

City of Novi, Michigan

FISCAL YEAR 2007-2008 BUDGET MESSAGE



Dear Mayor Landry and City Council Members:

Analyze. Plan. Prepare. Execute. Adjust. Repeat.

The formula for keeping the virtuous circle rolling forward for Novi is hard at work. In a statistically valid survey last fall, 88% of Novi residents perceived overall quality of life in Novi as excellent or good with 76% agreeing that they would recommend Novi to friends as a place to live. The City's taxable value per capita for 2006 was \$64,569, which reflects a 7.3% increase in per capita value and investments from the previous year. Simultaneously, in Novi, as in the State of Michigan, we have dealt over the past year with some sobering economic restructuring—a stressed residential housing market, a static industrial sector, and commercial and office opportunities that, while still strong, saw somewhat less advancement than in earlier years. Recognizing these economic realities, the Fiscal Year 2007/08 Budget acknowledges our municipal responsibilities, the tools which we have available to achieve the City Council's stated goals, and a vision for meeting the challenges of the future through Analyze. Plan. Prepare. Execute. Adjust. Repeat.

Analyze

John Naisbitt (of *'Megatrends'* and *'Mind Set!'* fame) writes that he starts out reading the sports section of the newspaper because that's the only place where the "score" is accurately kept. Businesses may put out performance numbers but they are often restated. By contrast, reading a baseball box score, you know how things stand with a team. Jim Collins (*'Good to Great'*) talks about the need to confront brutal facts: "Retain unwavering faith that you can and will prevail in the end, regardless of the difficulties, *and at the same time* have the discipline to confront the most brutal facts of your current reality, whatever they might be."

In local government, we don't have automatic scorecards, so there's more supposition involved. And before you can confront your current reality, you have to know what it is. At the City of Novi, we have taken strong steps over the past year to measure the state of things and to put the City Council and the administration in a position to address it.

Our "flagship" measurement for this year is the citizen perception survey that was conducted in October and November 2006 using the National Citizen Survey. The National Citizen Survey is a great analytical tool for our City because it has consistent questions and allows for comparisons of the responses by our citizens with those of other communities nationwide. The survey process included an opportunity for honest feedback from our City employees as well.

We scored relatively high with both groups, but we want to know what areas “scored” better in order to benchmark and improve. We use measures from the survey throughout the budget document. We want to compare ourselves to and learn from great cities. In January 2007, staff published a Comparison Cities Benchmark of development review to show sample inputs and results.

We also propose in this budget to continue to develop and use traditional means of analysis. Traffic studies, utility usage and projections, and facilities surveys are a few ways we have gathered data from the past and used it to project the future. We have developed a solid inventory of such data with which to plan, and building on that with new information from new inquiries is essential to performing this most fundamental task in the formula.

Plan

I believe the **Plan** portion of the formula on which this transmittal is premised is where we have made the most strides moving forward together over the last year. Planning requires taking a step back from the bustle of everyday work and assessing how to get from some current reality to a desired outcome. Planning also requires a clear goal. In furtherance of this step of the strategic formula, the City Council last year established specific goals it wants the City to reach. It is the administration’s task, with our partners in the region, to lay out the roadmap for getting there. Supported by the facts, brutal or otherwise, sound plans have been assembled for your consideration. Planning is continuous. We suggest additional work in the areas of senior services and facilities for the Novi of the future. We are planning fire facilities in the future and expanded regionalization and sharing.

The budget document provides the foundation to build upon the completed plans submitted to you. The plans are in keeping with the City Council’s strategic goals. One of the Council’s goals, for example, was to ‘improve infrastructure.’ The community-wide storm water detention facilities evaluation, which makes specific recommendations for improvements and maintenance activities, and the Beck Road “scoping” study, which discusses different proposals for upgrades to that taxed roadway, are just two examples of planning documents created to make stated goals new realities. Likewise, these plans were produced with reliance on both technical consultants who are experts in certain areas and guidance from our staff organization-wide that have their own expertise and first-hand knowledge of Novi. This combination and deployment of both “inside” and “outside” resources has been efficient and effective.

Prepare

Staff training, evaluating and addressing technology and equipment needs, setting and correcting staffing levels and prioritizations—these are just some of the elements required in order to meet the goals of a plan in a public organization. These elements are the preparation before jumping into the fray. While these things tend to occur mostly “behind the scenes,” they are an indispensable part of the strategic process and therefore require support even if they appear less apparent than other parts.

For example, economic development is clearly a high priority of the Council. In preparing to meet the City’s newly-adopted (December 2006) economic development goals, we at the administrative level spent time preparing exactly what it would take in time and resources to get those done. In January, 2007, various staffing, organizational, and resource preparations were rolled out and today we are finalizing those preparations while simultaneously moving forward on many of the new goals.

In many ways, this budget process is itself a “master list” of preparation steps that incorporates all of our adopted plans. In that broader context, you will see that there are not many “surprises” in the requests this time around. Most of the proposed service and capital improvements flow directly from the plans we have been working with for some time and are “known” initiatives. I believe this reflects well on the preparation and should provide for a smooth budget process given your expressions of opinion in prior plans.

