



BUDGET MESSAGE



FY 2019-20 Recommended BUDGET MESSAGE

April 1, 2019

Dear Honorable Mayor, City Council Members, and Residents of the City of Novi:

This is a golden opportunity to start planning for the next 50 years.

Novi continues to grow at a steady, if not robust (compared to other communities), pace as we celebrate 50 years as a City. In just 50 years we have become the 17th largest city in the State of Michigan and one of fourteen organizations in the State that carries a AAA Bond Rating. Money Magazine recently rated Novi as the 23rd best place to live in the country and best place to live in Michigan.

To keep pace with growth, this budget has the **General Fund** spending more the \$2 million annually in each of the next three years on capital-related items including technology, Public Safety equipment, a state of the art Department of Public Works building, and other City facility upgrades and updates in order to serve the growing demands of the City of Novi.

As in most organizations, **personnel** carries a large emphasis in the budget. In this budget we have included enough personnel to ensure programs run efficiently and effectively:

- Added a full-time Assistant Fire Chief position to assist with oversight and supervision now that all stations are staffed 24/7;
- Added a full-time Code Compliance Officer position to work with residents/businesses to ensure Novi continues to have high quality housing and businesses. Our pilot program last year received almost 80% compliance;
- Added a full-time Planner position to help with development needs and ensure more timely reviews as the City moves forward according to the Master Plan;
- Added a full-time Transportation Coordinator position to add stability and expertise to the expanded Older Adult Services transportation program (formally performed by all part-time personnel)

Road conditions and traffic congestion continue to be a high priority for City Council. Therefore, we have more than \$14.2 million in new road projects planned for FY 2019/2020 and more than \$29.0 million scheduled over the next three years. This includes \$5.7 million for completion of the Crescent Boulevard Reconstruction (aka Northwest Quadrant Ring Road) project to help with the Grand River Avenue/Novi Road traffic congestion and \$3.7 million for local roads and concrete panel replacement, all in Fiscal Year 2019/2020. This budget also has an additional \$1.7 million that will be spent to improve the safety and capacity of several high volume intersections throughout Novi over the next three years.

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We also plan on addressing some of the significant **sidewalk gaps** throughout the city; which have also been a priority for City Council. This budget includes more than \$3.5 million in sidewalk and pathway improvements over the next three years. The budgeted \$1.1 million in Fiscal Year 2019/2020 is for repairs and extensions to the boardwalks along with completion of segments to provide access to the ITC trail from certain neighborhoods.

The City of Novi continues to invest significantly in **water and sewer** infrastructure on an annual basis to ensure the transmission and distribution systems are adequate now and into the future. More than \$7.5 million in water and sewer capital improvements are planned over the next three years; all being paid from current rates and not having to issue debt while keeping annual rate increases very low compared to other communities.

While development is critical to continued prosperity of the city, providing our residents **park land** and green space is also a high priority. The City has purchased several parcels of land over the past couple of years and the budget includes more than \$1 million over the next three years for upgrades such as: new playground equipment, pickle ball fields, and adding lighting to some of the existing ball fields. These improvements go along with the \$2 million budgeted for new soccer fields in the 2018/2019 budget.

We continue to aggressively address **legacy costs** associated with current and prior employees. The OPEB fund (Other Post Employment Benefits or retiree healthcare) is now more than 105% funded and our pension fund is almost 66% funded. We plan on additional contributions, over and above the minimum required amounts by our actuary, in each of the next three years to get the funding level to 100% as quick as possible. The pension contribution increases by \$300,000-\$500,000 annually each of the next three years.

Fiscal Year 2019/2020 marks the first year of the **Corridor Improvement Authority** (CIA) tax capture to fund improvements in the Grand River Avenue corridor. We will be able to continue the tax growth here but also capture 50% of other taxes to be invested in the regional destination.

The City plans to think locally but work regionally to maximize our community's value. This challenges us as we keep up with the withdrawal of State funding for communities. According to the Michigan Municipal League (MML), the State of Michigan has withheld from the City of Novi more than \$18.5 million from the **State Shared Revenue** (SSR) formula since 2002. That funding would have gone a long way for the pre-mentioned projects and pension liabilities.

In closing, the City of Novi continues to have one of the lowest tax rates for full-service Cities in the entire State of Michigan. The 10.5376 mills have been significantly reduced from the City charter authorized rates of 13.3 mills. Despite the loss of the ability to levy these mills, the City continues to provide world-class services to its residents, businesses and visitors as attested to by the recent recognition from Money Magazine and overwhelmingly positive National Citizen Survey results.

As you will see in the following budget document, we are proud of our 50 year history as a City and are ready to take on the next 50 years.

Respectfully submitted,



Peter E. Auger
City Manager