



FY 2020-21 BUDGET MESSAGE

Staying the Course

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

Throughout history, numerous notable leaders like Winston Churchill and Presidents Lyndon Johnson and Ronald Regan have utilized the phrase “stay the course.” Their common interpretation was to continue toward a focused goal or point on the horizon. Author and television personality Dr. Phillip C. McGraw is often quoted “Life’s a marathon, not a sprint, ” meaning that life can be a long and arduous ordeal, so you need to pace yourself. If you try to take on too much at one time, you will burn out and may not finish the race. In doing so, at times, it may feel like there is no urgency in what we do. In actuality, when some things are done in a deliberate, rhythmic way over time, they may be more meaningful and impactful progress is being made.

In the spirit of the aforementioned historical figures, I propose to you a balanced budget that maintains Novi’s trajectory down a sound and stable path. The numbers presented support the programs, initiatives, and personnel who serve the growing needs of the community. The General Fund is set to spend an average of \$900,000 over the next three years on capital-related items, including maintaining our existing facilities, equipment, and technology.

Our City Council has been very consistent over the past several years supporting major investment into the City’s infrastructure. In this proposed budget, you can see we continue that trend on road spending. Excluding road maintenance, we have planned to spend \$6.8 million in FY 21 and almost \$15.3 million over the following two years.

City Administration continues to work with Road Commission for Oakland County (RCOC) colleagues in planning for road reconstruction in the city. The RCOC, being responsible for several major thoroughfares in Novi, has partnered with the City previously to receive advance funding from Novi for some of their road sections. These projects are planned several years “down the road” according to RCOC plans but, due to sound financial decision making, the City is able to finance improvements sooner than initially planned, including 10 Mile Road in FY 21/22. We understand, while these roads do not fall under our jurisdiction, these roads do affect Novi’s mobility. Concerning non-motorized mobility, we are also proposing to spend another \$2.3 million over the next three years on sidewalks and pathways.

In Parks Recreation and Cultural Services, we continue to reinvest by spending \$575,000 in FY 21 for trails, park upgrades, and play structure replacements. Also, this budget has another \$4 million during FY 23 in improvements at ITC Community Sports Park that will bring these very active fields up to drainage and usage standards.



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Many communities across the State of Michigan and the Country continue to struggle with Other Post Employee Benefits (OPEB). In Novi, OPEB is 104% funded, and pension obligations are now 65% funded. Even though Novi has funded more to the pension funds than required by our actuary, the pension fund is expected to fall below 60% due to assumption changes. We plan to continue to fund more than required and are exploring options for additional funding.

The great news is that the City of Novi's debt is at an all-time low. The City has only three outstanding bonds (Library, Meadowbrook Senior Housing, and Ice Arena) totaling \$16,235,000. Just ten years ago, City's total debt was \$64,613,290.

The City's millage rate remains at 10.5376, unchanged from FY 2018, and continues to be one of the lowest rates in Oakland County and the entire State for full-service communities.

Our Capital Improvement Program (CIP) Fund has the City purchasing a new fire pumper apparatus in each of the next three years beginning in FY 2022 totaling \$2.7 million. In doing so, it will put the Fire Department's mobile apparatus in very good condition, going forward.

As the community nears its 52nd year as a city and continues on this marathon, the City Council has created two committees that are investigating ways to maintain the monicur of being a desired community for employers and residents alike. These two committees are exploring possible significant improvements to the community road network and the feasibility of constructing a new community recreation center. Funding for these endeavors is not reflected in this document.

I would like to thank the City's Finance Department, especially Director/Chief Financial Officer Carl Johnson, Deputy Director Sabrina Lilla, and Senior Budget Analyst Jessica Dorey for their work on this calculated budget document. With the help of Assistant City Manager Victor Cardenas and all the Department Directors, I believe they have put together a measured, deliberate, and well thought out budget path that will help Novi stay the Course.

Respectfully submitted,

Peter E. Auger
City Manager