements to reduce likelihood of backups or breaks, bridge lighting replacement, trench repair, library capital improvements, asset management improvement at the golf course, street lighting installation in underserved locations, upgrade to Police system for tracking equipment and uniforms, computers and scanners updates in Income Tax, and vehicle replacement for the Assessor.

General Operating Fund Revenues

The **General Operating Fund (GOF)** is where the City accounts for most tax supported activities. Several years ago, City income tax and property tax revenues were 38.6% and 16.9% of total GOF revenues respectively, but for FY2026 the proportionate shares are projected to be 60.3% and 9.7%. The shift to the more economically volatile Income Tax as the primary GOF revenue source has contributed, in part, to the ongoing GOF revenue volatility. A number of factors have contributed to this shift over the years including voter approved increases in the income tax rate as well as limited property tax growth due to “Proposal A” and the “Headlee Amendment.” Also contributing to the City’s economic challenges are reductions in the statutory revenue sharing program which has never fully recovered from earlier highs, as well as the lingering impacts of the COVID-19 pandemic, which continues to negatively impact local income tax revenues due to remote work outside the City. FY2026 GOF base income tax revenue is projected to increase by 3.5% compared to the FY2025 Estimate. American Rescue Plan Act (ARPA) revenue in the GOF is forecast at \$6.7 million over three years including \$5.1 million in FY2025.



Citywide Total Revenues

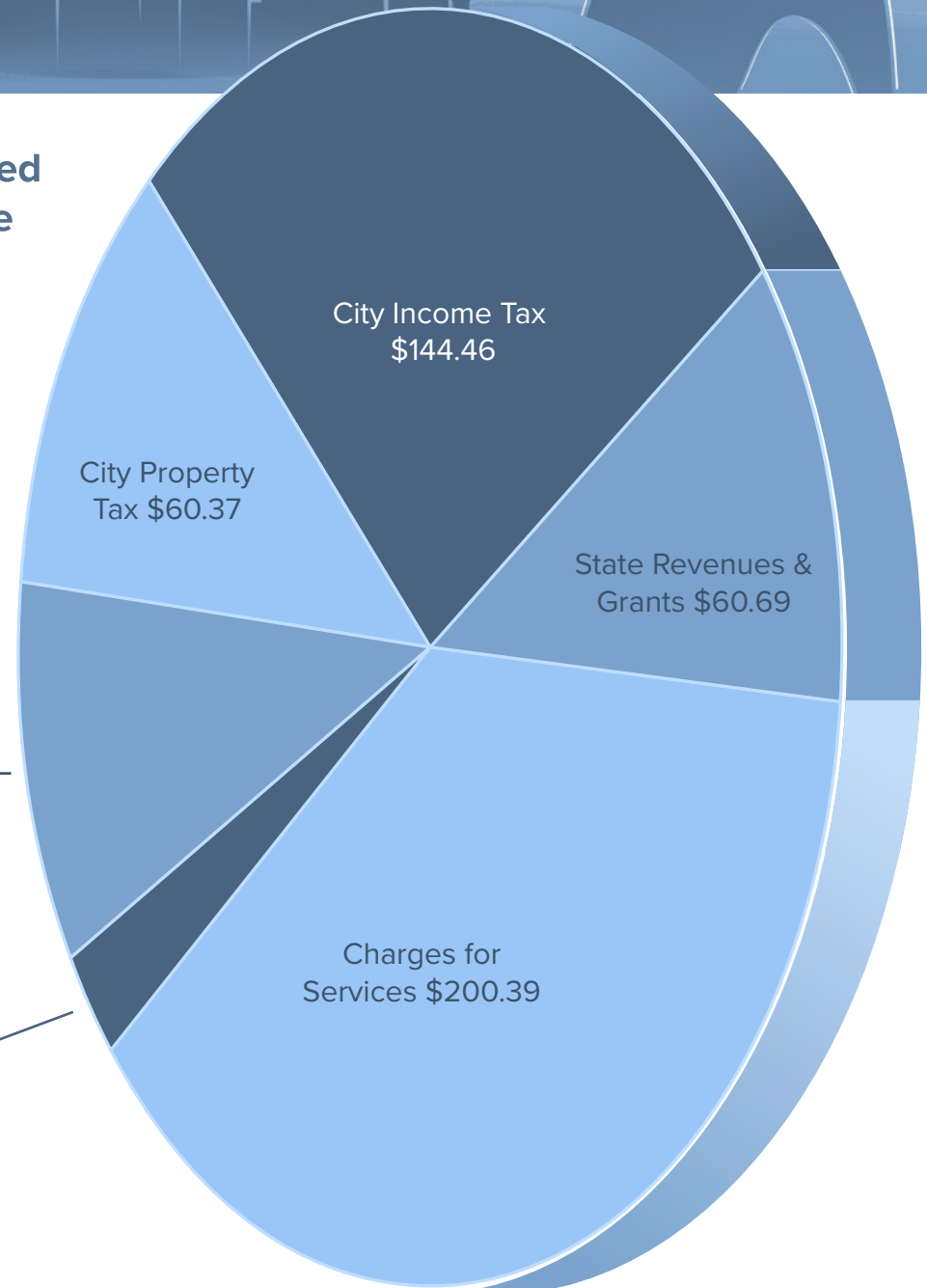
Key Takeaways:

