



CITY OF NOVI CITY COUNCIL
APRIL 26, 2021

SUBJECT: Consideration of approval of a resolution to authorize Budget Amendment #2021-6.

SUBMITTING DEPARTMENT: Finance

BACKGROUND INFORMATION: The City's annual budget is adopted by the third Monday in May each year and is effective July 1st each year. The budget is adopted at a function level (vs. line item). In accordance with the State Budget Act, budget amendments are completed throughout the fiscal year in order to reflect the most current information available related to revenue and expenditure budgets. Budget amendments that have a positive or negative impact on fund balance or change the function total are prepared for Council approval. Amendments between line items within the same budget function (that do not have any impact on fund balance) are managed at the administration level. The amendments are based on actual and projected activity-to-date.

Significant proposed amendments are discussed below.

General Fund

The General Fund budget presents a net \$0 effect to fund balance. Total revenues are proposed to increase by \$319,571 and proposed expenditures are increasing by \$319,571.

The proposed budget increases total federal grants by \$372,571. This includes \$362,571 of additional Public Safety Payroll Reimbursement Program. The City applied for reimbursement for public safety payroll in July 2020 through the Public Safety and Public Health Payroll Reimbursement Program (PSPHPR). The State of Michigan received requests over and above the CARES funds allotted to the program. The State concluded to allocate 50% of requested funds to each community while they performed an audit of the reimbursement requests. The City of Novi received its 50% in September 2020. The State wrapped up its audit and Novi was awarded an additional \$372,571 of PSPHPR funding from the final closeout.

Also, the City expects to receive an additional \$10,000 in FEMA funds for the reimbursement of COVID-19 public safety PPE supplies.

Licenses, permits, and charges for services are trending slightly lower than budgeted and are proposed to decrease by \$53,000 primarily due to the COVID-19 shutdown and less construction to date.

General Fund expenditures are proposed to increase by \$319,571. Adjustments are proposed for personnel services in various departments due to several factors including unbudgeted payouts of compensated absences upon retirement/separation from the City, changes to insurance as employees switch insurances or new employees hire in under new/different plans, and differences in vacancy savings assumptions in various departments. Some of the expenditure increases were offset by forfeiture credits for pension and retiree healthcare.

Electricity in the DPW and Facility Maintenance – Parks Maintenance departments is proposed to increase by \$115,000 due to an error with DTE and how they billed the City for the new DPW building. The City reached out to DTE on numerous occasions to request a bill for the new DPW building. DTE was incorrectly billing Oakland County for over a year for the City's bill. In February 2021, DTE confirmed with the City the billing situation had been worked out and the City owed electricity charges from January 2020 – December 2020. City staff has reviewed the meters onsite and we are in agreement with DTE, they belong to the City.

Integrated Solutions reviewed their remaining project list and concluded to allocate funds from three of its projects no longer taking place or that had savings in order to provide funding for the Police Dispatch Center needed an additional phone line for their project. (See separate agenda item for contract)

Repair costs for fire vehicles are running significantly over budget to date and will require an additional \$30,000 through the end of the fiscal year. The City replaced a ladder truck in the current fiscal year and has budgeted to replace three pumper trucks over the next three years which should help reduce this expenditure long-term.

Local Street Fund

The Flint Street, Phase 2 (Southwest Ring Road) project is proposed to be pulled forward from fiscal year 2026-2027 budget. Funding will come from an increase in the transfer in from the Municipal Street Fund.

Capital Improvement Program Fund

The CIP Fund originally expected a transfer in from the Water and Sewer and Drain Funds to cover their share of the allocated expenditures of the new DPW building in FY 2021; however, the final bill was 100% accrued back to FY 2020. There are no additional costs in FY 21 and therefore the roll-over transfer budget is not needed. In addition, the carryover budget for the new gun range building is being removed as the final costs were billed in FY 2020.

Ice Arena Fund

The proposed amendment to the ice arena reflects changes based on the activity to date. While the management company has done what it can to keep the arena on budget, there were many factors, out of their control, which prevented them from being open and running programs. They are hopeful next fiscal year will be back to normal.

Senior Housing Fund

The scope of the front entry redesign was modified during the fiscal year, therefore allowing a reduction in original costs of \$277,916.

