



CITY OF NOVI CITY COUNCIL
JUNE 23, 2025

SUBJECT: Approval of resolution to authorize Budget Amendment #2025-6

SUBMITTING DEPARTMENT: Finance

KEY HIGHLIGHTS:

- General Fund increase to fund balance \$2,365
- General Fund budget shortages for paid on call and auxiliary recruitment and staffing
- Parks funding for Villa Barr pathway
- CIP funding of Villa Barr Pathway and new public safety building costs

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.

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

GENERAL FUND 101

Revenue

- Penalty and interest revenue on the current tax year came in \$17,125 higher than originally estimated.
- The City was reimbursed by our insurance provider for several vehicle repairs (\$48,750).
- Personal property tax reimbursement from the State of Michigan's Local Community Stabilization Authority (LCSA) was \$14,110 higher than estimated.

- State Shared Revenue is predicted to be \$60,000 higher than the current budget as of June 16, 2025 state website estimator.
- Actual interest on Trust and Agency Funds is \$358,255 greater than the current budget. The trust and agency fund (tax fund) is closed out for the year and no additional interest revenue will be earned.
- Interest on investments is estimated to end the year \$145,000 greater than the current budget.
- Total additional revenue is estimated to be **\$643,240**.

Expenditure

- Additional funds are needed in the finance department budget to account for the final payout of the finance director's PTO as well as for professional services to assist the finance department in the director's absence. A total proposed increase of \$32,500.
- City Hall electricity costs are higher than originally expected. The same can be seen in the Parks and Recreation budget (which will be discussed below). City hall's proposed increase is \$20,000.
- New fire recruit hiring costs have far exceeded budget and continue to grow. The proposed budget amendment includes an additional **\$15,000** for new recruit uniforms, **\$16,700** recruitment-POC, and **\$40,000** for training. Chief Martin stated the City has hired over 40 new members since February of 2022. Costs for new hires include (but not limited to) physical agility testing, outside firm to conduct background investigations, physiological exam, medical exam, uniform/bunker gear, training programs (including equipment, uniforms, books), and salary for working training shifts. The number of new hires without any training far exceeds those that come to the City with previous experience. The cost of the training program, Firefighter I/II and EMT-B through community colleges is the largest of the expenses. Each program requires specific equipment, uniforms, and books for each program. In the past, these specific items were not required as the City utilized neighboring departments for the training. With the lack of these programs available now, the costs have risen significantly. The cost of equipment and uniforms has also risen over the past several years. In addition, background checks in the past were done in-house, today, background checks are outsourced at \$950 each. The proposed budget includes **\$14,300** for medical service fees for the new recruits (background checks and medical exams). It is important to note, the POC recruitment costs are still less than if the City were to go with a 24-hour full-time fire department. The recruitment costs need to be addressed.
- In an effort to recruit top talent, stipends were provided to new firefighters who came in with some level of training. The memo of understanding for the stipends was signed after the FY 2025 budget was approved and it was unknown what the stipends would amount to. The stipends were successful in bringing in new recruits; however, at a cost to the City. In addition, stipends are provided to those part time officers based on the number of shifts they work. Again, in an effort to ensure shifts are being fully staffed. The stipend was not included in the original budget based on the timing of the signed contract. Both of these stipends are included in the proposed budget of **\$106,625**.

- The remaining fire personnel increases of \$90,000 (POC) and \$110,000 (Aux firefighters) are due to ensuring proper coverage and training of the recruits. POC and Aux must be staffed with fully trained staff for each shift as well as recruits being staffed as they work to become fully trained. The doubling up of staff is causing additional costs to both of these personnel lines. Once each recruit is fully staffed, the City will see these lines decrease in costs and level off to previous year's levels.
- Fire vehicle maintenance has a proposed budget increase of \$48,750 due repairs on the fire engines as the City awaits the new fire engines.
- Community development salary and wages are proposed to increase \$150,000. The department's salary has been adjusted to meet market rates with current staff as well as an increased rate for several new hires.

As a reminder, the original budget for fiscal year 2025 had a planned increase to fund balance of \$745,111. City council voted to use \$160,000 and \$25,000 for the Long Range Strategic Plan, Plante Moran Realpoint and futurist. The June 2, 2025 budget amendment increased fund balance by \$347,000; however, during the council meeting, council voted to move the \$347,000 to the Public Improvement Fund to fund future capital.

