



CITY of NOVI CITY COUNCIL

**Agenda Item 3
January 25, 2016**

SUBJECT: Approval of resolution to authorize Budget Amendment #2016-2.

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: FA

BACKGROUND INFORMATION:

The City's annual budget is adopted by the third Monday in May each year and is effective July 1st each year. The budget is adopted at a function level (vs. line item). In accordance with the State Budget Act, budget amendments are completed throughout the fiscal year in order 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. The amendments are based on actual and projected activity-to-date.

The second quarter budget amendment is attached and it is also summarized below. Fund balance summaries have been included for the funds with minimum fund balance requirements that are being amended this quarter. The summaries reflect amendments approved by Council through January 11, 2016.

GENERAL FUND

| <u>GENERAL FUND</u> | | | |
|--|---|------------|-----------------------|
| Beginning Fund Balance, July 1, 2015 | | | \$ 12,357,650 |
| | Amended Revenue as of Council Meeting 01/11/2016 | 31,442,737 | |
| 2016-2 | 2nd Quarter Budget Amendment | 83,000 | |
| | Amended Revenue as of Council Meeting 01/11/2016 | | 31,525,737 |
| | Amended Expenditures as of Council Meeting 01/11/2016 | 32,610,473 | |
| 2016-2 | 2nd Quarter Budget Amendment | 83,000 | |
| | Amended Expenditures as of Council Meeting 01/11/2016 | | 32,693,473 |
| Revenues over (under) Expenditures | | | \$ (1,167,736) |
| Estimated Unassigned Fund Balance, June 30, 2016 | | | \$ 11,139,914 |
| Estimated Restricted Fund Balance, June 30, 2016 | | | 50,000 |
| Estimated Ending Fund Balance, June 30, 2016 | | | \$ 11,189,914 |
| Estimated Ending Fund Balance, June 30, 2016, as a % of budgeted expenditures : | | | 34.2% |

The proposed General Fund budget amendment request has no net effect on fund balance for the second quarter ending December 31, 2015. Revenues are being increased \$83,000 and Expenditures

are being increased \$83,000. The amendment keeps fund balance within Council set limits. The following highlights the reasons for the proposed amendment for this fund:

- Reallocation of expenditure budgets in the amount of \$9,000 from the City Manager’s Office to the Information Technology Department for the new Capital Improvement Program online database.
- Decrease in the Legal Fees expenditure budget in the amount of \$50,000 and the Tax Tribunal Appraisals expenditure budget in the amount of \$25,000 within the Assessing Department to reflect the significant anticipated reduction in MTT cases.
- Reallocation of personnel costs from the Facility Management Department to the Facility Management – Parks Maintenance Department in order to distinctly record the personnel costs related to the part time parks maintenance building attendants in the amount of \$125,313. The Facility Management – Parks Maintenance Department is a newly created budgetary department which will serve to summarize any Parks Maintenance related expenditures within the General Fund.
- To purchase a new all-terrain utility vehicle for the Facility Management – Parks Maintenance Department in the amount of \$16,000 to replace an existing utility vehicle requiring service due to a diminished hydrostatic drive system requiring \$7,000 to \$10,000 in repairs.
- Increase the expenditure budget within the Human Resources Department in the amount of \$14,050 to cover the increased pre-employment assessments costs associated with increased hiring activities due to vacancies and retirements.
- Increase in the overtime expenditure budget for police and dispatch in the amount of \$45,000 to reflect year-to-date trends and anticipated year-end estimates. The department will continue to monitor overtime expenditures.
- Increase in the Vehicle Maintenance expenditure budget within the Fire Department in the amount of \$25,000 to cover unanticipated significant repairs revealed during the M-DOT inspections on all the fire apparatuses, for example; fuel tank replacements, brakes, fluid/filter replacements, etc. These repairs are over and above normal routine maintenance and, therefore, have absorbed a significant portion of the routine vehicle maintenance budget.
- Increase in the Licenses, Permits, and Charges for Services revenue budget in the amount of \$83,000 to reflect anticipated activity with the escrow close-out project related to Wet, Wood, and Landscape fees.