- FY2026 Combined Budgeted Funds Revenue: \$534.51 million
- FY2026 General Fund Revenue: \$197.39 million
- Volatility, uncertainty and complexity in the revenue forecast
- Positive and stable income tax revenue projections
- While property taxes continue to grow steadily, this growth is limited due to current state law. An overall increase of approximately 5% in Taxable Value is anticipated.
- Charges for services is a growing revenue source as the City has focused more attention on full cost recovery from user charges. Unlike the private sector, state laws and related court cases limit City fees to the costs of the services provided

Combined Budgeted Funds Revenue (Millions)

Other Revenue Sources \$53.64

Investment Income \$14.85



Income Tax Allocation

This budget anticipates a 6.0% increase in income taxes in FY2025 followed by a 3.5% increase in FY2026 and 3% each year thereafter for the remainder of the forecast (FY2027-30). The income tax growth projections remain relatively conservative but more optimistic in the short term. Macro-economic issues elevate the risk of recession after the current year (FY2025).

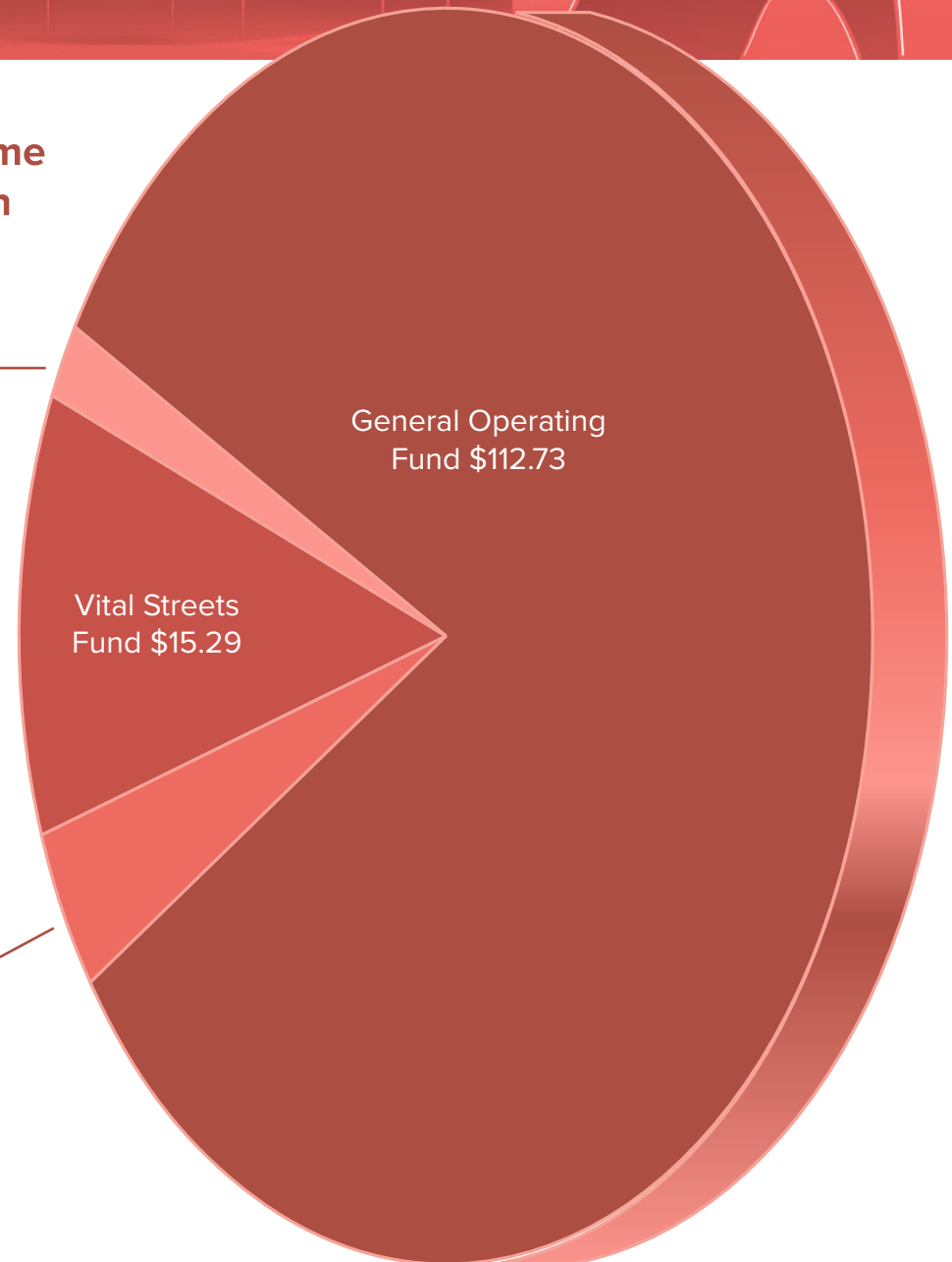
Income Tax Rate History:

- **March 1995:** the City's voters authorized an increase in the income tax from 1.0 % to 1.3% for residents and from 0.5% to 0.65% for non-residents effective January 1, 1996.
- **May 2010:** the City's electorate authorized a temporary increase in the income tax from 1.3% to 1.5% for residents and from 0.65% to 0.75% for non-residents effective July 1, 2010, through June 30, 2015.
- **May 2014:** voters approved extending the temporary income tax increase another 15 years to pay for Vital Streets through June 30, 2030.