Execute

Results are what matter. There is no point to having a plan if it doesn’t end in tangible positive results for Novi. We have a track record of infrastructure investments that have been prioritized, planned, funded and completed—and this budget contemplates the completion of even more with the Council’s direction and approval.

But infrastructure is not the only measure of action. Novi residents and businesses want quality services delivered when they want them and packaged how they want them. Like most mid-sized cities, we deliver water and sewer service, police and fire protection, emergency medical transportation, snow and ice control, parks and recreation programs, tree plantings and trimmings, libraries, zoning and planning reviews, building safety inspections, and business attraction programs. On these matters we are judged on how we execute those activities. This budget continues to fund those basic and expected services at what the staff and I believe to be appropriate levels—complete, but also lean and efficient.

Executing a plan, however, sometimes means having the discipline to say “no” to things that do not explicitly support or add to the goals and objectives of adopted plans—doing, in other words, more or less only what you planned for and prepared for. This strategy can be particularly appropriate in uncertain economic times such as these. Novi does not operate a public bus system, gymnasium, or a public sanitation/waste hauling system. These are laudable goals and done well by some city governments, but this budget proposes no new initiatives that would change the basic focus of our governing principles and makes no new inroads that would put at risk our ability to deliver the services and improvements our residents are used to getting.

Adjust

A sound strategic planning process in a city is one that has a firm foundation resistant to major course changes based upon a particular day’s headlines, but leaves the City nimble to change when times, circumstances, and common sense require it. Novi is fortunate in this regard to have a structure and a tradition resistant to losing focus but easily adaptable to current needs.

A good example of how we as an administration value opportunities to adjust and adapt is the new Parks, Recreation and Forestry Department online registration system. Designed initially with a complicated payment procedure that resulted in less use than expected, staff made alterations that were responsive to user comments and used additional resources made available and we now have a successful and appreciated on-line registration system. We also adjust our organization when required. We realigned resources into our Community Development Department and also our Parks, Recreation & Forestry Department to meet goals. The City’s concentric circle organizational chart reflects an organization aligned to meet strategic goals.

Of course, an organization cannot adjust unless it knows what has been successful and what has not achieved the desired results. An important element of this strategic approach is the

establishment of “scorecards” of how we are doing our basic jobs and executing our plans. This includes everything from reducing plan review time, to meeting financial targets, to timely completing improvements we’ve promised to make. I believe this is perhaps our biggest area of challenge but a source of great opportunity in the year ahead. Our software is being updated to give all of us more current financial input and results in a timely basis.

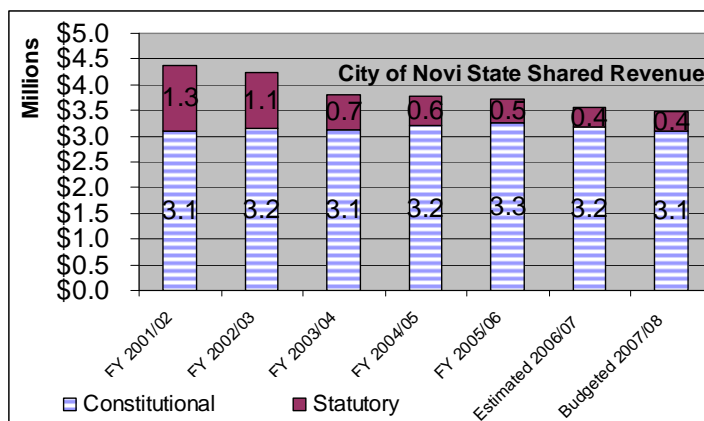
Repeat

In a public organization like a municipality, whose responsibilities might change from year to year or decade to decade but never really stop, the process described by this formula is never really complete. Cities change and are subjected to innumerable pressures and opportunities outside of their control, but consistent application of the strategic plan and review process, with an eye always toward public accountability and delivering good, basic, and promised services from the beginning is what guarantees the smooth working of all the parts that keep the virtuous elements of the Novi circle moving forward each year.

Issues with multi-year impact: Foundation for expanding the Fiscal Analysis

The following items, many with multi-year implications, are addressed in the proposed budget. The list of topics reinforces a commitment — prospectively anticipated for December, 2007— to begin a cycle of analysis and data gathering and corresponding City Council goal setting on the basis of multiple years of revenues and expenditures. While some agencies like Oakland County use a formal budgeting/projection cycle, we suggest expanding and committing staff time to regular review of our Fiscal Analysis. A multi-year look, recognizing the ever-changing parameters within which we work, still can greatly help the City Council as policymakers and the staff as implementers focus on the long-term and strategic aspects of budgeting rather than the current short-term, one-year perspective. Something closer to a two-year process also better complements the City’s long-term planning documents. We fully expect to devise an updated budget schedule to be in better synch with the November elections, City Council goal-setting, and the budget document formulation.