RECOMMENDED ACTION: Approval of a resolution to authorize Budget Amendment #2021-6.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2021-6 is authorized:

	INCREASE (DECREASE)				
GENERAL FUND					
REVENUES					
Licenses, Permits, and Charges for Services	\$ (53,000)				
Federal Grants	372,571				
TOTAL REVENUES	<u>\$ 319,571</u>				
APPROPRIATIONS					
City Council					
Other Services and Charges	\$ (67,540)				
Finance Department					
Other Services and Charges	(4,350)				
Integrated Solutions - Facility Management					
Other Services and Charges	(7,880)				
Capital Outlay	12,900				
Integrated Solutions - FM: Parks Maintenance					
Other Services and Charges	15,000				
Police Department					
Personnel Services	39,400				
Supplies	10,000				
Other Services and Charges	25,000				
Fire Department					
Personnel Services	177,041				
Other Services and Charges	30,000				
Community Development - Building					
Personnel Services	(20,000)				
Other Services and Charges	(17,000)				
Community Development - Planning					
Personnel Services	(10,000)				
Department of Public Works - Administration					
Other Services and Charges	100,000				
Department of Public Works - Field Operations					
Personnel Services	37,000				
TOTAL APPROPRIATIONS	<u>\$ 319,571</u>				
Net Increase (Decrease) to Fund Balance	<u><u>\$ -</u></u>				
<table border="0"> <tr> <td>Ending Fund Balance</td> <td align="right">\$11,142,983</td> </tr> <tr> <td>Fund Balance as a % of total annual expenditures</td> <td align="right">29%</td> </tr> </table>		Ending Fund Balance	\$11,142,983	Fund Balance as a % of total annual expenditures	29%
Ending Fund Balance	\$11,142,983				
Fund Balance as a % of total annual expenditures	29%				

**INCREASE
(DECREASE)**

LOCAL STREET FUND

REVENUES

Transfers In	\$ 450,000
TOTAL REVENUES	\$ 450,000

APPROPRIATIONS

Capital Outlay	\$ 450,000
TOTAL APPROPRIATIONS	\$ 450,000

Net Increase (Decrease) to Fund Balance	\$ -
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Ending Fund Balance	\$1,086,983
Fund Balance as a % of total annual expenditures	10%

MUNICIPAL STREET FUND

REVENUES

Property Tax Revenue	\$ (6,500)
Interest Income	(20,400)
Other Revenue	38,400
TOTAL REVENUES	\$ 11,500

APPROPRIATIONS

Transfers Out	\$ 450,000
TOTAL APPROPRIATIONS	\$ 450,000

Net Increase (Decrease) to Fund Balance	\$ (438,500)
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Ending Fund Balance	\$1,982,600
Fund Balance as a % of total annual expenditures	22%

PARKS, RECREATION, & CULTURAL SERVICES FUND
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APPROPRIATIONS

693 Program Expenditures	\$ (22,925)
TOTAL APPROPRIATIONS	\$ (22,925)

Net Increase (Decrease) to Fund Balance	\$ 22,925
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Ending Fund Balance	\$408,681
Fund Balance as a % of total annual expenditures	14%

	INCREASE (DECREASE)
DRAIN FUND	
REVENUES	
Transfers In	\$ (48,178)
TOTAL REVENUES	\$ (48,178)
APPROPRIATIONS	
Other Services and Charges	\$ (25,609)
Transfers Out	(22,569)
TOTAL APPROPRIATIONS	\$ (48,178)
Net Increase (Decrease) to Fund Balance	\$ -

DRAIN PERPETUAL MAINTENANCE FUND	
APPROPRIATIONS	
Transfers Out	\$ (48,178)
TOTAL APPROPRIATIONS	\$ (48,178)
Net Increase (Decrease) to Fund Balance	\$ 48,178

RUBBISH COLLECTION FUND	
REVENUES	
Licenses, Permits, and Charges for Services	\$ 80,800
TOTAL REVENUES	\$ 80,800
APPROPRIATIONS	
Other Services and Charges	\$ 80,800
TOTAL APPROPRIATIONS	\$ 80,800
Net Increase (Decrease) to Fund Balance	\$ -