Estimated Income Tax Allocation (Millions)

Sidewalk Repair Fund \$2.91

Capital Reserve Fund \$5.62

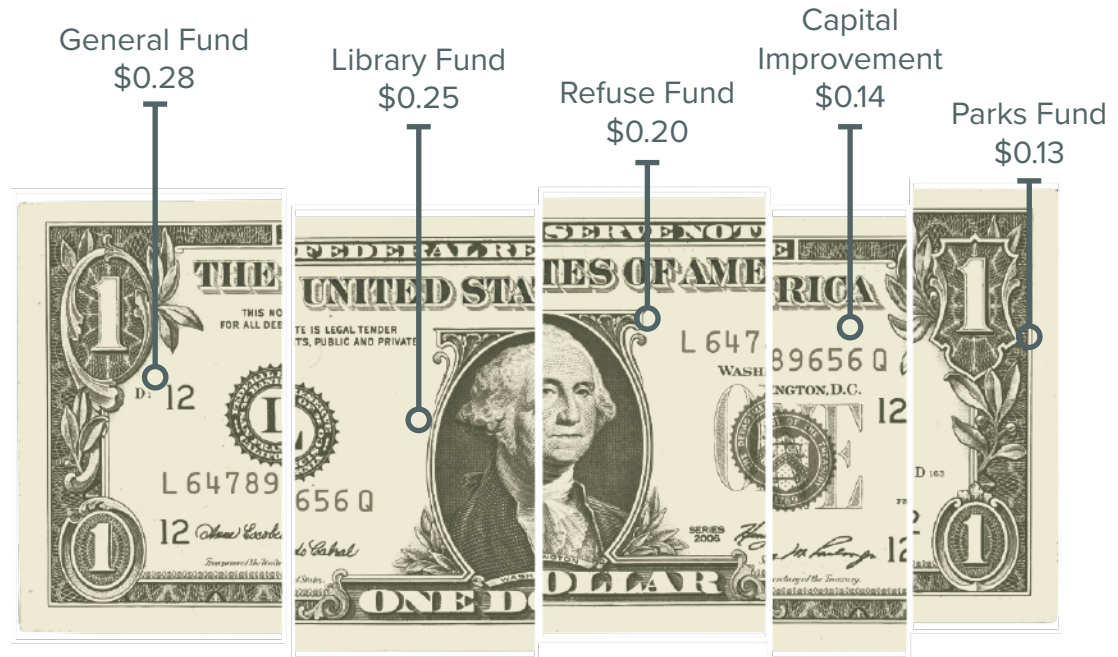


Property Tax Distribution

City Property Taxes are generated by applying the approved millage rates to the taxable value of a property. One mill equals \$1.00 per \$1,000 of taxable property value. The taxable value of property may be less than or equal to but cannot exceed the property's SEV. Property tax revenues are deposited into the General Operating, Library, Capital Reserve, Refuse Collection and Disposal, and Parks & Recreation funds.



Key Takeaways:

- Both the City Operating and overall property tax rate decreased for 2025 (FY2026). The overall tax levy decreased by 0.0957 mills to a proposed total levy of 8.8587.
- Overall taxable value increased significantly in 2024 (tax year 2025). The assessed value of the residential class of ad valorem property increased 10.65% for 2025. The total assessed value on the ad valorem roll is over \$11.8 billion for 2025.
- The inflation rate multiplier has come down to 3.1% in 2025 after being maxed out at 5% in both 2023 and 2024. A small Headlee rollback is anticipated again this year.



Average Grand Rapids Property Tax Bill	GR Property Tax (City of GR Millage only)	Average Residential Taxable Value	Estimated Average Market Value
As of July 1, 2024	\$681.84	\$76,146	\$250,577
As of July 1, 2025	\$720.69	\$81,354	\$276,696
\$ Increase/(Decrease)	\$38.85	\$5,208	\$26,119
% Increase/(Decrease)	5.70%	6.84%	10.42%

