



**CITY OF NOVI CITY COUNCIL
JANUARY 27, 2025**

SUBJECT: Approval of resolution to authorize Budget Amendment #2025-3

SUBMITTING DEPARTMENT: Finance

KEY HIGHLIGHTS:

- No net change to General Fund, Major Streets, and Local Streets fund balance
- Net increase to Municipal Street Fund's fund balance of \$546,000 from favorable revenue projections to date in the three street funds.
- Net increase of \$75,000 to Parks, Recreation and Culture Fund fund balance due to the sale of older adult transportation vehicles and interest income.
- Net decrease to Capital Improvement Program of \$115,094 due to splash pad donations lower than expected and property tax bill for land purchased on 8 Mile adjacent to ITC Park.

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 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.

The second quarter budget amendment resolution and budget amendment details are attached.

GENERAL FUND 101

The budget amendment proposes a net zero dollar change to fund and keeps the fund within Council set limits. The ending fund balance estimate is \$12,829,502. Significant proposed adjustments are discussed below:

Revenues

- Interest income increase of \$506,965 to reflect actual earnings for the first half of the current fiscal year due to interest staying at higher levels than expected nationally.
- State and other grant increases of \$28,715 the City Clerk secured for election laptops and election drop box at the Civic Center.
- State shared revenue proposed decrease of \$122,715 due to the most recent State of Michigan estimates. The original budget was prepared using the State of Michigan's estimate of state shared revenue back in March 2024.

Expenditures

• Personnel Services

- Public safety personnel services have a proposed budget increase of \$266,860. Approximately \$104,000 is for final payouts of those officers retiring during the fiscal year. Police overtime is trending higher than expected largely due to President Trump's visit to Novi and ongoing investigations related to events at this year's State Fair. Unfortunately, there is no reimbursement available for the City's security services. In addition, new fire stipends are higher than expected. The new stipends were an effort to address staffing shortages and attract more candidates, the City offered recruitment signing bonuses of \$10,000, \$5,000 or \$3,500 depending on their certifications when hired. The letter of understanding which addresses the staffing shortages and bonuses will be reviewed for its effectiveness on or by January 23, 2025. As of the date of this memo, the LOU will be extended for another six months.

• Other Services and Charges

- Savings from the City's annual audit fee will be used to offset the cost of identity theft protection services for the police department.
- The aerial imagery subscription of \$11,500 was moved forward into fiscal year 2024 during the 2025 budget process; however, it did not make it into the final budget for fiscal year 2025. This is an annual subscription.
- Fire recruitment training – outside agencies have gotten out of the business of offering academies and allowing the City to send candidates free of charge when Novi provided instructions. Now, the City must fund the cost of the academies for new candidates.
- Fire building maintenance proposed increase of \$12,000 would cover administrative staff office moves amongst the various stations.
- Fire vehicle maintenance increase is due to an insurance claim. Revenue from the insurance company covers the cost of the repair.
- The City survey benchmarks update of \$25,000 was budgeted in fiscal year 2024 but was not rolled over as it was not capital outlay. The project is moving forward and the operating budget is being amended to cover this expenditure in 2025.
- Street lighting operations costs from DTE have increased in the current year.

- Parking lot maintenance at the civic center has additional costs for the raised driveway and walkway project in front of the civic center. This project was not budgeted but needed for the safety of residents and staff.
- **Supplies**
 - Fire recruit uniform costs are higher than expected due to more new hires to cover shifts which require additional equipment per officer. In addition, the outside training at community colleges also requires specific uniforms, rental equipment, and books. Previously, trainees attended night academies at neighboring departments which did not require specific equipment and books.
 - Fire furniture increase of \$12,000 is to cover a MAAF grievance settlement for the addition of new heavy-duty recliners in each station for the staff while on duty.
- **Transfers out**
 - The transfers out to parks and recreation of \$25,000 was originally budgeted to subsidize free rides for seniors within the City's city limits. With the transfer of older adults' transportation to PEX, the transfer is no longer necessary.