PARKS, RECREATION, AND CULTURAL SERVICES FUND 208

At the January 27, 2025 Council Meeting held at Fox Run, Mayor Fischer stated the need for a pathway at Villa Barr. He suggested funding be provided from the \$75,000 of older adult vehicle sales (the revenue was previously included in a budget amendment to increase fund balance, the current budget amendment shows the use of fund balance for a net \$0 effect), \$68,000 for the sale of the property at the water tower, reduction of \$40,490 of current year expenditures for not purchasing a budgeted OAS vehicle, and \$112,500 of savings from the older adult transportation being outsourced to PEX. The total savings and income for sale of assets provides \$300,000 for the proposed pathway. Additional proposed budget amendments are to reflect year to date activity for the various programs of the parks and recreation fund.

CAPITAL IMPROVEMENT FUND 401

The proposed budget amendment reflects actual revenue receipts for the splash pad donations, donation for the purchase of Shawood Lake Island, and additional funding provided by the State of Michigan LCSA personal property taxes. On the expenditure side, the purchase of land around the water tower was made from the CIP fund, therefore the revenue from the sale of the small section of this property was recorded here. The CIP fund will use the \$68,000 from the sale to assist in funding the Villa Barr pathway. In addition, in order to keep all costs regarding the new public safety building property in one location, the CIP fund has recorded expenditures related to Geotech services on the land for the location of the new public safety building.

ICE ARENA FUND 570

The ice arena budget amendment estimates annual revenue and expenditures for the remainder of the year. Big ticket items for the building maintenance at the arena include but are not limited to: rubber flooring in bleachers, top end rebuild on compressor, rental of generator, many repairs to the dehumidifier, and repairs to the hot water/pump/boiler.

SELF INSURANCE FUND 677

The City is self-insured for all employees who have HAP health insurance plans. In the prior years, only Blue Cross and Priority were premium based plans. Beginning in January 2025, the Priority high-deductible plan was transferred to a HAP high-deductible plan and became part of our self-insurance fund. The claims have increased above our original planned budget. It is estimated the fund will end the year with a fund balance of \$2.7 million.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2025-6.

Budget Amendment 2025 -6

FY 2024/25
BA 2025-6

**\$503,000 of
interest
earnings from
investments**

FY 2024/25
Staff Recommendation

**Use of realized
interest income to
offset expenditure
overages**

FY 2025/26

**If additional savings
at year end (*which
staff believes there
will be*) those funds
will be recommended
to be moved to the
Public Improvement
Fund.**

Insurance Self Funded Fund

Estimated FY 2025 ending Fund Balance \$2.7 M

The City transitioned to a self-funding model in 2020. Assuming risk of claim costs.

Since 2020, the City has experienced positive claim activity, until this year. Due to some large claims **\$555,000** is being requested from the fund to cover the overage



With the addition of HAP high deductible plan, prescription and health costs were higher than originally expected.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2025-6 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Property Tax Revenue	\$ 17,125
State Sources	74,110
Other Revenue	48,750
Interest Income	503,255
TOTAL REVENUES	\$ 643,240
APPROPRIATIONS	
City Council	
Other Services and Charges	(3,000)
Finance Department	
Personnel Services	22,500
Other Services and Charges	10,000
Integrated Solutions - Facility Management	
Other Services and Charges	20,000
Fire Department	
Personnel Services	306,625
Other Services and Charges	134,750
Community Development - Building	
Personnel Services	150,000
TOTAL APPROPRIATIONS	\$ 640,875
Net Increase (Decrease) to Fund Balance	\$ 2,365
Ending Fund Balance	\$12,646,867
Fund Balance as a % of total annual expenditures	29%

**INCREASE
(DECREASE)**

PARKS, RECREATION, & CULTURAL SERVICES FUND
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REVENUES

State Sources	\$	4,860
Program Revenue		41,500
Donations		15,000
Older Adult Program Revenue		1,510
TOTAL REVENUES	\$	62,870

APPROPRIATIONS

752	Other Services and Charges	\$	20,000
752	Capital Outlay		232,000
756	Program Expenditures		24,380
757	Older Adult Program Expenditures		(98,020)
757	Capital Outlay		(40,490)
TOTAL APPROPRIATIONS		\$	137,870

Net Increase (Decrease) to Fund Balance	\$	(75,000)
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Ending Fund Balance	\$911,681
Fund Balance as a % of total annual expenditures	23%

LIBRARY FUND

REVENUES

Property tax revenue	\$	(6,490)
State sources		3,049
Fines and forfeitures		400
Interest Income		11,828
Other Revenue		15,908
Donations		6,006
TOTAL REVENUES	\$	30,701