COMMUNITY DEVELOPMENT BLOCK GRANT FUND	
REVENUES	
Federal Grants	\$ 48,291
TOTAL REVENUES	\$ 48,291
Net Increase (Decrease) to Fund Balance	\$ 48,291

FORFEITURE FUND	
REVENUES	
Other Revenue	\$ 18,080
Fines and Forfeitures	(18,080)
TOTAL REVENUES	\$ -
Net Increase (Decrease) to Fund Balance	\$ -

	INCREASE (DECREASE)
STREET LIGHTING - WEST LAKE DRIVE FUND	
APPROPRIATIONS	
Other Services and Charges	\$ 200
TOTAL APPROPRIATIONS	\$ 200
Net Increase (Decrease) to Fund Balance	\$ (200)

2008 LIBRARY CONSTRUCTION DEBT FUND	
REVENUES	
Property Tax Revenue	\$ 7,000
Interest Income	1,000
TOTAL REVENUES	\$ 8,000
Net Increase (Decrease) to Fund Balance	\$ (8,000)

CAPITAL IMPROVEMENT PROGRAM (CIP) FUND	
REVENUES	
Transfers In	\$ (362,519)
TOTAL REVENUES	\$ (362,519)
APPROPRIATIONS	
Capital Outlay	\$ (46,020)
TOTAL APPROPRIATIONS	\$ (46,020)
Net Increase (Decrease) to Fund Balance	\$ (316,499)

GUN RANGE FACILITY FUND	
REVENUES	
Licenses, Permits, and Charges for Services	\$ 35,000
TOTAL REVENUES	\$ 35,000
Net Increase (Decrease) to Fund Balance	\$ 35,000

PEG CABLE CAPITAL FUND	
REVENUES	
Interest Income	\$ 3,000
TOTAL REVENUES	\$ 3,000
Net Increase (Decrease) to Fund Balance	\$ 3,000

	INCREASE (DECREASE)
ICE ARENA FUND	
REVENUES	
Program revenue	\$ (450,000)
TOTAL REVENUES	<u><u>\$ (450,000)</u></u>
APPROPRIATIONS	
Program expenditures	\$ (45,000)
Other services and charges	(205,000)
TOTAL APPROPRIATIONS	<u><u>\$ (250,000)</u></u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ (200,000)</u></u>

SENIOR HOUSING FUND	
REVENUES	
Other revenue	\$ 2,100
TOTAL REVENUES	<u><u>\$ 2,100</u></u>
APPROPRIATIONS	
Capital outlay	\$ (277,916)
TOTAL APPROPRIATIONS	<u><u>\$ (277,916)</u></u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ 280,016</u></u>

WATER & SEWER FUND	
APPROPRIATIONS	
Other Services and Charges	\$ 26,933
Transfers out	(339,950)
TOTAL APPROPRIATIONS	<u><u>\$ (313,017)</u></u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ 313,017</u></u>

	INCREASE (DECREASE)
SELF INSURANCE HEALTHCARE FUND	
REVENUES	
Other Revenue	\$ 82,000
TOTAL REVENUES	\$ 82,000
APPROPRIATIONS	
Other Services and Charges	\$ 10,000
TOTAL APPROPRIATIONS	\$ 10,000
Net Increase (Decrease) to Fund Balance	\$ 72,000