MAJOR, LOCAL AND MUNICIPAL STREET FUNDS 202, 203 & 204

- **Revenues**
 - Reallocation of funding between the Major, Local and Municipal Street Funds as the City expects increases in gas and weight tax revenues from the State, increase in interest income and contributions from local units due to cost sharing agreements. The new increase to the street funds totals \$546,000

PARKS, RECREATION, AND CULTURAL SERVICES FUND 208

The proposed budget amendment has an increase to fund balance of \$75,000. The Parks fund sold its older adult transportation vehicles to outside parties earning approximately \$72,000. In addition, interest income is coming in higher than expected as well as several older adult program revenues.

TREE FUND 213

The proposed budget amendment has an increase to fund balance of \$44,060. The fleet division has postponed the purchase of a new light duty vehicle.

CAPITAL IMPROVEMENT FUND 401

The proposed budget amendment has a decrease to fund balance of \$115,094. Donations for Jessica's Splash Pad came in \$77,269 less than expected. In addition, the prior year purchase of land off 8 Mile, adjacent to ITC, had summer and winter property taxes of \$52,249 that was not budgeted for. The property will not be considered a "tax free" parcel until tax year 2025 (fiscal year 2026).

PUBLIC IMPROVEMENT FUND 445

Funding for General Fund and Parks and Recreation capital projects not completed during fiscal year 2024 were placed in this new capital projects fund. The fiscal year 2024 budgets were not previously rolled over into fiscal year 2025. The amendment moves unspent funds into fiscal year 2025. The total rollover amount of \$2,433,475 is the exact amount of the fund balance in this fund at 6/30/24.

SENIOR HOUSING FUND 574

The Meadowbrook Commons pickleball court project is expected to come in \$100,000 below projected budget. The savings will increase fund balance.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2025-3.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2025-3 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Interest Income	\$ 528,965
State Sources	(94,000)
Other Revenue	27,900
TOTAL REVENUES	<u>\$ 462,865</u>
APPROPRIATIONS	
City Manager	
Other Services and Charges	\$ 7,455
Finance Department	
Other Services and Charges	(9,085)
City Clerk	
Other Services and Charges	25,000
Capital Outlay	5,200
Integrated Solutions - Technology	
Other Services and Charges	11,500
Police Department	
Personnel Services	166,860
Fire Department	
Personnel Services	100,000
Supplies	43,000
Other Services and Charges	45,000
Department of Public Works - Engineering	
Other Services and Charges	25,000
Department of Public Works - Field Operations	
Other Services and Charges	58,035
Community Relations - Admin	
Other Services and Charges	9,900
Transfers to Other Funds	
Transfers Out	(25,000)
TOTAL APPROPRIATIONS	<u>\$ 462,865</u>
Net Increase (Decrease) to Fund Balance	<u>\$ -</u>
Ending Fund Balance	\$12,829,502
Fund Balance as a % of total annual expenditures	30%
MAJOR STREET FUND	
REVENUES	
Federal Grants	\$ 8,016
State Sources	154,284
Other Revenue	249,924
Interest Income	48,776
Transfer In	(461,000)
TOTAL REVENUES	<u>\$ -</u>
Net Increase (Decrease) to Fund Balance	<u>\$ -</u>
Ending Fund Balance	\$1,474,344
Fund Balance as a % of total annual expenditures	10%

**INCREASE
(DECREASE)**

LOCAL STREET FUND

REVENUES	
State Sources	\$ 57,083
Interest Income	27,917
Transfers In	(85,000)
TOTAL REVENUES	\$ -
Net Increase (Decrease) to Fund Balance	\$ -

Ending Fund Balance	\$929,171
Fund Balance as a % of total annual expenditures	10%

MUNICIPAL STREET FUND

APPROPRIATIONS	
Transfers Out	\$ (546,000)
TOTAL APPROPRIATIONS	\$ (546,000)
Net Increase (Decrease) to Fund Balance	\$ 546,000

Ending Fund Balance	\$1,544,882
Fund Balance as a % of total annual expenditures	14%

