

STRATEGIC GOALS, PRIORITIES & ISSUES



FY 2023-24 ADOPTED BUDGET MESSAGE

July 1, 2023

Dear Honorable Mayor, City Council, and Residents of the City of Novi:

I am honored to present the Annual Budget for Fiscal Year 2023-24, including projections for Fiscal Years 2024-25 and 2025-26. Submitting a recommended annual budget is a task assigned by City Charter to the City Manager. As in years past, the budget being delivered is balanced, and it includes all the technical information as required by law.

Of course, the budget is much more than just a list of projected revenues and expenditures that meet some legal or accounting obligations—it's the City's "playbook" for the 12 months starting July 1, 2023. In sports, the playbook is generally understood to contain all sorts of specific tactics for accomplishing individual tasks: the "x's and o's" necessary to move a ball forward under a certain set of circumstances, for example. But in an *exceptional* organization, the playbook contains much more than that. It includes a vision and strategies as well as tactics. It includes standard operating procedures and process workflows to definable ends. It assigns responsibilities to groups (departments) as well as individuals. It communicates to team members what the overall plan for a game or a season is. And, maybe most importantly, it talks about the kind of culture the organization wants to foster and perpetuate.

Our playbook for this year is guided by the principles and the direction determined by City Council. It will direct your Novi team of administration, staff, and volunteers as they work to make sure our residents and businesses have safe drinking water; traversable roads; excellent recreational opportunities; safety in their homes, offices, and public spaces; reliable solid waste removal services—everything that makes a community, and Novi in particular, an exceptional community. All that requires deliberate planning and constant assessment and reassessment—and sometimes an audible or change in options as things go along—but this playbook is where it all starts for next year.

As we look to the next fiscal year and beyond, the following processes, surveys, and initiatives have either been completed or are well underway to aid City Council and staff in assembling our playbook:

- ITC Community Sports Park Master Plan
- Master Plan for Land Use
- Active Mobility Plan (formerly the Non-Motorized Master Plan)
- Beck Road Environmental Assessment
- Results from the 2022 Citizen Survey
- Annual Comprehensive Financial Report
- 2023-2028 Capital Improvement Program

STRATEGIC GOALS, PRIORITIES & ISSUES

These documents will continue to inform what we as a City do for years to come. How that all will look and feel will be designed, added to, and, if necessary, changed by the actions not just of City Council but also the Planning Commission, Parks Commission, Corridor Improvement Authority, and many other citizen-led boards and commissions, all of whom contribute to the information contained in this budget document and all the other documents that go into assembling it.

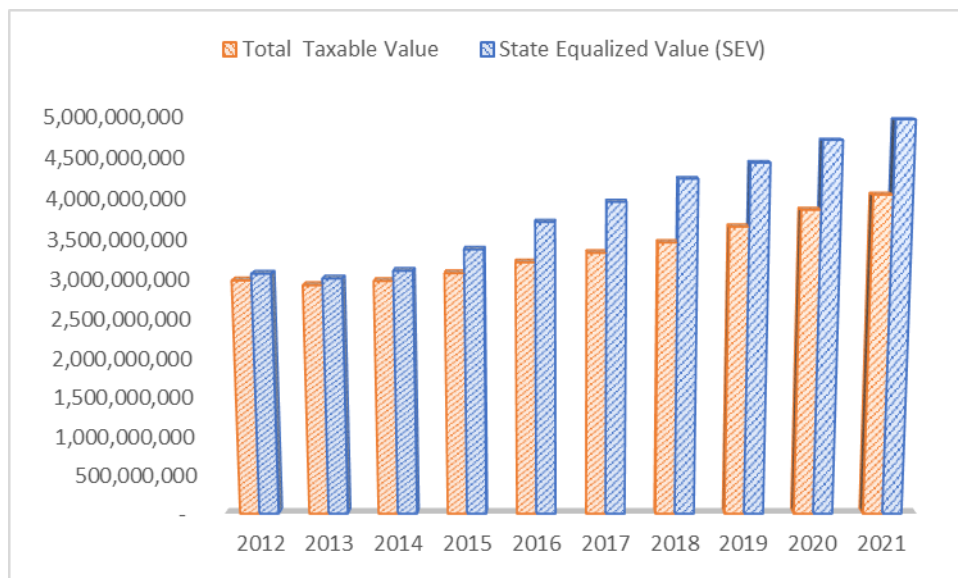
This year, a few points stand out, defining what we want to focus on as an organization: the City's overall strong financial position; some unique opportunities to achieve even greater recreational opportunities for our residents, public safety and public infrastructure investments; and attention to focusing on members of the Novi "team."

Financial Position

Sometimes, the best way to track a community's financial strength is to look at its trajectory. Novi's is certainly enviable. Over the past ten years, the City's financial position has changed significantly for the better, with both revenues and expenditures increasing—representing an increase in the amount and level of services—while the millage rate (the relative cost to taxpayers) has remained nearly the same.