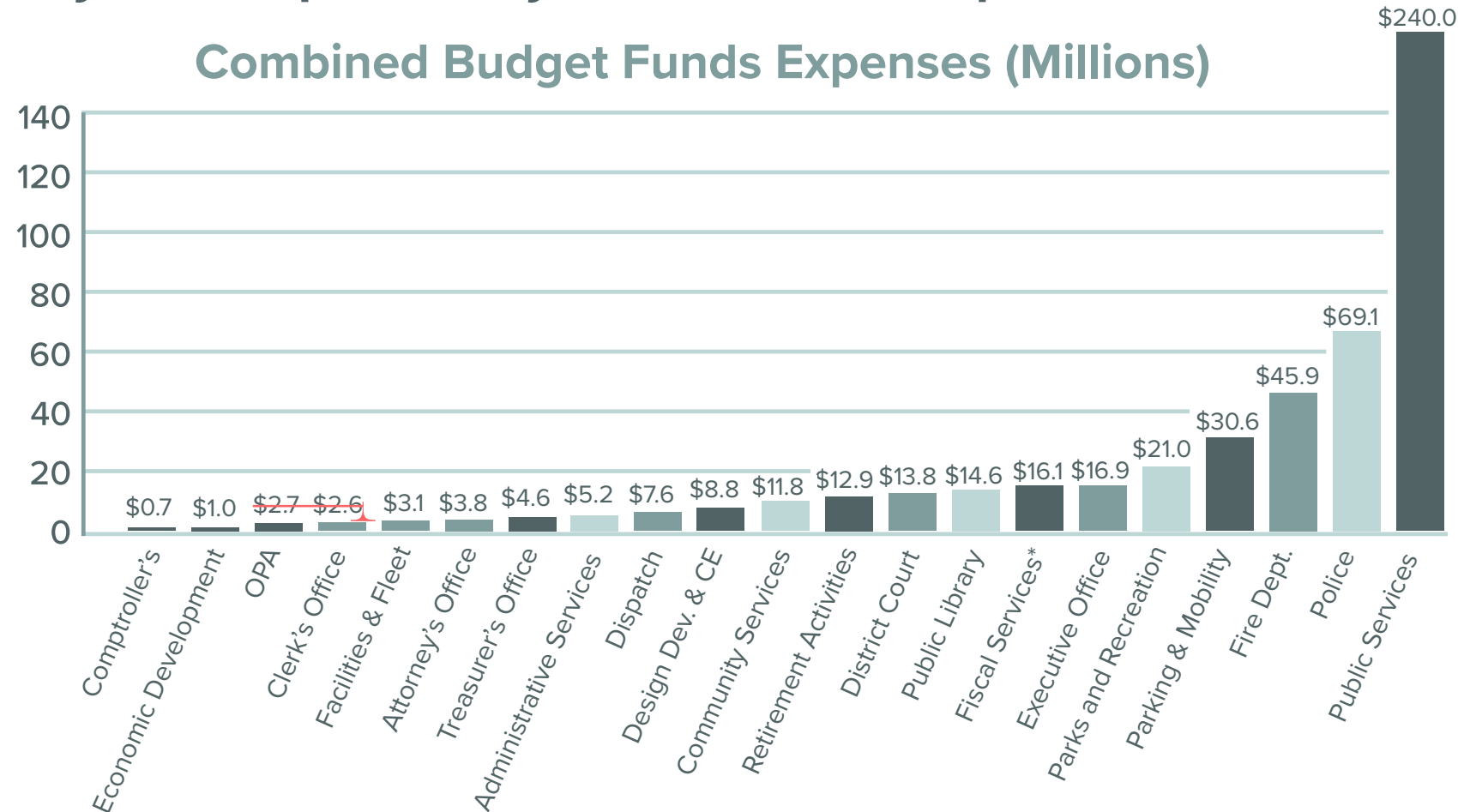
Annual Water and Sewer Costs for Grand Rapids Residents

	<div>  </div> <div>GR Water</div> <div>Residential customer usage of 95,744 gallons annually</div>	<div>  </div> <div>GR Sewer</div> <div>Residential customer usage of 62,832 gallons annually</div>	Annual Impact
As of July 1, 2024	\$448.84	\$572.94	\$1,021.78
As of July 1, 2025	\$484.00	\$582.30	\$1,066.30
Dollar Increase	\$35.16	\$9.36	\$44.52
Percent Increase	7.83%	1.63%	4.36%

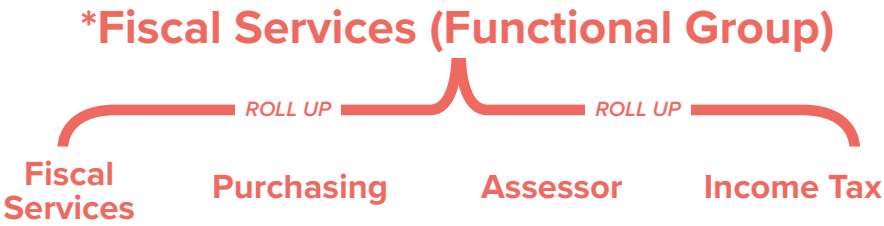
A comprehensive Water and Sewer Rate Study is prepared annually to ensure compliance with state laws and with bond covenants, and to assure the solvency of the Systems. These rates were approved by the City Commission on December 17, 2024. You can view the study [here](#).



