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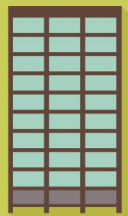
2025
City
Commission
Workshop
Financial
Update



CITY OF
GRAND
RAPIDS

December 2, 2025

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Financial Update – Economic Outlook

Positives

- Unemployment Rate: Nation 4.3%; Michigan 4.7%
- Inflation stable at 3.0%
- From July 2024 to July 2025 wages grew 1.5% faster than inflation – increased purchasing power for consumers (4.2% nominal average weekly wage growth vs 2.7% inflation average)
- Stable consumer demand

Challenges

- “One more 0.25% Fed funds rate cut in the next month is not a foregone conclusion” – inflation too slow to return to 2% target
- Weakness in economy driven by structural changes – technology & demographics
- Uncertainty around tariff policy changes and federal shutdown

Financial Update – City Outlook

- Implementation of adopted labor agreements @ \$33.5M over three years (@\$6M of this is General Fund)
- Impact of class/comp study and implementation timing
- Federal Government Shutdown
 - Grant & Programs – continuing services we currently contract for (\$2.7M currently being covered by City in lieu of inability to do drawdowns on federally funded programs)
 - Water/Sewer shutoffs suspended:
 - Currently impacts 900 residents per year
 - Average outstanding balance \$650 (80% pay off balance within 2 days of shut off)
 - Suspending shutoffs would impact system receivables @ \$50k per month
 - Consideration of refuse collections suspended/continuation of services

Financial Update – General Fund Cashflow Adopted Budget

General Fund	FY2026	FY2027	FY2028	FY2029	FY2030
Revenue					
Income Tax	118,939,112	121,494,601	123,934,154	125,758,497	129,333,650
Property Tax	19,108,130	19,638,282	20,214,732	20,779,588	21,315,487
Other Revenues	59,346,314	58,092,658	57,937,244	58,751,852	58,995,865
Total Revenues	197,393,556	199,225,541	202,086,130	205,289,937	209,645,002
Total Expenses	196,331,489	204,120,609	211,247,995	221,056,651	226,469,278
Surplus (Deficit)	1,062,067	(4,895,068)	(9,161,865)	(15,766,714)	(16,824,276)

Financial Update – Major Revenues

Description	FY2025 Estimate	FY2025 Actuals (unaudited)	Over/ (Under) Estimate
Income Tax	\$144,980,018	\$152,895,086	\$7,915,068
Base	\$143,660,772	\$142,270,179	(\$1,390,593)
Interest/Penalties	\$ 1,024,787	\$ 1,351,006	\$ 326,219
Refunds	(\$ 16,705,541)	(\$ 7,888,226)	\$8,817,315
Compliance	\$ 17,000,000	\$ 17,162,127	\$ 162,127

Description	FY2025 Estimate	FY2025 Actuals (unaudited)	Over/ (Under) Estimate
Property Taxes	16,037,957	15,454,488	583,469
Property Tax Administration Fee	3,047,382	3,129,256	81,874

Financial Update – Other Revenues

Description	FY2025 Estimate	FY2025 Actuals (Unaudited)	Over/ (Under) Estimate
State Shared Revenue (Constitutional)	19,287,654	21,540,258	2,252,604
State Shared Revenue /CVTRS (Statutory)	6,090,838	6,698,086	607,248
Gas & Weight Tax (Act 51) Revenue	28,905,596	30,252,781	1,347,185

Financial Update – Debt Issuances

- Recent Issuances (Since FY24)

- Lyon Square (LTGO) = \$9.1M
- Amphitheater (LTGO) = \$18.3M
- Scribner (LTGO) = \$54.5
- Amphitheater Parking Facility (LTGO) = \$22M
- ELC & Belnap Chiller & Parks (LTGO) = \$20.7M
- Soccer Stadium & Amphitheater (LTGO Secured with Hotel/Motel Tax from County) = \$122.3M

- Knapp's Corner Drainage (County Issuance) = \$14M
- Calder Plaza (LTGO) = \$12M
- Scribner Gap Funding (LTGO) = \$20M

- FY27

- Water (Rev Bonds) = @\$25-30M

- FY28

- Street Lighting (LTGO) = \$12M

- FY29

- Sewer (Rev Bonds) = @\$25M

- Future Issuance (Currently Planned)

- FY26
 - Water & Sewer Refunding (Rev Bonds)
 - Fire Training Center (LTGO) = \$34M

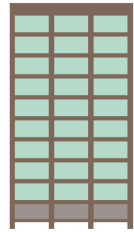
Impact of State Budget Changes

Revenue Sharing

- 6 payments/every two months for Constitutional and CVTRS
- Public Safety – payment schedule TBD
- Gas and Weight Tax –payment schedule TBD

Description	FY2026 Budget	FY2026 Estimate
State Shared Revenue (Constitutional)	\$21.5M	\$20.4M
State Shared Revenue /CVTRS (Statutory)	\$6.4M	\$7M
State Shared Revenue – Public Safety	N/A	\$1.7M
Total	\$27.9M	\$29.1M
Gas & Weight Tax	\$29.5M	\$34.6M

Questions?

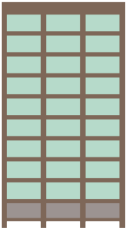


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Timeline for Discussions on Strategy and Performance

- November 13, 2025 Commission Prioritization Workshop & Commission Retreat
- February 24, 2026 FY2026 Mid-year Performance Update
- April 28, 2026 City Manager presents FY2027 Preliminary Fiscal Plan/Budget
- May 19, 2026 Commission adopts FY2027 Final Fiscal Plan/Budget
- September 22, 2026 FY2026 Annual Performance Presentation

Thank You



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