APPROPRIATIONS

Personnel Services		\$	(26,712)
Supplies			(3,700)
Other Services and Charges			(32,200)
TOTAL APPROPRIATIONS		\$	(62,612)

Net Increase (Decrease) to Fund Balance	\$	93,313
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**INCREASE
(DECREASE)**

LIBRARY CONTRIBUTION FUND

REVENUES

Donations	27,327
Interest Income	34,948
TOTAL REVENUES	<u>\$ 62,275</u>

APPROPRIATIONS

Supplies	16,027
Capital Outlay	(109,916)
TOTAL APPROPRIATIONS	<u>\$ (93,889)</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ 156,164</u></u>
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2008 LIBRARY CONSTRUCTION DEBT FUND
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APPROPRIATIONS

Debt Service	500
TOTAL APPROPRIATIONS	<u>\$ 500</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ (500)</u></u>
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CAPITAL IMPROVEMENT PROGRAM (CIP) FUND

REVENUES

State Sources	\$ 22,980
Donations	24,700
TOTAL REVENUES	<u>\$ 47,680</u>

APPROPRIATIONS

Capital Outlay	\$ 98,000
TOTAL APPROPRIATIONS	<u>\$ 98,000</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ (50,320)</u></u>
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GUN RANGE FACILITY FUND

REVENUES

Interest Income	11,000
Licenses, Permits, and Charges for Services	42,000
TOTAL REVENUES	<u>\$ 53,000</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ 53,000</u></u>
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**INCREASE
(DECREASE)**

ICE ARENA FUND	
REVENUES	
Program Revenue	228,000
TOTAL REVENUES	\$ 228,000
APPROPRIATIONS	
Other Services and Charges	210,000
TOTAL APPROPRIATIONS	\$ 210,000
Net Increase (Decrease) to Fund Balance	\$ 18,000

SELF INSURANCE - HEALTH CARE FUND	
REVENUES	
Interest Income	100,000
TOTAL REVENUES	\$ 100,000
APPROPRIATIONS	
Personnel Services	655,000
TOTAL APPROPRIATIONS	\$ 655,000
Net Increase (Decrease) to Fund Balance	\$ (555,000)

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 June 23, 2025.

Cortney Hanson
City Clerk

Budget Amendment# 2025-6 - June 23, 2025

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund 101			
Revenues			
101-000.00-445.000	Penalty and interest	Property tax revenue	\$ 17,125
101-000.00-676.100	Insurance Reimbursement	Other revenue	48,750
101-000.00-573.000	State Grants - Local Comm Stab	State sources	14,110
101-000.00-574.000	State revenue sharing	State sources	60,000
101-000.00-665.000	Interest on investments	Interest income	145,000
101-000.00-665.700	Interest on Trust and Agency Funds	Interest income	358,255
			<u>\$ 643,240</u>
Expenditures			
101-101.00-956.101	Conferences and workshops	Other services and charges	(3,000)
101-191.00-704.250	Final Payout	Personnel services	22,500
101-191.00-816.000	Professional services	Other services and charges	10,000
101-265.00-922.000	Electricity	Other services and charges	20,000
101-336.00-704.200	Wages - Stipend	Personnel services	106,625
101-336.00-705.310	POC firefighters-pretraining	Personnel services	90,000
101-336.00-705.350	Auxiliary firefighters	Personnel services	110,000
101-336.00-741.337	Uniforms - New recruits	Other services and charges	15,000
101-336.00-804.002	Medical Service - New Recruit Candidates	Other services and charges	14,300
101-336.00-882.300	Recruitment - Paid on Call	Other services and charges	16,700
101-336.00-957.005	Recruitment Training	Other services and charges	40,000
101-336.00-935.000	Vehicle maintenance	Other services and charges	48,750
101-371.00-704.000	Permanent salaries	Personnel services	150,000
			<u>\$ 640,875</u>
Net Increase (decrease) to fund balance			\$ 2,365

Ending Fund Balance	\$12,646,867
Fund Balance as a % of total annual expenditures	29%