State Shared Revenue – The State of Michigan continues to have its fiscal plight. The condition results from a combination of State government structural problems and broad economic conditions. The dependency on sales tax collections in Michigan as the sole source for the State revenue pool, injects a degree of instability within the revenue source during periods of economic downturn. Even without adjustments for real dollar comparisons over time, the following graph illustrates the reduced revenue reality that Novi has been addressing.



The bulk of our State Shared Revenue calculation is constitutionally guaranteed and has been stagnant due to flat state-wide sales tax revenue. The statutory portion is a function of the State budget process, and that part—which has not in any event been transparently or consistently adhered to by the State—sunsets in September 2007. Combined with

the repeal of the Single Business Tax and the uncertainty of its replacement as of this writing, this revenue stream is difficult to project. In this budget, we feel the best solution is to assign that revenue to funding retiree health care in the amount of \$388,000.

One **positive** factor going forward for State Shared Revenue is the fact that the City committed itself to a special census count of Novi's population as of May 22, 2006. The City's official 2000 census was 47,386 and under state law, now that a more than 10% increase (to 52,270) is being sent to the State for verification, now Novi is eligible for additional State Shared Revenue. Unfortunately, the special allocation based upon proven population is not automatic, the Legislature and Governor would need to make a special appropriation in the midst of their budgetary dilemma. However, a (small) allocation has been made in recent budgets and once Novi has its number proven, we will advocate for our fair share. No expenditure has been budgeted based upon increased State Shared Revenue as a result of the special mid-decade census count.

Other Employee Post-employment Benefits – Under new accounting regulations that will become effective next year for Novi, local units of government will be required to make changes in how they report the cost of retiree health care benefits. This will not, however, present a reporting crisis for Novi. Since 1993, the City has had a retiree health care fund and has been progressively putting money aside for health care benefits. We have been making extra deposits, fully funding the last projected rates, and made significant progress in not adding legacy costs with new employees. As of the June 30, 2006 financial statement, the City of Novi had 48 retirees eligible and 40 retirees receiving benefits in accordance with labor contracts. In the current budget year, the City contributed approximately \$1,330,000 to the Retiree Health Care Fund based on a percentage of payroll for current employees. Retirees contribute 20% of their premiums.

As of June 30, 2006, when the last audit was completed, there was approximately \$5 million set aside for the Retiree Health Care Fund. The City specifically dedicated an additional \$268,000 payment in the FY 2005/2006 Budget beyond that already contributed and \$1 million in the FY 2006/07 budget. In addition, we want to continue as we did last year for the first time, to dedicate 100% of the actuary-recommended retiree health care contribution rate, a recognition totaling another approximately \$1,341,000 across departments as a percentage of payroll.

The last actuarial valuation (2002) estimated the unfunded accrued retiree health care liability at \$16 million. Assets of the Retiree Health Care Fund as of November 30, 2002 showed the plan was 15% funded at that time. The City has targeted 50% to 70% as an adequate funding level. Beginning in fiscal year 2008/09, the City will be required to comply with the accounting and financial reporting requirements of the Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other than Pensions*. The City is, as of this writing, beginning the process of seeking quotes to update the retiree health care valuation to determine the targeted contribution to the plan for FY 2008/09. The actuarial valuation will then be repeated biennially.

Cable Franchise Fees -- The City of Novi receives approximately \$290,000 annually in cable television franchise fees. This revenue is deposited into the General Fund and supports nearly \$70,000 directly in cable television operations, including a video production specialist, Civic Center audiovisual coordination, and technical equipment. The remaining revenue offsets Community Relations functions. As a result of the New Statewide Uniform Video Franchise Agreement, SWOCC and Novi are likely to eventually experience some financial loss.

However, SWOCC and the City of Novi will continue to receive a five percent franchise fee and one percent access grant. The amount of this impact cannot be determined at this time. Even though AT&T has filed a Uniform Video Franchise Agreement with the City of Novi, the Bright House response remains to be seen.

Drain Revenue and Perpetual Maintenance -- A citizen's committee helped establish a system for stormwater management which included a voter-approved dedicated property tax millage and system of user fees. Those systems, and its associated revenues, have been steadily built with water quality protections at the forefront. The intention was to create a self-sustaining system which over time could have the property tax millage (currently 0.5105, generating \$1.770 million in revenue) reduced or even eliminated.

In 2007, updated stormwater plans were completed, including analysis of the City's 15 regional detention basins with a plan for future construction improvements. Staff recently completed cost projections for maintenance of the eight stormwater drains in Novi, maintained directly by the Oakland County Drain Commissioner's office. The City's February 2007 Phase II Storm Water Study concluded that a manageable \$1 million in capital improvements over the next five years can be anticipated. Moreover, maintenance costs are being projected based upon experience.

With a combination of interest income in the Drain Perpetual Maintenance Fund (earned \$182,085 last fiscal year), reduced property tax for this portion of the City's millage in FY 2008/09, and the now-quantified future charges, **it is most likely that the millage for this purpose can be reduced in FY 2009/10 and beyond.**

The timing for this reduction as part of the next budget cycle works well with decisions to be made about a potential library construction millage (projected to be an average 0.2616 mills for debt service on the construction bonds), possible Headlee amendment impacts next year, and capital road construction. In other words, looking ahead, we have a real opportunity and flexibility to accommodate a library construction millage, if approved, **and** have revenue for needed capital improvements, if that is what we choose.