Citywide Expenses by Functional Group

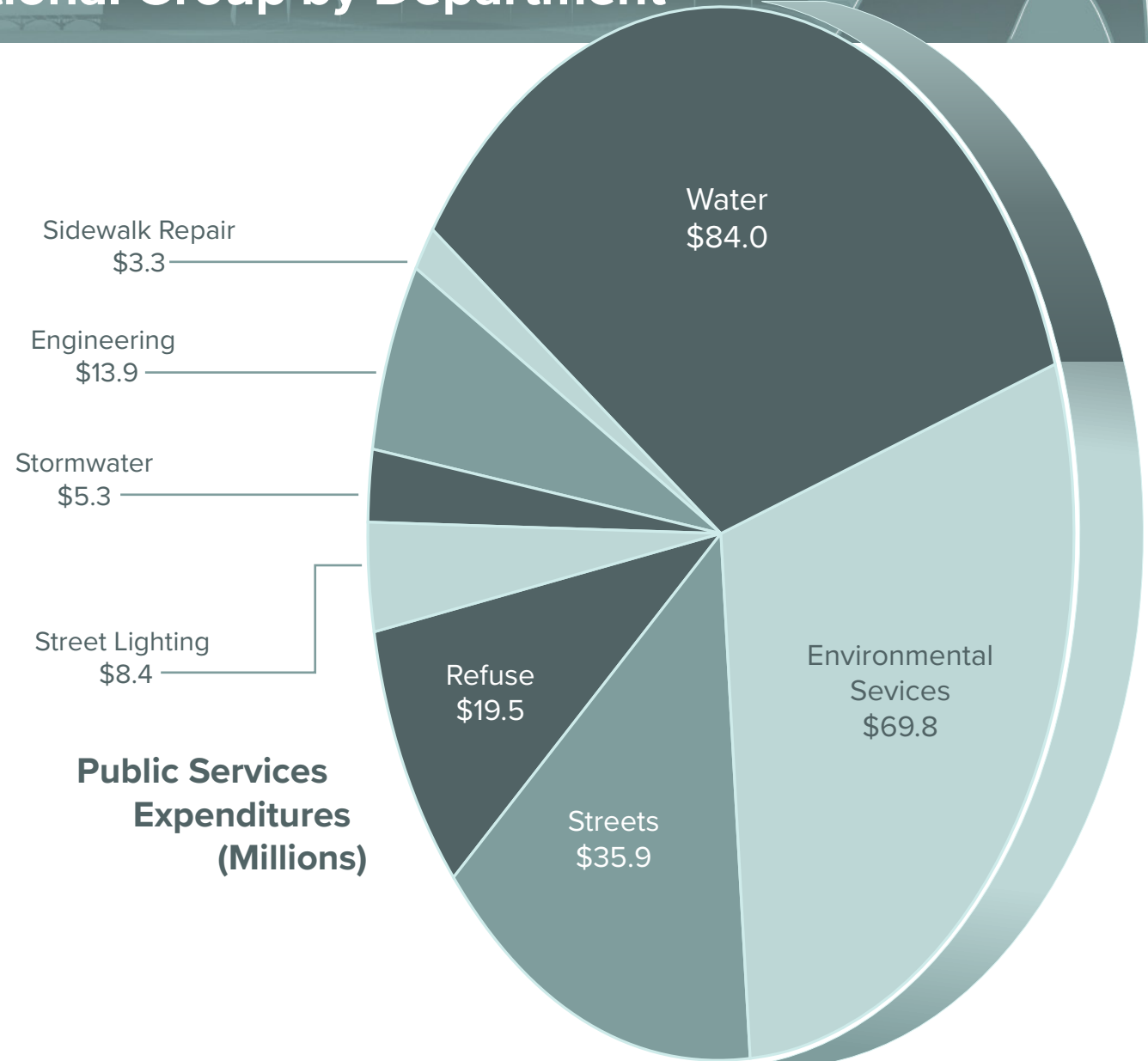


The above chart is presented by functional group. Some groups are comprised of multiple departments. For example, the Fiscal Services group includes the following departments: Fiscal Services, Purchasing, Assessor and Income Tax. A full listing of departments by functional group can be found in the *Fiscal Plan Book*.