GENERAL FUND			
	2013-14 ACTUAL ACTIVITY	2022-23 ESTIMATED ACTIVITY	2023-24 ADOPTED BUDGET
REVENUES	29,986,525	40,212,888	41,211,977
EXPENDITURES	29,308,072	43,647,348	42,024,747

The 2020 Census has shown that the City continues to grow, adding 11,000 -plus residents in that ten-year time frame. With these additional residents comes an increase in tax revenues. As a result, the City's Taxable Value (TV) has increased considerably by \$1.2 billion, which means that even though there are increased costs each year to the City, corresponding tax receipts allow the City to absorb those added costs.



STRATEGIC GOALS, PRIORITIES & ISSUES

And happily, the City's debt obligations continue to decrease, as the per capita debt ratio has decreased from \$696 to \$179—or 0.28% of the City's TV. Under Michigan law, the maximum debt Novi can issue is \$516,939,579. The City's current debt applicable to this limit is \$11,335,000, or 2.15% of the amount allowed. Moreover, the City will be debt free (as it relates to general obligation bonds) in three years, as the remaining debt for the Novi Public Library is paid off.

Legal Debt Margin	
2022 State Equalized Valuation (SEV)	\$ 5,282,745,787
Debt Applicable to Debt Limit, at July 1, 2022	
Debt Limit (10% of State Equalized Valuation)	\$ 528,274,579
Total Bonded Debt Outstanding	\$ 11,335,000
Less: Special Assessment Bonds	-
Total Amount of Debt Applicable to Limit	11,335,000
Legal Debt Margin Available	\$ 516,939,579
Net Debt subject to limit as percent of Debt Limit:	2.15%

Comparing the City's standing with other communities in Oakland County, Novi now maintains the third lowest millage rate and the second highest taxable value (TV) for cities. One mill for the City of Novi equates to \$4.6 million. That compares favorably to the City of Troy, which has the lowest millage rate and highest TV in the County, where a mill equals about \$5.6 million.

<u>Community</u>	<u>Local Unit Type</u>	<u>TOTAL MILLAGE RATE</u>	<u>Population</u>	<u>Taxable Value</u>
Troy	City	9.8966	87,294	5,754,238,160
Farmington Hills	City	16.5693	83,986	3,977,078,890
Southfield	City	27.3741	76,618	2,805,714,867
Rochester Hills	City	10.551	76,300	4,123,961,640
Waterford	Township	10.2615	70,565	2,603,444,450
Novi	City	10.5376	66,243	4,402,609,530
West Bloomfield	Township	11.6475	65,888	4,224,621,700
Pontiac	City	17.9089	61,606	1,114,386,120
Royal Oak	City	17.55	58,211	3,379,570,000
Bloomfield Hills	City	10.96	44,253	985,034,730
Commerce	Township	3.0363	38,514	2,477,358,140
Independence	Township	7.5136	36,686	1,938,445,369
Orion	Township	6.3106	35,330	2,120,497,370

Recreation

The development of the "Northwest Park," located on Twelve Mile Road next to the Andelina Ridge neighborhood, brought to life a concept created in 2015 when the land was acquired. Grant dollars from the State's MNRTF assisted the City in acquiring this property. An Oakland County grant will assist with development, anticipated to begin in summer 2023. The park's passive design includes a kids' playscape that mirrors the natural look and feel of the park and stone/gravel and natural trails throughout. A gravel parking lot was constructed in 2022 as part of the 12 Mile Road paving project.

STRATEGIC GOALS, PRIORITIES & ISSUES

The City's commitment to Seniors also continues in this budget, embodied in the improvements to Meadowbrook Commons. Window replacements throughout the facility are scheduled for spring/summer 2023. The Capital Improvement Program includes air conditioning unit replacements throughout the facility as well as new furnaces in common areas. The popularity of pickleball spurred the proposal for constructing four new courts at Meadowbrook Commons which are also reflected in the Capital Improvement Program. Significant Improvements over the past five years include installation of a generator, roof replacement on all buildings, and hot water tank and refrigerator replacements.



As you can see, we are not just focused on next fiscal year; we will be looking years down the road and making sure we have the contents of future playbooks. A Parks and Recreation Master Plan will be drafted during this next fiscal year, guiding our Parks, Recreation, & Cultural Service Department.

Infrastructure

City leaders have remained committed to actively maintaining and planning for improvements to the City's infrastructure. Using various studies and assessments put in place over previous years, the Department of Public Works (DPW) ensures repairs and upgrades are completed proactively. That mindset continues in the FY 2023-24 Budget. Wixom Road, a main thoroughfare running north to south, connecting Ten Mile Road to the City's limits near Grand River Avenue, will be re-constructed in the calendar year 2024, which actually paves the way (pardon the road construction pun) for Taft Road to first quickly be resurfaced in Summer 2023. This Taft Road resurfacing will finish off a project that spanned two seasons, beginning with the construction of the community's second roundabout at the Nine Mile Road intersection. Novi Road will also see improvements as the Road Commission for Oakland County (RCOC) improves that stretch of road from Nine Mile to Ten Mile Roads. All totaled, \$10.5 million in road projects are proposed.