Parks, Recreation, and Cultural Services Fund 208			
Revenues			
208-000.00-573.000	State Grants - Local Comm Stab	State sources	\$ 4,860
208-000.00-675.205	Villa Barr Donations (Parks Foundation)	Donations	12,500
208-000.00-674.900	Contributions	Donations	2,500
208-000.00-653.001	Adult softball league	Program revenues	15,500
208-000.00-653.020	Sportsfield rentals	Program revenues	11,500
208-000.00-653.319	Youth flag football	Program revenues	14,500
208-752.00-653.557	Older Adults - Transportation	Older Adult Program Revenues	(8,490)
208-000.00-653.564	Older Adults - Massage	Older Adult Program Revenues	6,000
208-000.00-653.567	Older Adults - Fitness	Older Adult Program Revenues	4,000
			<u>\$ 62,870</u>
Expenditures			
208-752.00-802.100	Bank Service Charges	Other services and charges	\$ 20,000
208-756.00-922.000	Electricity	Other services and charges	25,000
208-756.00-960.006	Youth basketball league	Other services and charges	8,250
208-756.00-960.642	Dance Programs	Program expenditures	25,000
208-756.00-960.644	Art Programs	Program expenditures	12,000
208-756.00-960.509	Sports Camp	Program expenditures	(41,390)
208-757.00-983.084	LDV034 LDV 207 - PRCS OAS	Capital Outlay	(40,490)
208-752.00-977.091	Villa Barr Pathway	Capital Outlay	300,000
208-752.00-977.092	Villa Barr Pathway (allocated to CIP)	Capital Outlay	(68,000)
208-752.00-960.557	Older Adults - Transportation	Older Adult Program Expenditures	(112,500)
208-757.00-960.564	Older Adults - Massage	Older Adult Program Expenditures	6,000
208-757.00-960.567	Older Adults - Fitness	Older Adult Program Expenditures	4,000
			<u>\$ 137,870</u>
Net Increase (decrease) to fund balance			\$ (75,000)

Ending Fund Balance	\$911,681
Fund Balance as a % of total annual expenditures	23%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Library Fund 271			
Revenues			
271-000.00-402.000	Property Tax Revenue - Current Levy	Property Tax Revenue	\$ 549
271-000.00-415.000	Property Tax Revenue - County Chargebacks	Property Tax Revenue	(7,039)
271-000.00-567.000	State Aid	State Sources	9,947
271-000.00-573.000	State Grants - Local Comm Stabilization	State Sources	(6,898)
271-000.00-659.000	Library Book Fees	Fines and Forfeitures	400
271-000.00-669.500	Gain (loss) on Investment	Interest Income	11,828
271-000.00-674.289	Adult Programs	Donations	6,006
271-000.00-675.000	Miscellaneous Income	Other Revenue	500
271-000.00-675.006	Car Charging Revenue	Other Revenue	30
271-000.00-675.100	Copier	Other Revenue	5,000
271-000.00-675.300	Meeting Room	Other Revenue	10,000
271-000.00-675.404	Novi Township Assessment	Other Revenue	378
			\$ 30,701
Expenditures			
271-000.00-704.000	Permanent Salaries	Personnel Services	\$ (32,405)
271-000.00-704.210	Vacation Payout	Personnel Services	(2,342)
271-000.00-704.250	Final Payout	Personnel Services	6,922
271-000.00-705.000	Temporary Salaries	Personnel Services	(25,267)
271-000.00-715.000	Social Security	Personnel Services	(4,000)
271-000.00-716.000	Insurance	Personnel Services	22,000
271-000.00-716.200	HAS - Employer Contribution	Personnel Services	900
271-000.00-716.999	Insurance - Employee Reimbursement	Personnel Services	(3,500)
271-000.00-717.000	Workers Compensation	Personnel Services	200
271-000.00-718.000	Pension - DB Normal Cost	Personnel Services	(4,320)
271-000.00-718.200	Pension - Defined Contribution	Personnel Services	16,000
271-000.00-719.000	Unemployment Insurance	Personnel Services	(900)
271-000.00-740.000	Operating Supplies	Supplies	6,800
271-000.00-740.200	Supplies - Desk Chairs and Cabinets	Supplies	(3,500)
271-000.00-741.000	Supplies - Uniform	Supplies	(500)
271-000.00-742.010	Library Books - Lending	Supplies	(7,000)
271-000.00-745.300	Electronic Resources (CD Rom Materials)	Supplies	500
271-000.00-802.000	Data Processing	Other Services & Charges	(700)
271-000.00-816.000	Professional Services	Other Services & Charges	(5,000)
271-000.00-817.000	Custodial Services	Other Services & Charges	(3,500)
271-000.00-820.001	Insurance Deductibles/Uninsured Claims	Other Services & Charges	(10,000)
271-000.00-851.000	Telephone	Other Services & Charges	1,300
271-000.00-922.000	Electricity	Other Services & Charges	(9,500)
271-000.00-935.000	Vehicle Maintenance	Other Services & Charges	300
271-000.00-936.300	Grounds Maintenance	Other Services & Charges	(5,000)
271-000.00-942.100	Records Storage	Other Services & Charges	(100)
			\$ (62,612)
Net Increase (decrease) to fund balance			\$ 93,313
Library Contribution Fund 272			
Revenues			
272-000.00-665.000	Interest in Investments	Interest Income	\$ 12,753
272-000.00-669.500	Gain (loss) on Investments	Interest Income	22,195
272-000.00-674.036	Diversity, Equity, & Inclusion	Donation	(500)
272-000.00-674.046	Makerspace Renovation Revenue	Donation	3,822
272-000.00-674.229	Raising a Reader Sponsors	Donation	(1,000)
272-000.00-674.230	Collections/Materials Revenue	Donation	4,638
272-000.00-674.231	Buildings/Ground/Furniture Revenue	Donation	3,069
272-000.00-674.232	Programming Revenue	Donation	11,598
272-000.00-674.233	Technology Library Revenue	Donation	(1,000)
272-000.00-674.234	Undesignated Misc Donations	Donation	(1,000)
272-000.00-674.235	Marketing Sponsorships	Donation	7,700
			\$ 62,275
Expenditures			
272-000.00-742.046	Makerspace iCube	Supplies	\$ 1,000
272-000.00-742.230	Collections/Materials Expense	Supplies	4,638
272-000.00-742.231	Buildings/Ground/Furniture Expense	Supplies	1,000
272-000.00-742.232	Programming Expenditures	Supplies	10,589
272-000.00-742.234	Undesignated Misc	Supplies	(300)
272-000.00-742.236	Staff Recognition	Supplies	(900)
272-000.00-976.000	Building Improvements	Capital Outlay	(19,000)
272-000.00-976.140	Automated Return System	Capital Outlay	(86,152)
272-000.00-976.141	Main Entrance Design	Capital Outlay	(18,000)
272-000.00-976.143	Wifi Upgrade	Capital Outlay	13,236
			\$ (93,889)
Net Increase (decrease) to fund balance			\$ 156,164