MUNICIPAL STREET FUND

| <u>MUNICIPAL STREET FUND</u> | | | |
|--|---|------------|---------------------|
| Beginning Fund Balance, July 1, 2015 | | | \$ 6,092,887 |
| | Amended Revenue as of Council Meeting 01/11/2016 | 5,266,182 | |
| 2016-2 | 2nd Quarter Budget Amendment | 15,100 | |
| | Amended Revenue as of Council Meeting 01/11/2016 | | 5,281,282 |
| | Amended Expenditures as of Council Meeting 01/11/2016 | 10,307,883 | |
| 2016-2 | 2nd Quarter Budget Amendment | (29,702) | |
| | Amended Expenditures as of Council Meeting 01/11/2016 | | 10,278,181 |
| Revenues over (under) Expenditures | | | (4,996,899) |
| Estimated Unassigned Fund Balance, June 30, 2016 | | | \$ 398,488 |
| Estimated Assigned Fund Balance, June 30, 2016 | | | 697,500 |
| Estimated Ending Fund Balance, June 30, 2016 | | | \$ 1,095,988 |
| Estimated Ending Fund Balance, June 30, 2016, as a % of budgeted expenditures : | | | 10.7% |

The proposed Municipal Street Fund budget amendment increases fund balance \$44,802 and keeps the fund within Council set limits. The revenues are proposed to be increased by \$15,100 to reflect actual activity. Expenditures are proposed to decrease \$29,702 which is a net effect of adding the City's share of the I-275 MDOT Construction Project in the amount of \$141,000; increasing the 2016 Sidewalk Program \$15,100; and decreasing the budget for the ITC Corridor (Beck Rd to Medilodge site) project in the amount of \$185,802 by shifting a portion of the project budget to FY 2016-17 in order to keep within Council set fund balance limits.

PARKS, RECREATION, & CULTURAL SERVICES FUND

| <u>PARKS, RECREATION, & CULTURAL SERVICES FUND</u> | | | |
|--|---|-----------------|-------------------|
| Beginning Fund Balance, July 1, 2015 | | | \$ 1,718,366 |
| | Amended Revenue as of Council Meeting 01/11/2016 | 3,511,374 | |
| 2016-2 | 2nd Quarter Budget Amendment | <u>(15,000)</u> | |
| | Amended Revenue as of Council Meeting 01/11/2016 | | 3,496,374 |
| | Amended Expenditures as of Council Meeting 01/11/2016 | 4,333,117 | |
| 2016-2 | 2nd Quarter Budget Amendment | <u>130,000</u> | |
| | Amended Expenditures as of Council Meeting 01/11/2016 | | <u>4,463,117</u> |
| Revenues over (under) Expenditures | | | <u>(966,743)</u> |
| Estimated Unassigned Fund Balance, June 30, 2016 | | | \$ 581,428 |
| Estimated Restricted Fund Balance, June 30, 2016 | | | 170,195 |
| Estimated Ending Fund Balance, June 30, 2016 | | | <u>\$ 751,623</u> |
| Estimated Ending Fund Balance, June 30, 2016, as a % of budgeted expenditures : | | | 16.8% |

The proposed Parks, Recreation, & Cultural Services Fund budget amendment request reduces fund balance by \$145,000, but keeps fund balance within Council set limits. The amendment decreases revenues by \$15,000 and increases expenditures \$130,000. The following highlights the reasons for the proposed amendment for this fund:

- Increase in the Supplies expenditure budget in the amount of \$40,000 for the Villa Barr Property Operating Costs. Security and development of the property has now become a priority due to the property being vacated.
- Increase in the Capital Outlay expenditure budget in the amount of \$90,000 for Pavilion Shore Park due to change in the restroom project design.
- Decrease in the Property Tax revenue budget in the amount of \$15,000 to reflect actual activity with chargebacks from the County.

Tree Fund

The proposed Tree Fund budget amendment request increases fund balance by \$70,000. The amendment increases revenues by \$75,000 to reflect actual activity primarily from the escrow close-out project and increases the Operating Supplies expenditure budget by \$5,000 to reflect anticipated funds needed to support the Forestry Asset Manager.

Street lighting (West Oaks Street) Fund

The proposed Street lighting (West Oaks Street) Fund budget amendment request decreases fund balance by \$7,529 to reflect that there is no special assessment revenue levy for FY 2015-16.

Water & Sewer Fund

The proposed Water & Sewer Fund budget amendment request has a net zero effect on fund balance. The amendment increases both revenues and expenditures \$1,470,167 to reflect the revenues and expenditures associated with the SAW Federal Grant. This grant addresses sanitary sewer backups by inspecting sanitary sewers and manholes in prioritized sub-districts and designing the appropriate manhole rehabilitation work. In addition, a waste water asset management plan will be prepared.