Roads – Road infrastructure was noted in our citizen perception survey results, just like other citizens throughout the country, as a high priority. As we have noted in each budget since working together, neighborhood roads remain an area of large reinvestment. We have also made, and will continue to make, substantial reinvestments in our arterial roads. As a result of a scoping study for Beck Road we have scheduled projects which include improvements to intersections and one road segment. Roadwork by its nature is multi-year with the budget/design/bid/construct cycle. The City of Novi has delivered road improvements with our street millage and a road bond dating back seven years now to November 2000. For FY 2007/08 we are able to fund \$2.5 million in construction plus another \$200,000 for designing the 2008 program. Looking ahead for funding, we will continue to utilize our street millage in addition to money from other sources.

Water and Sewer Funds -- Our Water and Sanitary Sewer Operations function as a self-sustaining enterprise fund of the City. For the prior fiscal year ending June 30, 2006, the water operation had operating revenues of \$14.413 million and expenditures (excluding depreciation) of \$13.969 million. The City, like most in the metropolitan region, buys its water from the Detroit Water and Sewerage Department in bulk and distributes and collects from users for water. DWSD has been advocating a model water contract agreement that could fix a bulk rate formula and supply requirements for the next decades. For sewer, the City has completed studies of its build-out capacity needs and quantified the treatment capacity that Novi needs to acquire. Each of these items is a long-term topic for a basic service.

Library -- The Novi Public Library is a resource with a governing board of directors appointed by the Mayor with the concurrence of the City Council. The property tax levy for the Novi Public Library is established by the Novi City Council as part of our review of the overall City budget. The existing library facility (23,000 square feet) has met the needs of our community, but space limitations impact services and resources due to the existing building's age and size. The citizens' perception survey reflected a relative low ranking of our number of items in circulation, a function of space constraint.

A unique opportunity exists with the generous contribution of \$1.0 million by the Walker Foundation and a November 2007 ballot measure seeking to raise \$16 million for a Novi Public Library expansion. If approved, the measure means that architectural design would commence over the winter. As described above with the Drain Fund discussion and other comments about the multi-year fiscal analysis, **the debt service for construction bonds of the library could be managed within the 10.5416 total City millage.**

Intergovernmental/Shared Services -- One of the positives of scarcity is conservation. For governments, when revenues are becoming scarce, there is heightened review of sharing services which frankly should be done at all times. The City has numerous existing shared services from emergency dispatch to facilities sharing with the schools to joint purchasing. As a starting point, the City has invested in a **review of existing services** (Analyze) with an eye towards expanding successful programs and creating new regionalization arrangements.

Federal Drug Asset Forfeiture -- Just as a special opportunity exists with the Walker Foundation for our Library, the City has substantial Federal Drug Asset Forfeiture Funds. By now, it is quite well known that the City has received \$6,472,102 in cash as of December 2006. Again, there are specific restrictions on the use of these funds and timeframe for commitment. Federal guidelines for these funds call for the City to commit at least another \$535,000 by June 30, 2007.

For the upcoming budget, it is recommended that a package of expenditures meeting the guidelines for timing and use be authorized:

- √ Critical Needs at Existing Police Headquarters -- \$519,050.
- √ Completely fund existing Police Headquarters debt issued in 1999 -\$1,353,742. This amount has been calculated to be what is additionally needed to set aside, eliminate the need for funds to be additionally dedicated in FY 2008/09.
- √ Complete construction of Indoor Gun Range at Field Services Complex -- \$725,300.

With an additional \$739,161 received in December, 2006 (after the last formal discussion on the allocation of funds), interest earnings, and previously received funds, there is approximately \$800,000 available for programming after the above three items are allocated.

Continuing to be a community welcoming to residents of all ages and backgrounds -- Novi is a diverse community in many ways and the City organization is striving to be accessible, understandable, and relevant to all these perspectives. The community profile is becoming more diverse and we want to have our communications in languages that reach our residents with important messages. The Parks, Recreation & Forestry Department strategic plan has been a leader in recognizing age diversity, quantifying the baby boomer growth and need for planning diverse youth and seniors programming, highlighting partnerships and volunteers wherever possible. The communications strategy and programming strategy on the part of the City will be something to focus upon for multiple years ahead.

Summary

Analyze. Plan. Prepare. Execute. Adjust. Repeat.

Under the City Charter, it is the City Manager's responsibility to present the City Council the recommended Fiscal Year 2007/08 Budget for the City of Novi. The policy document that has been assembled—it is much more than a statement of revenues and expenditures—is my responsibility, but as always is truly the work of many people who care about Novi and want it to excel. The “Analyze, Plan, Prepare, Execute, Adjust, Repeat” formula supplies the overall model that guided our thinking in putting this year's document together. The next portion of this transmittal provides a financial overview of what we have to work with as a community.