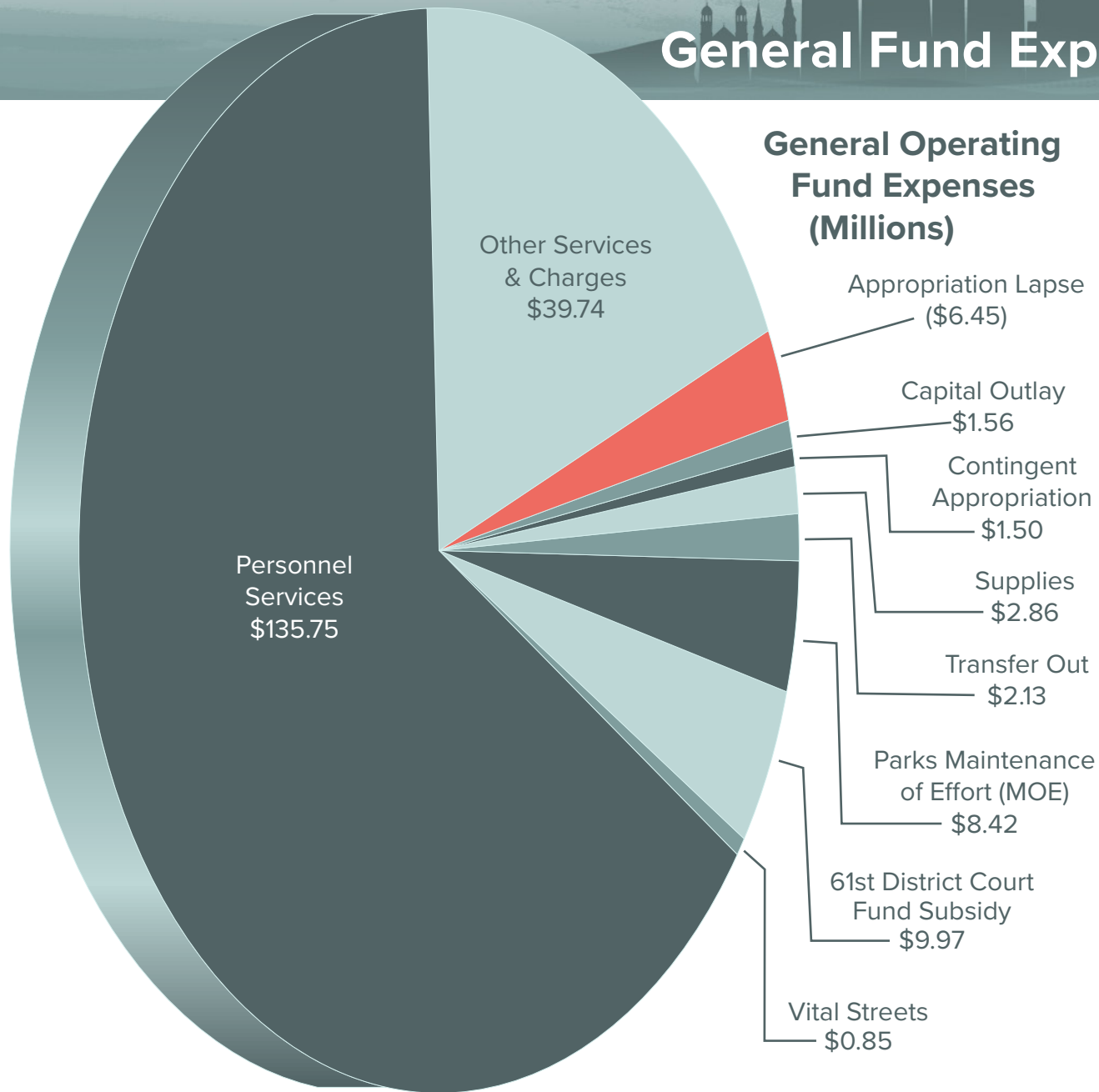


Public Services Functional Group by Department

The Public Services Functional Group is the largest in terms of budgeted funds and is primarily comprised of the Water and Environmental Services (Sewer) utilities, Streets and Refuse Collection. These four departments account for approximately 87.2% of the \$240 million total expenditure budget for Public Services.



General Fund Expenses by Category



Key Takeaways:

- The FY2026 appropriation for the General Operating Fund is \$196.3 million.
- Focus is on maintaining essential services, sustaining momentum on transformational projects and positioning the City to weather future uncertainty.
- Assumption that \$6.45 million in FY2026 budgeted expenditures will remain unspent (Appropriation Lapse)
- \$1.5 million has been reserved for unforeseen expenditures that are emergency in nature (Contingent Appropriation)
- General Fund support for Parks (Parks MOE) is anticipated to grow in FY2026 by approximately \$470,000 to approximately \$8.4 million.



Capital Investments

Budget Process