RECOMMENDED ACTION:

Approval of resolution to authorize Budget Amendment #2016-2.

| | 1 | 2 | Y | N |
|----------------------|---|---|---|---|
| Mayor Gatt | | | | |
| Mayor Pro Tem Staudt | | | | |
| Council Member Burke | | | | |
| Council Member Casey | | | | |

| | 1 | 2 | Y | N |
|------------------------|---|---|---|---|
| Council Member Markham | | | | |
| Council Member Mutch | | | | |
| Council Member Wrobel | | | | |

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2016-2 is authorized:

| | INCREASE (DECREASE) |
|--|------------------------|
| GENERAL FUND | |
| REVENUES | |
| Licenses, Permits, and Charges for Services | 83,000 |
| TOTAL REVENUES | \$ 83,000 |
| APPROPRIATIONS | |
| City Council | |
| Other Services and Charges | 5,000 |
| City Manager | |
| Other Services and Charges | (9,000) |
| Information Technology Department | |
| Other Services and Charges | 9,000 |
| Assessing Department | |
| Other Services and Charges | (75,000) |
| Treasury Department | |
| Other Services and Charges | 5,996 |
| Facility Management | |
| Personnel Services | (125,313) |
| Other Services and Charges | 25,640 |
| Capital Outlay | 11,964 |
| Facility Management - Parks Maintenance | |
| Personnel Services | 125,313 |
| Capital Outlay | 16,000 |
| Human Resources | |
| Other Services and Charges | 14,050 |
| Police Department | |
| Personnel Services | 45,000 |
| Capital Outlay | 6,000 |
| Fire Department | |
| Supplies | 7,324 |
| Other Services and Charges | 25,000 |
| Capital Outlay | (3,974) |
| TOTAL APPROPRIATIONS | \$ 83,000 |
| Net Increase (Decrease) to Fund Balance | \$ - |

**INCREASE
(DECREASE)**

| |
|--------------------------|
| MUNICIPAL STREETS |
|--------------------------|

REVENUES

| | |
|---|------------------|
| Licenses, Permits, and Charges for Services | 9,300 |
| Other Revenue | 5,800 |
| TOTAL REVENUES | \$ 15,100 |

APPROPRIATIONS

| | |
|-----------------------------|--------------------|
| Capital Outlay | (29,702) |
| TOTAL APPROPRIATIONS | \$ (29,702) |

| | |
|--|------------------|
| Net Increase (Decrease) to Fund Balance | \$ 44,802 |
|--|------------------|

| |
|--|
| PARKS, RECREATION, & CULTURAL SERVICES FUND |
|--|

REVENUES

| | |
|-----------------------|--------------------|
| Property Tax Revenue | (15,000) |
| TOTAL REVENUES | \$ (15,000) |

APPROPRIATIONS

| | |
|-----------------------------|-------------------|
| 691 Supplies | 40,000 |
| 691 Capital Outlay | 90,000 |
| TOTAL APPROPRIATIONS | \$ 130,000 |

| | |
|--|---------------------|
| Net Increase (Decrease) to Fund Balance | \$ (145,000) |
|--|---------------------|

| |
|------------------|
| TREE FUND |
|------------------|

REVENUES

| | |
|-----------------------|------------------|
| Other Revenue | 75,000 |
| TOTAL REVENUES | \$ 75,000 |

APPROPRIATIONS

| | |
|-----------------------------|-----------------|
| Supplies | 5,000 |
| TOTAL APPROPRIATIONS | \$ 5,000 |

| | |
|--|------------------|
| Net Increase (Decrease) to Fund Balance | \$ 70,000 |
|--|------------------|

| |
|--|
| Street lighting (West Oaks Street) Fund |
|--|

REVENUES

| | |
|----------------------------|-------------------|
| Special Assessments Levied | (7,529) |
| TOTAL REVENUES | \$ (7,529) |

| | |
|--|-------------------|
| Net Increase (Decrease) to Fund Balance | \$ (7,529) |
|--|-------------------|

INCREASE
(DECREASE)

| WATER & SEWER FUND | |
|--|---------------------|
| REVENUES | |
| Federal Grants | 1,470,167 |
| TOTAL REVENUES | \$ 1,470,167 |
| APPROPRIATIONS | |
| Other Services & Charges | 1,470,167 |
| TOTAL APPROPRIATIONS | \$ 1,470,167 |
| Net Increase (Decrease) to Fund Balance | \$ - |

