



**CITY OF NOVI CITY COUNCIL
MARCH 10, 2025**

SUBJECT: Approval of resolution to authorize Budget Amendment #2025-4

SUBMITTING DEPARTMENT: Finance

KEY HIGHLIGHTS:

- Determining funding mechanisms for several unbudgeted projects and initiatives.
- General Fund: Futurist consultant for March 3, 2025 special meeting and 2050 Strategic Plan consultant
- CIP Fund: Shawood Island purchase, Geotech services at site of proposed new public safety building and Plante Moran Realpoint services on proposed public safety building

BACKGROUND INFORMATION:

The City's annual budget is adopted by the third Monday in May each year and is effective July 1st each year. In accordance with the State Budget Act, budget amendments are to be 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. Historically the administration has presented quarterly budget amendments, but several contracts have been awarded or will be awarded for projects that were not part of the adopted budgets to date.

The proposed budget amendment resolution and budget amendment details are attached for the projects/initiatives as follows:

GENERAL FUND 101

The Long-Range Strategic Planning Committee recommended a 2050 Community Strategic Plan for the City. Proposals were due to the City by January 21, 2025. The City received 20 proposals. The Long-Range Strategic Planning Committee is working to narrow down their selection. The estimated cost is \$150,000 which will be incurred over a 12–18-month period (starting in fiscal year 2025 and unspent balance rolled

over to fiscal 2026). \$50,000 will be budgeted in FY 2025 with \$100,000 reducing the estimated increase to fund balance in fiscal year 2026. There are currently no budgeted funds for this project.

The special Council meeting held on March 3, 2025, was hosted by a guest speaker, a futurist. The cost of the futurist is \$25,000. This consultant was not part of the current amended budget, and the city council conferences and workshops budget has no funds available to cover this expenditure.

During the fiscal year 2025 budget process, it was predicted the General Fund would end fiscal year 2024 with a net loss of \$3,031,754 (see budget book page 60, \$41 million in revenues vs. \$44 million in expenditures, the difference being roll over projects). The fiscal year 2024 audited financial statements show a General Fund net loss of only \$2,361,003. The General Fund ended fiscal year 2024 \$670,751 better than expected. The \$670,751 went to fund balance at 6/30/24 and puts the fund overall ahead of the three-year plan passed in the 2024/205 budget. The funding of the long-term planning and futurist are proposed as a use of fund balance and uses some of the savings from last fiscal year.

CAPITAL IMPROVEMENT FUND 401

The proposed budget amendment has a use of fund balance of \$277,245. The CIP fund is a required budgetary fund and must have sufficient budgets for all expenditures. The purchase of Shawood Lake Island of \$210,000 was not originally budgeted. In addition, the land purchase on 11 Mile (across from DPW facility) requires geotechnical services to ensure the land is suitable for the new public safety building. In the past, these services have been charged to the fund where the land was originally purchased from. In this case, that is the CIP fund. Plante Moran Realpoint owner's representative services for the new public safety building were also not budgeted. These services are estimated to cost \$110,000 and be performed before the issuance of the bond. The CIP deficit elimination plan submitted to the State of Michigan in January 2025, showed the CIP Fund has \$2.3 million available for these proposed costs.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2025-4.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2025-4 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
APPROPRIATIONS	
City Council	
Other Services and Charges	25,000
City Manager	
Other Services and Charges	\$ 50,000
TOTAL APPROPRIATIONS	<u>\$ 75,000</u>
Net Increase (Decrease) to Fund Balance	<u>\$ (75,000)</u>

Ending Fund Balance	\$12,754,502
Fund Balance as a % of total annual expenditures	30%

CAPITAL IMPROVEMENT PROGRAM (CIP) FUND	
REVENUES	
Other Revenue	\$ 68,000
TOTAL REVENUES	<u>\$ 68,000</u>
APPROPRIATIONS	
Capital Outlay	\$ 345,245
TOTAL APPROPRIATIONS	<u>\$ 345,245</u>
Net Increase (Decrease) to Fund Balance	<u>\$ (277,245)</u>

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 March 10, 2025

Cortney Hanson
City Clerk

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund 101			
Revenues			
			<u>\$ -</u>
Expenditures			
101-101.00-956.000	Conferences and workshops	Other services and charges	\$ 25,000
101-172.00-816.XXX	2050 Strategic Plan	Other services and charges	50,000
			<u>\$ 75,000</u>
		Net Increase (decrease) to fund balance	\$ (75,000)
Ending Fund Balance		\$12,754,502	
Fund Balance as a % of total annual expenditures		30%	

Capital Improvement Program 401			
Revenues			
401-000.00-693.000	Sale of Fixed Assets	Other revenue	\$ 68,000
			<u>\$ 68,000</u>
Expenditures			
401-901.00-971.000	Land acquisition	Capital Outlay	210,000
401-301.00-977.044	Public Safety Building - geotechnical services	Capital Outlay	25,245
401-301.00-977.044	Public Safety Building - RealPoint	Capital Outlay	110,000
			<u>\$ 345,245</u>
		Net Increase (decrease) to fund balance	\$ (277,245)

	<u>General Fund</u>		<u>CIP Fund</u>	
	Current Budget			
	<u>Audited</u>	<u>Budget</u>	<u>Audited</u>	<u>Budget</u>
	<u>2023-2024</u>	<u>2024-2025</u>	<u>2023-2024</u>	<u>2024-2025</u>
Total Revenues	\$ 43,121,724	43,799,093	4,623,562	4,954,335
Total Appropriations	45,482,727	43,053,982	9,979,598	3,302,057
Net Revenues (Appropriations)	(2,361,003)	745,111	(5,356,036)	1,652,278
Beginning Fund Balance	\$ 14,445,394	\$ 12,084,391	\$ (3,695,068)	\$ (9,051,104)
Ending Fund Balance	\$ 12,084,391	\$ 12,829,502	\$ (9,051,104)	\$ (7,398,826)

Budget Adjustments	
Revenue: Increase revenue for sale of the property at the water tower/RC Track	68,000
Appropriations:	
Futurist during the March 3 meeting	25,000
2050 Community Strategic Plan*	50,000
Purchase of Shawood Lake Island	210,000
Geotech testing proposed public safety site	25,245
Plante RealPoint owners rep	110,000

Proposed Budget				
Total Revenues	\$ 43,121,724	\$ 43,799,093	4,623,562	5,022,335
Total Appropriations	45,482,727	43,128,982	9,979,598	3,647,302
Net Revenues (Appropriations)	(2,361,003)	670,111	(5,356,036)	1,375,033
Beginning Fund Balance	\$ 14,445,394	\$ 12,084,391	\$ (3,695,068)	\$ (9,051,104)
Ending Fund Balance	\$ 12,084,391	\$ 12,754,502	\$ (9,051,104)	\$ (7,676,071)

*The remaining \$100,000 will impact FY 2026. It is currently not a budgeted project, therefore the budgeted increase to fund balance of \$956,639 will fall to \$856,639.