The City Manager and his Executive Team review and prioritize the proposed capital projects according to Strategic Plan priority and with the goal of maximizing equity and citywide balance and distribution. Projects are also evaluated in terms of financial capacity (including operations & maintenance impact) with some receiving multi-year allocations and/or utilizing a variety of funding sources.

Financial Reporting

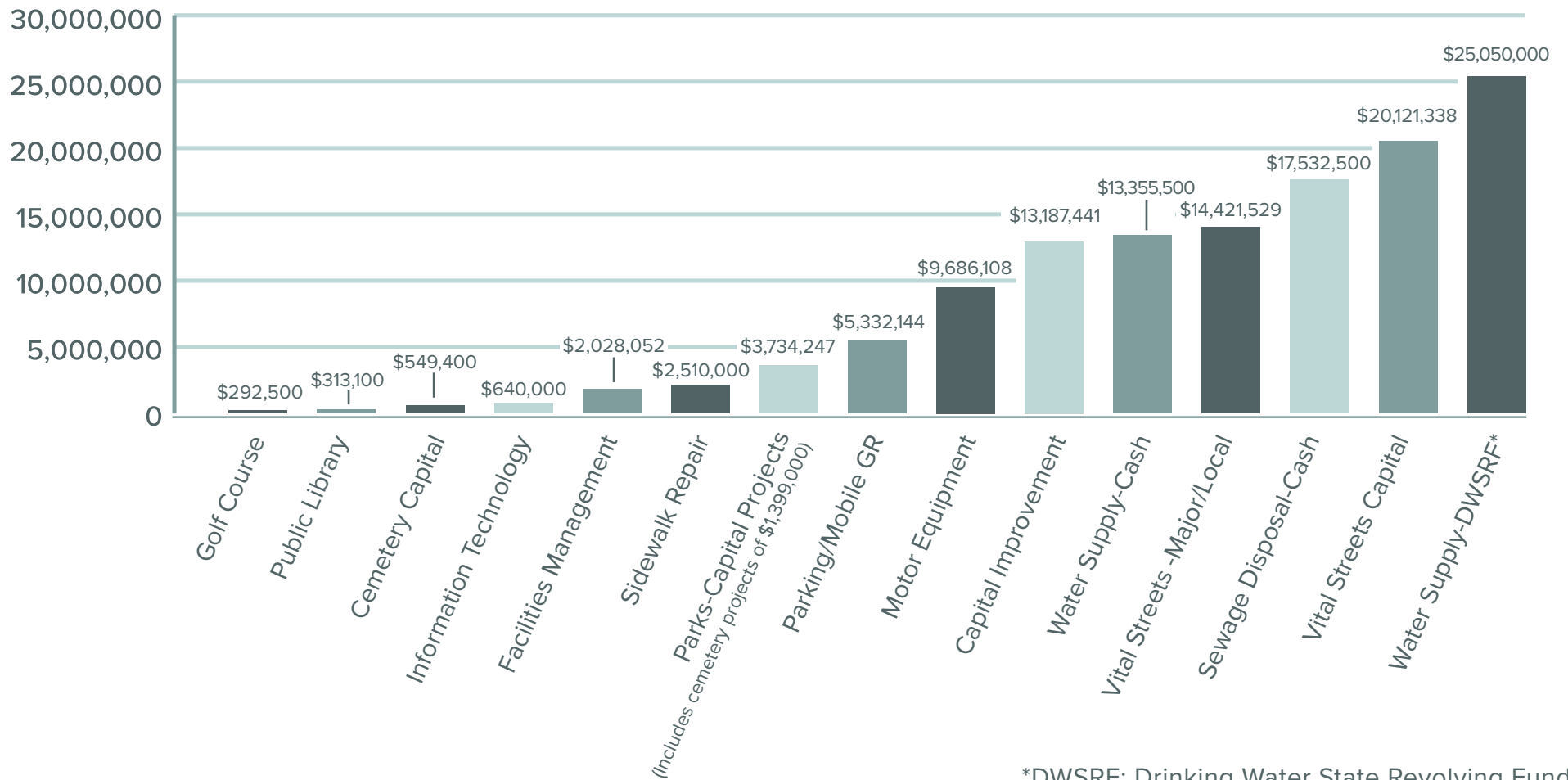
The City generally defines a “capital expenditure” as the cost of an asset that is used in operations with a price in excess of \$10,000 and a lifespan greater than one year. Capital assets include both tangible assets such as land, buildings, vehicles and equipment as well as intangible assets such as easements and software. The cost to acquire, construct or improve a capital asset is not recognized immediately as expense when incurred, but instead is deferred (capitalized) and allocated over the estimated useful life of the capital asset in the form of depreciation expense (tangible capital assets) or amortization expense (intangible capital assets).