PARKS, RECREATION, & CULTURAL SERVICES FUND
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REVENUES	
Program Revenue	\$ 17,500
Donations	1,465
Interest Income	5,715
Other revenue	71,820
Transfers In	(25,000)
TOTAL REVENUES	\$ 71,500
APPROPRIATIONS	
752 Other Services and Charges	\$ 34,500
752 Capital Outlay	(50,000)
757 Older Adult Program Expenditures	12,000
TOTAL APPROPRIATIONS	\$ (3,500)
Net Increase (Decrease) to Fund Balance	\$ 75,000

Ending Fund Balance	\$986,682
Fund Balance as a % of total annual expenditures	26%

TREE FUND

APPROPRIATIONS	
Capital Outlay	\$ (44,060)
TOTAL APPROPRIATIONS	\$ (44,060)
Net Increase (Decrease) to Fund Balance	\$ 44,060

CORRIDOR IMPROVEMENT AUTHORITY FUND
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REVENUES	
Property Tax Revenue	\$ 49,815
TOTAL REVENUES	\$ 49,815
Net Increase (Decrease) to Fund Balance	\$ 49,815

**INCREASE
(DECREASE)**

FORFEITURE FUND	
REVENUES	
Fines and Forfeitures	\$ (23,500)
Other Revenue	23,500
TOTAL REVENUES	\$ -
Net Increase (Decrease) to Fund Balance	\$ -
CAPITAL IMPROVEMENT PROGRAM (CIP) FUND	
REVENUES	
State Sources	\$ 10,555
Property Tax Revenue	4,049
Donations	(77,269)
TOTAL REVENUES	\$ (62,665)
APPROPRIATIONS	
Capital Outlay	\$ 52,429
TOTAL APPROPRIATIONS	\$ 52,429
Net Increase (Decrease) to Fund Balance	\$ (115,094)
PEG CABLE CAPITAL FUND	
REVENUES	
Interest Income	\$ 10,000
TOTAL REVENUES	\$ 10,000
APPROPRIATIONS	
Capital Outlay	\$ 36,235
TOTAL APPROPRIATIONS	\$ 36,235
Net Increase (Decrease) to Fund Balance	\$ (26,235)
PUBLIC IMPROVEMENT FUND	
APPROPRIATIONS	
Capital Outlay	\$ 2,433,475
TOTAL APPROPRIATIONS	\$ 2,433,475
Net Increase (Decrease) to Fund Balance	\$ (2,433,475)
SENIOR HOUSING FUND	
APPROPRIATIONS	
Capital outlay	\$ (100,000)
TOTAL APPROPRIATIONS	\$ (100,000)
Net Increase (Decrease) to Fund Balance	\$ 100,000

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 January 27, 2025

Cortney Hanson
City Clerk

Budget Amendment# 2025-3 - January 27, 2025

GL #	Project/Item Description	Budget Category	Amount
General Fund 101			
Revenues			
101-000.00-665.000	Interest income	Interest income	\$ 506,965
101-000.00-676.100	Insurance Reimbursement	Other revenue	18,000
101-000.00-665.400	Interest on interfund borrowing	Interest income	22,000
101-000.00-540.350	State and other grants	State sources	25,000
101-000.00-540.350	State and other grants	State sources	3,715
101-000.00-574.000	State revenue sharing	State sources	(122,715)
101-000.00-674.295	Donations - Winter Fest	Other revenue	9,900
			\$ 462,865
Expenditures			
101-172.00-956.200	Identity theft protection service -PD	Other services and charges	\$ 7,455
101-191.00-803.000	Independent audit	Other services and charges	(9,085)
101-215.00-802.215	Data processing - elections	Other services and charges	25,000
101-215.00-982.021	Postage machine	Capital outlay	5,200
101-228.00-943.002	Aerial imagery subscription	Other services and charges	11,500
101-301.00-704.250	Final payout	Personnel services	103,860
101-301.00-706.000	Overtime	Personnel services	63,000
101-336.00-704.200	Wages - stipends	Personnel services	100,000
101-336.00-740.200	Furniture	Supplies	13,000
101-336.00-741.337	Uniforms - new recruits	Supplies	30,000
101-336.00-934.000	Building maintenance	Other services and charges	12,000
101-336.00-957.005	Recruitment training	Other services and charges	15,000
101-336.00-935.000	Vehicle maintenance	Other services and charges	18,000
101-441.10-816.059	SIP046 City Survey Bnchmrks Updt(ph1 &2)	Other services and charges	25,000
101-441.20-924.000	Street lighting operations	Other services and charges	15,000
101-441.20-931.265	Parking Lot Maintenance/Civic Center	Other services and charges	43,035
101-725.00-880.650	Winter Fest	Other services and charges	9,900
101-966.00-995.208	Transfer to Parks and Rec	Transfers out	(25,000)
			\$ 462,865