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held on April 26, 2021

Cortney Hanson
City Clerk

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-528.000	Federal Grants - Other - State CARES	Federal grants	\$ 362,571
101-000.00-508.452	Federal Grants - COVID 19 (FEMA)	Federal grants	10,000
101-000.00-633.000	Administrative Reimbursement	Licenses, permits, and charges for services	(53,000)
			\$ 319,571
Expenditures			
101-101.00-963.006	Misc Proj - Rec Center Committee	Other services and charges	\$ (67,540)
101-201.00-850.017	Autonomy Idol Replacement	Other services and charges	(4,350)
101-265.00-816.044	Construction Analysis - 2nd for reno PD	Other services and charges	(7,880)
101-265.00-976.065	Youth Assistance Reno	Capital Outlay	(19,100)
101-265.00-976.068	FAC021 Renovation - Police Dispatch Center	Capital Outlay	32,000
101-265.10-922.000	Electricity	Other services and charges	15,000
101-301.00-704.250	Final payout	Personnel services	39,400
101-301.00-740.012	COVID 19 Expenses	Supplies	10,000
101-301.00-851.000	Telephone	Other services and charges	25,000
101-337.00-704.000	Permanent salaries	Personnel services	135,000
101-337.00-704.250	Final payout	Personnel services	12,041
101-337.00-716.000	Insurance	Personnel services	30,000
101-337.00-935.000	Vehicle Maintenance	Other services and charges	30,000
101-371.00-705.000	Temporary Salaries	Personnel Services	(10,000)
101-371.00-706.000	Overtime	Personnel Services	(10,000)
101-371.00-816.007	Building, Trade, & Plan Review Services	Other services and charges	(10,000)
101-371.00-900.000	Printing and publishing	Other services and charges	(1,000)
101-371.00-982.048	Copier/Scanner/Printer OCE Replace	Other services and charges	(6,000)
101-442.00-922.000	Electricity	Other services and charges	100,000
101-442.20-704.000	Permanent salaries	Personnel services	27,000
101-442.20-716.000	Insurance	Personnel services	10,000
101-807.00-718.200	Pension - defined contribution	Personnel Services	(10,000)
			\$ 319,571

Net Increase (decrease) to fund balance \$ -

Ending Fund Balance	\$11,142,983
Fund Balance as a % of total annual expenditures	29%

Local Street Fund			
Revenues			
203-000.00-676.204	Transfer From Municipal Street Fund	Transfers In	\$ 450,000
			\$ 450,000
Expenditures			
203-203.00-865.270	Flint St - Ph2; SW Ring Rd	Capital Outlay	\$ 450,000
			\$ 450,000

Net Increase (decrease) to fund balance \$ -

Ending Fund Balance	\$1,086,983
Fund Balance as a % of total annual expenditures	10%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Municipal Street Fund			
Revenues			
204-000.00-403.000	Property Tax Revenue - County chargeback	Property Tax Revenue	\$ (6,500)
204-000.00-664.000	Interest on Investments	Interest Income	(20,400)
204-000.00-665.030	Trunkline Maintenance Revenue	Other Revenue	29,900
204-000.00-665.048	Metro Act ROW Restricted Revenue	Other Revenue	8,500
			<u>\$ 11,500</u>
Expenditures			
204-000.00-965.203	Transfer to Local Street Fund	Transfers Out	\$ 450,000
			<u>\$ 450,000</u>
Net Increase (decrease) to fund balance			\$ (438,500)
Ending Fund Balance		\$1,982,600	
Fund Balance as a % of total annual expenditures		22%	
Parks, Recreation, and Cultural Services Fund			
Expenditures			
208-693.00-960.009	Youth volleyball	Program expenditures	\$ (4,125)
208-693.00-960.010	Youth soccer league	Program expenditures	(5,000)
208-693.00-960.029	Valentine-dads/daughter	Program expenditures	(3,300)
208-693.00-960.308	Karate	Program expenditures	(10,500)
			<u>\$ (22,925)</u>
Net Increase (decrease) to fund balance			\$ 22,925
Ending Fund Balance		\$408,681	
Fund Balance as a % of total annual expenditures		14%	
Drain Fund			
Revenues			
210-000.00-676.211	Transfer from Drain Perpetual Fund	Transfers in	\$ (48,178)
			<u>\$ (48,178)</u>
Expenditures			
210-000.00-965.400	Transfers to Capital Improvement Program (CIP) Fund	Transfers out	\$ (22,569)
210-211.00-816.038	Asset Location Svc (GIS/GPS)	Other Services and Charges	(25,609)
			<u>\$ (48,178)</u>
Net Increase (decrease) to fund balance			\$ -
Drain Perpetual Maintenance Fund			
Expenditures			
211-000.00-965.210	Transfer to Drain Fund	Transfers out	\$ (48,178)
			<u>\$ (48,178)</u>
Net Increase (decrease) to fund balance			\$ 48,178
Rubbish Collection Fund			
Revenues			
226-000.00-607.000	Charges for Services - Rubbish collection	Licenses, permits, and charges for services	\$ 80,800
			<u>\$ 80,800</u>
Expenditures			
226-226.00-808.100	Rubbish monthly	Other Services and Charges	\$ 80,800
			<u>\$ 80,800</u>
Net Increase (decrease) to fund balance			\$ -
Community Development Block Grant Fund			
Revenues			
264-000.00-502.100	HCD Programs reimbursement	Federal Grants	\$ 48,291
			<u>\$ 48,291</u>
Net Increase (decrease) to fund balance			\$ 48,291