Funding Sources

Cash funding is generally preferred for one-time or shorter-lived capital projects when capacity exists, thereby avoiding interest expense and other financing charges. Longer-lived projects requiring more substantial investment may be debt financed when capacity is limited and inter-generational equity is desirable (i.e., large water and sewer infrastructure projects). Intergenerational equity is the concept of fairness between generations. In terms of capital investment, debt financing allows the cost to be spread over 20 or 30 years in the case of revenue bonds, thereby better matching cost to those utilizing and benefiting from the capital investment.

Capital Investments by Fund

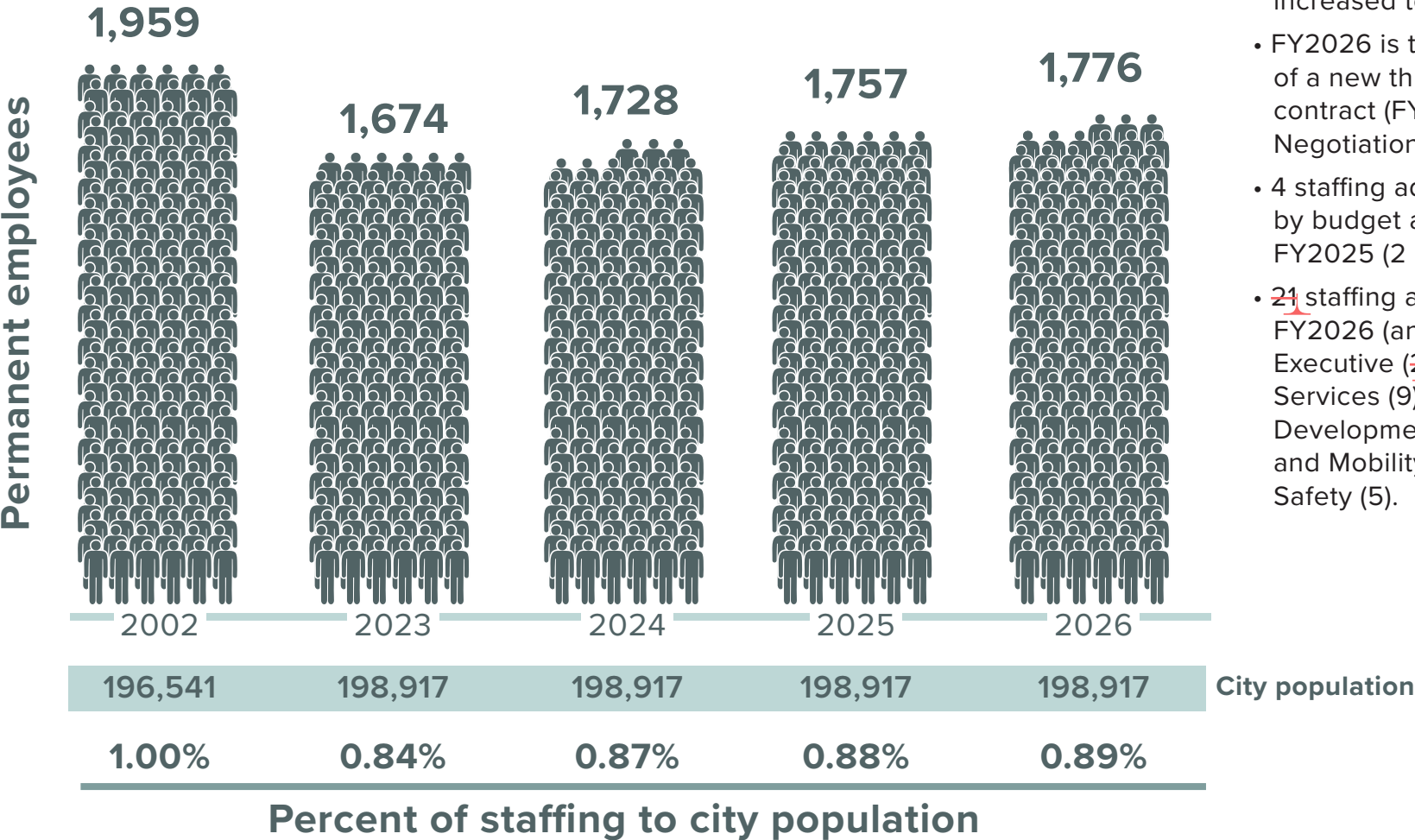
FY2026 Proposed Capital Investments



*DWSRF: Drinking Water State Revolving Fund

Citywide Employment

Grand Rapids Permanent Staffing History



- Key Takeaways:**
- FY2026 personnel roster increased to 1,776 positions
 - FY2026 is the first year of a new three-year labor contract (FY2026-28). Negotiations are ongoing.
 - 4 staffing additions made by budget amendment in FY2025 (2 deletions)
 - 21 staffing additions in FY2026 (and 3 deletions): Executive (2), Public Services (9), Design and Development (3), Parking and Mobility (2), Public Safety (5).

Citywide Employment

Authorized Positions

by Department

FY2026 - FY2030

Proposed Fiscal Plan

	FY2023 Amended Budget	FY2024 Amended Budget	FY2025 Amended Budget	FY2026 Proposed Budget	CHANGE
Public Library	160	161	161	161	-
Clerk's office	11	11	11	11	-
Executive	33	33	36	39	3
Community Development	54	55	55	54	-1
Public Services	375	391	397	405	8
Parks	48	49	50	51	1
Design and Development	42	47	47	50	3
Mobile GR Parking and Mobility	68	71	75	77	2
Economic Development	7	9	9	9	-
Administrative Services	43	43	44	44	-
OPA	5	5	6	6	-
Dispatch	49	49	54	58	4
Police	331	339	337	338	1
Fire	210	223	233	232	-1
District Court	83	85	84	83	-1
Attorney's office	18	19	19	19	-
Facilities and Fleet Management	47	47	47	47	-
Fiscal Services	51	52	65	65	-
Technology and Change Management	2	2	2	2	-
Treasury	17	17	17	17	-
Comptroller's Office	16	16	4	4	-
Retirement Activities - Retirement Office (Non-Budgeted)	4	4	4	4	-
Grand Total Positions (Full-time and Permanent Part-time)	1,674	1,728	1,757	1,776	19

Government Information

The City of Grand Rapids operates a City Commission – City Manager form of government. 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 with the exception of the elected City Comptroller.

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 about
City Officials
[click here](#)

City Commission



**David
LaGrand**
City Mayor



**AliciaMarie
Belchak**
First Ward
Commissioner



**Drew
Robbins**
First Ward
Commissioner



**Milinda
Ysasi**
Second Ward
Commissioner



**Lisa
Knight**
Second Ward
Commissioner



**Kelsey
Perdue**
Third Ward
Commissioner



**Marshall
Kilgore**
Third Ward
Commissioner

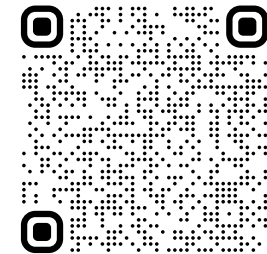
For more
information about
Elected Officials
[click here](#)

For More Information

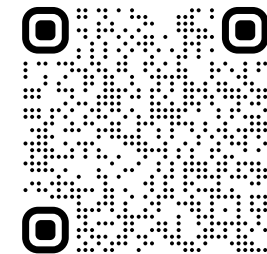
The City’s website is your source for information about City policies, services, commission meetings and events 24 hours a day, seven days a week. Visit the City on the web: www.grandrapidsmi.gov

Residents can take advantage of these online services:

Download the City’s Fiscal Plan and View Budget Presentations	Budget Office
Download City financial reports	Office of the City Comptroller
Find Property Tax Information	Assessor’s Office
View the City’s Key Metric Dashboard	Key Metric Dashboard Open Performance
View GR Open Data	Search & Browse Open Performance
Download agendas and meeting minutes	Meeting Schedules and Agendas
Watch Live Meetings	Watch Live Meetings
Get Involved on Boards and Commissions	Boards and Commissions
Apply for a City Job	Apply for a City Job
View City Policies	Policies
Find parks and download reservation forms	Reserve a Park Facility
Search the municipal code	City Code of Ordinances
Report a problem or request a service	Customer Service
Pay parking tickets and utility bills	Payments



City of Grand Rapids
Strategic Plan



City of Grand Rapids
Budget Library



300 Monroe Ave. NW
Grand Rapids, MI 49503
Phone: 616-456-3000