I have used the concept of the “virtuous circle” being at work in Novi—one in which each cycle ends in a positive result that then can be built upon to achieve even better results in the next cycle—and how that is made possible by our unique physical, cultural, and personnel resources. This balanced budget builds on previous City policies, actions, and successes; it assumes a cycle of analyzing issues and assets, planning for their resolution or use, preparing to achieve and then execute those plans, and setting up a system that adjusts to those results and leaves the City in a good position to do it all over again, even better.

Thank you to all the staff that made this budget document possible with their talents and energies. Thank you to the staff and community who commit themselves everyday to making Novi great. The staff and I look forward to working with you and the community on moving this budget agenda forward and making 2007/08 the best possible for Novi.

Respectfully submitted,

A handwritten signature in black ink that reads "Clay J. Pearson". The signature is written in a cursive, flowing style.

Clay J. Pearson
City Manager

c: Leadership Group

FY 2007/08 Budget Outlook

On November 27, 2006, the City Council received a report from our auditors which emphasized a “clean opinion” on our annual financial report. As a starting point, rest assured that Novi has sufficient resources to maintain its present success and, with proper stewardship, will continue to be successful in the future. In the last fiscal year, the City government lived within its means—General Fund revenues last fiscal year were \$29.507 million and expenditures totaled \$26.198 million, adding \$3.309 million to fund balance (includes money designated for obligations carried from the previous fiscal year).

The budget presented for this upcoming fiscal year is again balanced and fiscally conservative. Operationally, the various departments limited discretionary items and provided service improvement forms for specific review before including their items in the budget. Revenue projections are realistic. For instance, state revenue sharing projections from the State of Michigan are reduced 5% in the recommended budget (a 2.5% reduction factor was used last year) as added contingency for changes.

The City Council fulfilled their policy-setting role during the winter 2006-07 with a strategic planning process that began with their early input, checked that against the citizen perceptions survey, and culminated with the City Council adopting strategic goals. The budget is a means to achieve those community goals, but within the limits of the public resources that are entrusted to us. The discussion that follows is supplemented by the “Blue Book #2,” which is an additional resource providing a line-item budget reflecting all service improvement requests identified by our staff, detail on capital improvement requests, and resource requests for things like vehicles and equipment.

Revenues

The General Fund Budget for 2007/08 proposes revenue of \$34 million, including a planned appropriation of fund balance of \$3.188 million, which maintains fund balance at 14.3%. Our two main General Fund revenue sources are Property Tax (\$16.788 million) (excluding transfer from Police & Fire Millage) and State Shared Revenue (\$3.474 million). Together they account for 67% of the General Fund revenue for the year.

The total millage is proposed to remain steady at 10.5416, a rate which is below the maximum allowed by the City Charter. The Headlee Amendment rollback was again not necessary to be applied to our rates. That leaves 0.4509 mills of capacity--\$1.578 million in property taxes—below our City Charter and the Headlee Amendment caps that could have been levied in the proposed 2007 millage. In addition to the slightly lessened tax burden, that cushion is looked upon favorably by credit rating agencies as a signal of sound fiscal management and flexibility.

Five-Year Property Tax Millage Rates for Homestead Property					
(Per \$1,000 of Taxable Value)					
Millage Purpose	2003	2004	2005	2006	2007 Recommended
City of Novi					
Operating	4.4985	4.6422	4.6802	4.8051	4.8287
Debt Service	2.0600	2.0312	1.9932	1.8683	1.8447
Police & Fire	1.4388	1.4282	1.4282	1.4282	1.4282
Library	0.7776	0.7719	0.7719	0.7719	0.7719
Municipal Street	0.7776	0.7719	0.7719	0.7719	0.7719
Drain Revenue	0.6005	0.5105	0.5105	0.5105	0.5105
Parks & Recreation	0.3886	0.3857	0.3857	0.3857	0.3857
City of Novi Total	10.5416	10.5416	10.5416	10.5416	10.5416

The table above depicts the City of Novi millage rate. Outside taxing jurisdictions set their own rates. In fact, the City of Novi levy for police, fire, public works, parks, etc. is 28% of the total property tax bill. In other words, for every dollar of residential property tax paid, \$0.28 goes to City services.

As described earlier, taxable value in Novi continues to grow. While housing starts and values have been relatively flat, new construction of office and retail construction specifically is still occurring and increasing in Novi. Work is in the pipeline now to assure this trend for the next two to three years. Property valuation trends are an important retrospective indicator of economic health. Valuation growth has been the driver to allow our City to meet service demands.

In 2006, the State Equalized Value (SEV) remained fairly constant for the majority (67.0%) of Novi residential properties. The Taxable Value of these properties (outside the City's control) grew by the State-established 3.7% Inflation Rate Multiplier (their version of the consumer price index) for 59.3% of residential properties (10,204 of 17,209 properties).