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Forfeiture Fund			
Revenues			
266-000.00-633.110	Insurance Reimbursement - Federal	Other revenue	\$ 12,530
266-000.00-665.501	Miscellaneous - federal forfeiture	Other revenue	5,550
266-000.00-655.600	Forfeiture funds - State	Fines and forfeitures	(18,080)
			\$ -
		Net Increase (decrease) to fund balance	\$ -
Street Lighting - West Lake Drive Fund			
Expenditures			
855-000.00-924.000	Street lighting operations	Other Services and charges	\$ 200
			\$ 200
		Net Increase (decrease) to fund balance	\$ (200)
2008 Library Construction Debt Fund			
Revenues			
317-000.00-403.001	Property Tax Revenue - Current Levy	Property Tax Revenue	\$ 7,000
317-000.00-664.000	Interest on investments	Interest Income	1,000
			\$ 8,000
		Net Increase (decrease) to fund balance	\$ 8,000
Capital Improvement Program (CIP) Fund			
Revenues			
400-000.00-676.210	Transfer from Drain Fund	Transfers in	\$ (22,569)
400-000.00-676.592	Transfer from Water and Sewer Fund	Transfers in	(339,950)
			\$ (362,519)
Expenditures			
400-402.00-976.000	Building Improvements - Gun Range	Capital Outlay	\$ (46,020)
			\$ (46,020)
		Net Increase (decrease) to fund balance	\$ (316,499)
Gun Range Facility Fund			
Revenues			
402-000.00-632.200	Police-firearms range rental	Licenses, permits, and charges for services	\$ 35,000
			\$ 35,000
		Net Increase (decrease) to fund balance	\$ 35,000
Peg Cable - Capital Fund			
Revenues			
463-000.00-664.000	Interest on investments	Interest income	\$ 3,000
			\$ 3,000
		Net Increase (decrease) to fund balance	\$ 3,000
Ice Arena Fund			
Revenues			
590-000.00-653.801	Youth hockey and ice rentals	Program revenue	\$ (275,000)
590-000.00-653.802	Concession sales	Program revenue	(80,000)
590-000.00-653.805	Learn to skate	Program revenue	(35,000)
590-000.00-653.806	Public skating/open skate	Program revenue	(30,000)
590-000.00-653.822	Leagues and tournaments	Program revenue	(30,000)
			\$ (450,000)
Expenditures			
590-000.00-817.100	Management contract-staff cost	Other services and charges	\$ (150,000)
590-000.00-960.802	Concessions cost of goods sold	Program expenditures	(45,000)
590-000.00-816.000	Professional services	Other services and charges	(5,000)
590-000.00-934.000	Building maintenance	Other services and charges	(50,000)
			\$ (250,000)
		Net Increase (decrease) to fund balance	\$ (200,000)

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Senior Housing Fund			
Revenues			
594-000.00-665.000	Miscellaneous income	Other Revenue	\$ 2,100
			<u>\$ 2,100</u>
Expenditures			
594-000.00-969.034	SNR014 Front Entry Redesign	Capital Outlay	\$ (277,916)
			<u>\$ (277,916)</u>
		Net Increase (decrease) to fund balance	\$ 280,016
Water and Sewer Fund			
Expenditures			
592-592.00-748.100	Water Service Installations	Other Services and charges	\$ 50,000
592-000.00-965.400	Transfer to Capital Improvement Program (CIP) Fund	Transfers out	(339,950)
592-592.00-816.038	Asset Location Svc (GIS/GPS)	Other Services and charges	(23,067)
			<u>\$ (313,017)</u>
		Net Increase (decrease) to fund balance	\$ 313,017
Self Insurance - Health Care Fund			
Revenues			
677-000.00-687.001	Pharmacy rebate/refunds	Other Revenue	\$ 82,000
			<u>\$ 82,000</u>
Expenditures			
677-677.00-882.400	Employee Wellness Program	Other Services and charges	\$ 10,000
			<u>\$ 10,000</u>
		Net Increase (decrease) to fund balance	\$ 72,000