Net Increase (decrease) to fund balance \$ -

Ending Fund Balance	\$12,829,502
Fund Balance as a % of total annual expenditures	30%

Major Street Fund 202			
Revenues			
202-000.00-508.450	Federal grants	Federal grants	\$ 8,016
202-000.00-546.000	Gas and weight tax	State sources	154,284
202-000.00-581.000	Contributions from local units	Other revenue	249,924
202-000.00-665.000	Interest in investments	Interest income	48,776
202-000.00-699.204	Transfer from Municipal Street Funds	Transfers in	(461,000)
			\$ -

Net Increase (decrease) to fund balance \$ -

Ending Fund Balance	\$1,474,344
Fund Balance as a % of total annual expenditures	10%

Local Street Fund 203			
Revenues			
203-000.00-546.000	Gas and weight tax	State sources	57,083
203-000.00-665.000	Interest in investments	Interest income	27,917
203-000.00-699.204	Transfer from Municipal Street Funds	Transfers in	(85,000)
			\$ -

Net Increase (decrease) to fund balance \$ -

Ending Fund Balance	\$929,171
Fund Balance as a % of total annual expenditures	10%

Municipal Street Fund 204			
Expenditures			
204-000.00-995.202	Transfer to Major Streets Fund	Transfers out	\$ (461,000)
204-000.00-995.203	Transfer to Local Street Fund	Transfers out	(85,000)
			\$ (546,000)

Net Increase (decrease) to fund balance \$ 546,000

Ending Fund Balance	\$1,544,882
Fund Balance as a % of total annual expenditures	14%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Parks, Recreation, and Cultural Services Fund 208			
Revenues			
208-000.00-674.249	Commemorative program donations	Donations	\$ 700
208-000.00-674.638	Theater donations revenue	Donations	765
208-000.00-665.000	Interest in investments	Interest income	5,715
208-000.00-693.000	Sale of fixed assets	Other revenue	71,820
208-000.00-693.000	Transfer from General Fund	Transfers in	(25,000)
208-000.00-653.555	Older adults - travel program	Older adult program revenue	7,000
208-000.00-653.551	Older adult - golf league	Older adult program revenue	10,500
			\$ 71,500
Expenditures			
208-752.00-934.027	Tennis court repairs - ITC	Other services and charges	\$ 22,000
208-752.00-802.150	Service charges - Active Agreement	Other services and charges	2,500
208-752.00-936.251	Cemetery maintenance - council goal repair	Other services and charges	5,000
208-752.00-974.085	Park development - entryway signs	Other services and charges	5,000
208-752.00-981.014	LOT022 ParkLot & add'l spaces -Lake Shore	Capital outlay	(50,000)
208-757.00-960.555	Older adults - travel program	Older adult program expenditures	5,000
208-757.00-960.511	Older adults - golf league	Older adult program expenditures	7,000
			\$ (3,500)
Net Increase (decrease) to fund balance			\$ 75,000

Ending Fund Balance	\$986,682
Fund Balance as a % of total annual expenditures	26%

Tree Fund 213			
Expenditures			
213-000.00-983.088	LDV033 LDV 640 - DPW Forestry	Capital outlay	\$ (44,060)
			\$ (44,060)
Net Increase (decrease) to fund balance			\$ 44,060

Corridor Improvement Authority (CIA) Fund 246			
Revenues			
246-000.00-402.000	Property tax revenue - current	Property tax revenue	\$ 49,815
			\$ 49,815
Net Increase (decrease) to fund balance			\$ 49,815