Five Year Taxable Value and State Equalized Valuation (SEV) History				
Tax Liability Year	State Equalized Valuation	% Change	Taxable Value	% Change
2003	\$3,196,088,910	7.5%	\$2,679,216,000	6.7%
2004	\$3,407,304,660	6.6%	\$2,900,646,354	8.3%
2005	\$3,580,551,380	5.1%	\$3,098,817,510	6.8%
2006	\$3,848,565,100	7.5%	\$3,364,061,500	8.6%
2007 Estimate	\$3,946,241,780	2.5%	\$3,550,406,740	5.5%

Novi's total taxable value rate of change moves larger than the SEV (e.g., 8.3% increase in 2004, SEV increased by 6.4%) largely due to the uncapping of properties from sales and the addition of new construction. In the coming decades, as Novi reaches build-out and ages, under current rules, yearly increases in taxable value will be closer to capped consumer price index (termed Inflation Rate Multiplier by the State of Michigan).

Expenditures

Total City General Fund expenditures are proposed to be \$34 million, which is an increase of 4.6% from the estimate from the previous fiscal year and includes a number of non-recurring capital and transfer items.

Public Safety functions of Police and Fire continue to represent the greatest areas of program appropriation, accounting for 52% of the total General Fund budget. Adding Community Development – Building, also a main participant in maintaining public safety, raises the percentage to 61%. The public safety component is up 8%, or \$1.402 million, from the previous fiscal year estimate.

Fund Balance

The estimated General Fund Unreserved/Undesignated Fund Balance in this budget is \$950,000 above the targeted 14% of General Fund Expenditures.

April 26, 2007 Postscript Note:

The following page summarizes the changes made to the 2007-2008 proposed budget during City Council's budget work sessions.

**CITY OF NOVI
2007-2008 GENERAL FUND BUDGET
SUMMARY OF CHANGES TO THE PROPOSED BUDGET**

	Change
Increase for total estimated cost of Renovations to Fire Stations 2 & 3	\$ 666,834
Reduction for Training & Development Specialist (part-time)	(29,780)
Reduction for DPW Facility Critical Needs (mechanical)	(189,735)
Reduction for mid-year promotion of Training & Standards Sergeant	(18,955)
Reduction for Police Department Capital items	(488,365)
Reduce for Space/Efficiency Recommendations for Civic Center Facility	(22,000)
Reduction for Land Use Studies	(60,000)
Reduce Transfer to Parks, Recreation & Forestry for (a) Cultural Liaison (part-time) and (b) Senior Programs & Facility Study	<u>(47,694)</u>
Reduction in appropriation of fund balance	<u><u>\$ (189,695)</u></u> *

*Designated for the 2008-9 DPW Trucks

**2007-2008 PARKS, RECREATION & FORESTRY FUND BUDGET
SUMMARY OF CHANGES TO THE PROPOSED BUDGET**

Reduction in Transfer from General Fund	\$ 47,694
Reduction for Cultural Liaison (part-time)	(23,694)
Reduction for Senior Programs & Facility Study	<u>\$ (24,000)</u>
	<u><u>\$ -</u></u>

**2007-2008 FEDERAL FORFEITURE FUND BUDGET
SUMMARY OF CHANGES TO THE PROPOSED BUDGET**

Add Police Vehicles	\$ 233,000
Add Clemis Records & Data Migration	42,100
Add In-car Laptop Replacement	116,560
Add PC, Laptop & Printer Replacement (in preparation for CLEMIS)	96,705
Add Digital In-car Cameras for Marked Patrol Car Units	<u>304,146</u>
Increase in appropriation of fund balance	<u><u>\$ 792,511</u></u>



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Organizational Chart

Mayor and City Council Office of the City Manager

Citizens

Police

- * Preventive Patrol
- * Communications
- * Records & Investigation
- * Emergency Preparedness and Management

Fire

- * Fire Suppression
- * Emergency Medical Services Response
- * Fire Prevention/Inspections
- * Emergency Preparedness and Management

Volunteer Boards & Commissions

Public Safety

Public Works

- * Road Maintenance
- * Ice & Snow Removal
- * Sanitary Sewer System Management
- * Water System Management & Operations
- * Storm Drain Maintenance & Operations

Parks, Recreation & Forestry

- * Park Maintenance
- * Park Development
- * Forestry
- * Recreation
- * Senior Services
- * Meadowbrook Commons/Ice Arena

Parks, Recreation & Cultural Services

City Clerk

Customer Service & Communications

Assessing

- Finance/Treasury
- Human Resources
- Information Technology
- Geographic Information
- Purchasing
- Neighborhood & Business Relations

Infrastructure

Engineering

- * City Construction Projects & Inspection
- * Capital Improvement Program
- * Private Development Site Plan Review—Infrastructure
- * Right-of-Way permits

Schools

Natural Features

Engineering

- * Watershed Stewardship
- * Rouge River Liaison

Fiscally Responsible Government

Business

Private Sector Investments

Homeowner Associations

Growth Management & Economic Development

Community Development

- * Long-Range Planning
- * Private Development Site Plan Review
- * Environmental Planning
- Master Plan and Zoning
- * Soil Erosion and Sedimentation Inspections
- * Building Plan Review Inspections and Permits