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 January 25, 2016

Maryanne Cornelius
City Clerk

Budget Amendment# 2016-2 - January 25, 2016

| GL # | GL# Description | Budget Category | Amount |
|--|--|---|--------------|
| General Fund | | | |
| Revenues | | | |
| 101-000.00-475.500 | Wet, Wood, Landscape insp/review fees | Licenses, Permits, & Charges for Services | 83,000 |
| | | | \$ 83,000 |
| Expenditures | | | |
| 101-101.00-850.000 | Internal Technology | Other Services and Charges | 5,000 |
| 101-172.00-956.200 | City-wide training & workshops | Other Services and Charges | (9,000) |
| 101-205.00-850.999 | Internal Technology - City wide | Other Services and Charges | 9,000 |
| 101-209.00-806.000 | Legal Fees | Other Services and Charges | (50,000) |
| 101-209.00-816.900 | Tax Tribunal Appraisals | Other Services and Charges | (25,000) |
| 101-253.00-802.100 | Bank Service Charges | Other Services and Charges | 5,996 |
| 101-265.00-705.208 | Temporary Salaries - Parks Building Attendants | Personnel Services | (114,413) |
| 101-265.00-715.208 | Social Security - Parks Building Attendants | Personnel Services | (8,753) |
| 101-265.00-720.208 | Workers Compensation - Parks Building Attendants | Personnel Services | (2,147) |
| 101-265.00-840.400 | Township Hall operating costs | Other Services and Charges | 4,500 |
| 101-265.00-851.000 | Telephone | Other Services and Charges | 4,150 |
| 101-265.00-934.000 | Building Maintenance | Other Services and Charges | 5,590 |
| 101-265.00-934.000 | Building Maintenance | Other Services and Charges | 11,400 |
| 101-265.00-982.000 | Miscellaneous Equipment | Capital Outlay | 11,964 |
| 101-265.10-705.208 | Temporary Salaries - Parks Building Attendants | Personnel Services | 114,413 |
| 101-265.10-715.208 | Social Security - Parks Building Attendants | Personnel Services | 8,753 |
| 101-265.10-720.208 | Workers Compensation - Parks Building Attendants | Personnel Services | 2,147 |
| 101-265.10-982.000 | Miscellaneous Equipment | Capital Outlay | 16,000 |
| 101-270.00-816.010 | Pre-employment testing | Other Services and Charges | 14,050 |
| 101-301.00-706.000 | Overtime | Personnel Services | 20,000 |
| 101-301.00-706.304 | Overtime - Dispatch | Personnel Services | 25,000 |
| 101-301.00-986.000 | Internal Technology - Capital Outlay | Capital Outlay | 6,000 |
| 101-337.00-740.337 | Restricted/Donated Fund - Supplies | Supplies | 3,350 |
| 101-337.00-740.000 | Operating Supplies | Supplies | 3,974 |
| 101-337.00-935.000 | Vehicle Maintenance | Other Services and Charges | 25,000 |
| 101-337.00-982.000 | Miscellaneous Equipment | Capital Outlay | (3,974) |
| | | | \$ 83,000 |
| Municipal Street Fund | | | |
| Revenues | | | |
| 204-000.00-491.000 | Sidewalk Contrib in lieu of construction | Licenses, permits, & charges for services | 9,300 |
| 204-000.00-665.000 | Miscellaneous Income | Other Revenue | 5,800 |
| | | | \$ 15,100 |
| Expenditures | | | |
| 204-204.00-865.440 | Construction - I275 Project | Capital Outlay | 141,000 |
| 204-204.00-974.430 | ITC Corridor (Beck Rd to Medlodge Site) | Capital Outlay | (185,802) |
| 204-204.00-974.466 | Sidewalks 2016 (Segment 1B, 10, and Taft/Jacob) | Capital Outlay | 15,100 |
| | | | \$ (29,702) |
| Parks, Recreation, & Cultural Services Fund | | | |
| Revenues | | | |
| 208-000.00-403.001 | Property Tax Revenue - County Chargebacks | Property Tax Revenue | (15,000) |
| | | | \$ (15,000) |
| Expenditures | | | |
| 208-691.00-740.205 | Villa Barr Property Operating Costs | Supplies | 40,000 |
| 208-691.00-977.086 | Pavilion Shore Park | Capital Outlay | 90,000 |
| | | | \$ 130,000 |
| Tree Fund | | | |
| Revenues | | | |
| 209-000.00-665.260 | Tree Fund Revenue | Other Revenue | 75,000 |
| | | | \$ 75,000 |
| Expenditures | | | |
| 209-000.00-740.000 | Operating Supplies | Supplies | 5,000 |
| | | | \$ 5,000 |
| Street Lighting (West Oaks Street) Fund | | | |
| Revenues | | | |
| 854-000.00-402.000 | Special Assessments Levied | Special Assessments Levied | (7,529) |
| | | | \$ (7,529) |
| Water and Sewer Fund | | | |
| Revenues | | | |
| 592-000.00-508.451 | Federal Grants - SAW Grant | Federal Grants | 1,470,167 |
| | | | \$ 1,470,167 |
| Expenditures | | | |
| 592-592.00-936.550 | Cleaning, Televising, etc. - Saw Grant | Other Services and Charges | 1,470,167 |
| | | | \$ 1,470,167 |