Forfeiture Fund 262			
Revenues			
262-000.00-655.500	DEA federal forfeiture funds	Fines and forfeitures	\$ (23,500)
262-000.00-676.110	Insurance reimbursement - federal	Other revenue	23,500
			\$ -
Net Increase (decrease) to fund balance			\$ -

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Capital Improvement Program 401			
Revenues			
401-000.00-402.000	Property tax revenue - current	Property taxes	\$ 4,049
401-000.00-573.000	State Grants - local stabilization fund	State sources	10,555
401-000.00-665.018	Splash pad/Parks Foundation	Donations	(77,269)
			\$ (62,665)
Expenditures			
401-901.00-971.000	Land acquisition	Capital outlay	\$ 52,429
			\$ 52,429
		Net Increase (decrease) to fund balance	\$ (115,094)
PEG Cable - Capital Fund 463			
Revenues			
463-000.00-665.000	Interest in investments	Interest income	\$ 10,000
			\$ 10,000
Expenditures			
463.725.10-976.193	Studio VI Renovations	Capital outlay	\$ 36,235
			\$ 36,235
		Net Increase (decrease) to fund balance	\$ (26,235)
Pubic Improvement Fund 445			
Expenditures			
445-172.00-816.090	Novi Campus Traffic Study	Capital outlay	\$ 6,510
445-257.00-983.066	LDV016 LDV 140 - Assessing	Capital outlay	33,290
445-265.00-976.160	Bldg Generator FS #1 & #3	Capital outlay	139,683
445-265.10-982.037	FPM002 Wide Area Mower	Capital outlay	105,000
445-301.00-980.006	POL023 In Car Cameras & Body Cameras	Capital outlay	231,620
445-301.00-982.056	POL021 LRP System	Capital outlay	7,500
445-301.00-983.000	Vehicles	Capital outlay	213,919
445-336.00-852.002	PS25 Radio System Equipment	Capital outlay	4,901
445-371.00-983.070	LDV025 LDV 141- CD Building	Capital outlay	41,960
445-371.00-983.076	LDV026 LDV 138 - CD Building	Capital outlay	41,960
445-371.00-986.030	CDB01 CD Tech Upgrades Ph1-B	Capital outlay	4,258
445-441.20-975.021	ENG068 NSP 2021	Capital outlay	153,925
445-441.20-975.023	ENG068 NSP 2023	Capital outlay	200,000
445-441.20-976.125	FLD045 Salt Dome Replace	Capital outlay	3,265
445-441.20-982.085	Field Retroreflector Sign Shop	Capital outlay	9,300
445-441.30-982.031	Wood Chipper	Capital outlay	3,482
445-441.30-982.086	Enclosed ATV Trailer	Capital outlay	2,611
445-441.30-983.054	LDV w/ Plow 655	Capital outlay	86,309
445-441.30-983.055	LDV018 LDV 147 - DPW Field Op	Capital outlay	33,290
445-441.30-983.068	LDV026 LDV w/ plow 658	Capital outlay	86,309
445-441.30-984.037	FLT010 RDS Body Truck	Capital outlay	294,414
445-441.30-984.039	LFT011 RDS Truck w/ scrap	Capital outlay	300,788
445-701.00-816.033	Master Plan	Capital outlay	42,623
445-701.00-983.062	LDV017 LDV 143	Capital outlay	38,560
445-752.00-976.191	CTM001 Sound Dampen@Comm Bldg	Capital outlay	33,963
445-752.00-977.042	Building Generator & Gentrack	Capital outlay	64,300
445-752.00-977.090	ENG0521 Cemetery Enhance	Capital outlay	80,000
445-752.00-977.109	PRC049 Resrfc/Reline Tennis Courts	Capital outlay	73,150
445-752.00-977.111	PRC028d Trails incl playground	Capital outlay	36,887
445-752.00-981.014	LOT022 ParkLot & add'l spaces	Capital outlay	59,698
			\$ 2,433,475
		Net Increase (decrease) to fund balance	\$ (2,433,475)
Senior Housing Fund 574			
Expenditures			
574-000.00-977.110	ENG092 PickBall Crts(4) incl sdwlc etc.	Capital outlay	\$ (100,000)
			\$ (100,000)
		Net Increase (decrease) to fund balance	\$ 100,000