Federal, State, County Government

Civic Organizations

Appendix C

CURRENT CONSTRUCTION PROJECT INVENTORY

City Manager's Recommended and Funded Capital Improvements

ROADWAY PROJECTS	2006-2007 Estimate	2007-2008 Proposed	FUTURE YEARS	Total	FUNDING SOURCE/NOTES
Neighborhood rehabilitation/repaving program	\$ 1,700,000	\$ 2,700,000	TBD	\$ 4,400,000	City Road funds (Subject to funding)
Novi Road Link: Ten Mile Road to Grand River Avenue – RCOC Project	\$ 750,000	\$ 20,871,000		\$ 21,621,000	\$2,200,000 - City portion from Road Bond funds & Tri-party; balance from RCOC & Federal funds
Beck Road, Ten Mile Road to Eleven Mile Road, Repaving	\$ 405,000	\$ 465,000		\$ 870,000	Major Street Fund
Orchard Hill Place Rehabilitation, Eight Mile and Haggerty Roads (Paser 3); Replace Concrete with Asphalt		\$ 500,000	\$ 577,000	\$ 1,077,000	Major Roads Fund
Cabot Drive Construction Contribution (Ryder)		\$ 380,000		\$ 380,000	City Roads Fund
Crowe Drive-Ingersoll Drive Reconstruction (Paser 5/6)/Partnership with Town Center		\$ 247,000		\$ 247,000	City Road Funds/Town Center
Grand River Avenue widening: Novi Road to Meadowbrook Road		\$ 50,000	\$ 2,000,000	\$ 2,050,000	2006-7 RCOC \$500,000 (early preliminary engineering) City road funds cost share in subsequent years
12 Mile Island Irrigation Project		\$ 90,000		\$ 90,000	Municipal Street Fund
Haggerty Road: Eight Mile to Ten Mile (eliminate 2-lane pinch points on Novi side)	\$ 340,000			\$ 340,000	Municipal Street Fund (In cooperation with Farmington Hills and RCOC)
Northwest Quadrant of Ring Road	\$ 150,000			\$ 150,000	Municipal Street Fund & grant funds
Intersections/Signalization:					
Beck Road and Ten Mile Road intersection and signal upgrades		\$ 405,000		\$ 405,000	Municipal Street Fund
Thirteen Mile and Meadowbrook Signal Upgrades		\$ 75,000		\$ 75,000	Municipal Street Fund
Twelve Mile Road/Cabot Drive	\$ 39,000			\$ 39,000	Municipal Street Fund
Fourteen Mile and Novi Rd signal improvements	\$ 50,000			\$ 50,000	Municipal Street Fund
Twelve Mile Road west of West Park Dr Intersection improvements	\$ 100,000			\$ 100,000	Municipal Street Fund
SIDEWALKS and NON-MOTORIZED PATHWAYS PROJECTS	2006-2007 Estimate	2007-2008 Proposed	FUTURE YEARS	Total	FUNDING SOURCE/NOTES
Ten Mile, Wildcat to Taft, 5' Sidewalk for North Side		\$ 110,000		\$ 110,000	Municipal Street Fund
Ten Mile Road, Meadowbrook to Orchard Hills North, 8' Pathway for South Side		\$ 75,000		\$ 75,000	Municipal Street Fund
Bike Trail Rehabilitation		\$ 145,796	TBD	\$ 145,796	Municipal Street Fund
Nine Mile Road sidewalk: Gaps from Taft Road to Beck Road	\$ 100,000			\$ 100,000	Municipal Street Fund
Ten Mile Road sidewalk: Connections between Taft and Beck Roads	\$ 50,000			\$ 50,000	Municipal Street Fund
Meadowbrook Road sidewalk improvements (8 Mile to 10 Mile gaps; west side)	\$ 130,000			\$ 130,000	Municipal Street Fund

CURRENT CONSTRUCTION PROJECT INVENTORY

City Manager's Recommended and Funded Capital Improvements (continued)