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Library Construction Fund (371)			
Expenditures			
371-000.00-994.000	Interest expense	Debt service	\$ 500
			<u>\$ 500</u>
Net Increase (decrease) to fund balance			\$ (500)
Capital Improvement Program 401			
Revenues			
401-000.00-665.018	Splash Pad/Parks Foundation	Donations	\$ 7,200
401-000.00-674.000	contributions and Donations	Donations	17,500
401-000.00-573.000	State Grants - Local Comm Stabilization	State sources	22,980
			<u>\$ 47,680</u>
Expenditures			
401-752.00-977.091	Villa Barr Pathway	Capital Outlay	\$ 68,000
401-301.00-977.044	Public Safety Building	Capital Outlay	30,000
			<u>\$ 98,000</u>
Net Increase (decrease) to fund balance			\$ (50,320)
Gun Range Facility Fund 409			
Revenues			
409-000.00-632.200	Police - firearms range rental	Licenses, permits & charges for services	\$ 42,000
409-000.00-665.000	Interest in investments	Interest income	11,000
			<u>\$ 53,000</u>
Net Increase (decrease) to fund balance			\$ 53,000
Ice Arena Fund 570			
Revenues			
570-000.00-653.801	Youth hockey and ice rentals	Program revenue	\$ 186,000
570-000.00-653.805	Learn to skate	Program revenue	42,000
			<u>\$ 228,000</u>
Expenditures			
570-000.00-817.100	Management contract - staff costs	Other services and charges	\$ 100,000
570-000.00-934.000	Building maintenance	Other services and charges	110,000
			<u>\$ 210,000</u>
Net Increase (decrease) to fund balance			\$ 18,000
Self Insurance - Health Care Fund 677			
Revenues			
677-000.00-665.000	Interest in investments	Interest income	\$ 100,000
			<u>\$ 100,000</u>
Expenditures			
677-677.00-716.002	Health Insurance Claims	Personnel services	\$ 600,000
677-677.00-716.003	Pharmacy Claims	Personnel services	25,000
677-677.00-716.004	Stop Loss Insurance	Personnel services	30,000
			<u>\$ 655,000</u>
Net Increase (decrease) to fund balance			(555,000)