Enhancements to the City's water and sewer network will continue to be made, with improvements to sewer mains that service Meadowbrook Glens as well as a new water main for Roethel Drive, among others.

Public Safety

The fundamental and defining commitment by City Council to a safe community stays strong in this budget as the City continues to invest in the Police and Fire Departments. The planned new fire apparatus will be the third truck ordered in three years, ensuring that the City maintains a safe engine fleet. A portable driving simulator is included in the recommended budget as staff looks to keep mandatory training in the City for both Police and Fire personnel. Officers in the simulator utilize virtual reality glasses to run through the scenarios they may find on the road. In car cameras and body cameras were approved during fiscal year 2022-23 to get ahead of the long lead times due to the global supply shortages



STRATEGIC GOALS, PRIORITIES & ISSUES

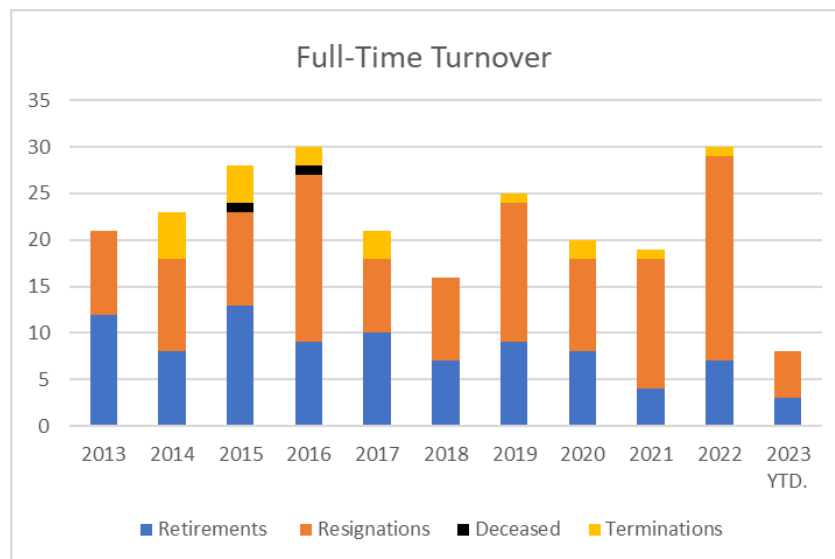
The Team

Michiganders, whether we bleed Green and White or Maize and Blue, know what the mantra "The Team" refers to. Legendary University of Michigan football coach Bo Schembechler drilled the saying into his players... "The Team, The Team, The Team." It meant that no player, coach, or staff member was more important than The Team as a whole. We can have the greatest, most enlightened, and most comprehensive playbooks to guide us, but without a dedicated Team, those "plays" and plans won't be executed well—and therefore, neither will any stated vision for the organization be realized nor any hoped-for community culture or character be fostered.

We already have an exceptional team of staff and volunteers in Novi. According to the most recent National Citizen Survey, 89% of Novi residents believe that overall customer service by City employees is excellent or good. As Council well knows, the largest expense the City incurs each year is the salary and benefits of the 279 full-time and multiple part-time employees. In the proposed budget, the number of full-time employees remains the same as last year's budget. But Novi is not immune to the developing trends in organizations across the world.

89% of residents believe
Novi employees provided
excellent or good services

"The Great Resignation" describes a number of different things, from early retirement to "quiet quitting" to demands for continued remote/virtual work—all of which we've seen in our organization. The City historically sees about 11 employees resign on average per year over the last ten years, along with eight retiring a year. Since the pandemic, though, the new trend has been 15 employees on average resigning annually and six retiring.



In order to remain competitive in an aggressively shallow talent pool, the City needs to evaluate the compensation packages it offers to current and potential employees. Maintaining the high level of customer service that our residents, businesses, and stakeholders have come to expect, the City must continue to be innovative and flexible as it relates to pay. One final takeaway from the National Citizen Survey was that the overall confidence in Novi government was higher than the national average, along with acting in the community's best interest; none of that can occur if Novi is losing top talent individuals and applicants to surrounding agencies because of compensation packages.

STRATEGIC GOALS, PRIORITIES & ISSUES

Conclusion

My thanks to the City staff, with whom I have had the honor of serving for the last 12 years, for putting together another exemplary budget document—a creative and professional playbook for a truly exceptional organization and work year. As I've alluded to each of you on other occasions, the work and dedication that Novi employees continue to show is inspiring and motivates me. A special thanks to our Finance/budget development team: Carl Johnson, Jessica Dorey, Sabrina Lilla, Pat Cauchi, Megan Mikus, Pat Oleszkowicz, Keri Blough, Sheryl Walsh and Jeanette Handy. Staff looks forward to City Council's feedback and constructive conversation about the upcoming fiscal year.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Vicki Cardona". The signature is fluid and cursive, with a long horizontal stroke at the end.

City Manager