WATER DISTRIBUTION SYSTEM PROJECTS	2006-2007 Estimate	2007-2008 Proposed	FUTURE YEARS	Total	FUNDING SOURCE/NOTES
Section 1 Water Main, 16" Main East of M-5, Thirteen Mile Road to Fourteen Mile Road		\$ 800,000		\$ 800,000	Water & Sewer Funds
Construct Water Main Across DPW Property on 11 Mile to Loop Water Main		\$ 236,000		\$ 236,000	Water & Sewer Funds
Replace Existing Pressure Reducing Valve at Grand River		\$ 122,000		\$ 122,000	Water & Sewer Funds
Replace Existing Pressure Reducing Valve at Ten Mile Road		\$ 122,000		\$ 122,000	Water & Sewer Funds
Install New Pressure Reducing Valve at Pontiac Trail Connection to DWSD		\$ 100,000	\$ 200,000	\$ 300,000	Water & Sewer Funds
Replace 16" water main on Beck Road from Grand River to Eleven Mile with a 24" main to provide increased pressure	\$ 695,698			\$ 695,698	Water & Sewer Funds (Design Engineering awarded 2/7/05)
Install Citywide instrumentation/control system for City utility system	\$ 150,000			\$ 150,000	Water & Sewer Funds
Install 12" water main on Pontiac Trail, from West Park Drive to West City limits, and south to existing Beck North Corporate Park	\$ 650,000		\$ 550,000	\$ 1,200,000	Water & Sewer Funds
Section 1 & 12 water main, 16" main east of M-5, Thirteen Mile Road to Fourteen Mile Road.	\$ 800,000			\$ 800,000	Water & Sewer Funds
SANITARY SEWER SYSTEM PROJECTS	2006-2007 Estimate	2007-2008 Proposed	FUTURE YEARS	Total	FUNDING SOURCE/NOTES
Additional Capacity Purchase of the North Huron Valley/Rouge Valley System from Western Townships Utilities Authority (WTUA)		\$ 5,000,000		\$ 5,000,000	Water & Sewer Funds
Capacity Management Operation & Maintenance (CMOM) Program - Cleaning & Television of Sanitary Sewers		\$ 361,000	\$ 730,000	\$ 1,091,000	Water & Sewer Funds
Orchard Ridge Sanitary Upgrades		\$ 40,000		\$ 40,000	Water & Sewer Funds
Install Citywide Instrumentation & Control System for City Sanitary Sewer Systems (SCADA)		\$ 500,000		\$ 500,000	Water & Sewer Funds
Upgrades to Bellagio Sanitary Lift Station		\$ 146,000		\$ 146,000	Water & Sewer Funds
Napier Road Sanitary Lift Station Upgrades (Generators)		\$ 48,000		\$ 48,000	Water & Sewer Funds
Upgrades to Hudson Sanitary Lift Station		\$ 98,000		\$ 98,000	
Lanny's Road Sanitary Relief Sewer (necessary to provide capacity for Eleven Mile/Wixom project)	\$ 1,013,000			\$ 1,013,000	Water & Sewer Funds
Continuation of Sanitary Sewer Evaluation Survey (SSES)	\$ 100,000			\$ 100,000	Water & Sewer Funds
Capacity Management Operation and Maintenance (CMOM) study phases II and III	\$ 200,000		\$ 200,000	\$ 400,000	Water & Sewer Funds
Construction of diversion from Walled Lake WWTP to NHV/RV interceptor	\$ 115,000			\$ 115,000	Water & Sewer Funds
Rehabilitation of Country Place and Stonehenge pump stations (two oldest stations)	\$ 250,000			\$ 250,000	Water & Sewer Funds
Rehabilitation of Hilton pump station	\$ 100,000			\$ 100,000	Water & Sewer Funds

CURRENT CONSTRUCTION PROJECT INVENTORY

City Manager's Recommended and Funded Capital Improvements (continued)

STORM WATER SYSTEM PROJECTS	2006-2007 Estimate	2007-2008 Proposed	FUTURE YEARS	Total	FUNDING SOURCE/NOTES
C&O Basin Improvements		\$ 162,000		\$ 162,000	Drain Revenue Fund
Bishop Basin Improvements		\$ 127,000		\$ 127,000	Drain Revenue Fund
Dam Alterations at Meadowbrook Lake		\$ 217,500		\$ 217,500	Drain Revenue Fund
GIS Mapping of Regional Basins & Storm Sewer Facilities		\$ 50,000		\$ 50,000	Drain Revenue Fund
Village Oaks Lake Dredging	\$ 190,061			\$ 190,061	Drain Revenue Fund
Streambank stabilization along Middle Rouge (Section 26)**	\$ 55,000			\$ 55,000	Drain Revenue Fund
Study performance and suitability of existing regional detention basins	\$ 30,000			\$ 30,000	Drain Revenue Fund
Sedimentation evaluation of existing regional basins	\$ 30,000			\$ 30,000	Drain Revenue Fund
Drainage improvements north of Ten Mile Road and east of the CSX tracks	\$ 37,500		\$ 612,500	\$ 650,000	Drain Fund and CMI Grant (estimated City contribution \$37,500 for the 2006-7 phase)
PARKS, RECREATION & FORESTRY	2006-2007 Estimate	2007-2008 Proposed	FUTURE YEARS	Total	FUNDING SOURCE/NOTES
Power Park Phases 2 & 3		\$ 560,000	\$ 544,400	\$ 1,104,400	General Fund Transfer
Community Sports Park Soccer Field Renovations		\$ 150,000	\$ 663,400	\$ 813,400	General Fund Transfer
Community Sports Park storage/maintenance facility	\$ 152,000			\$ 152,000	General Fund Transfer
Community Sports Park ball field improvements	\$ 34,000			\$ 34,000	General Fund Transfer
Power Park renovation - Phase 1	\$ 342,000			\$ 342,000	General Fund Transfer
Village Oaks/Orchard Hills West Park development and master plan - Phase 1	\$ 50,500			\$ 50,500	General Fund Transfer
Lakeshore Park shelter	\$ 35,500			\$ 35,500	General Fund Transfer