



# City of Grosse Pointe Park

## Proposed FY 2024-2025 Budget

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To: Mayor Hodges and Councilmembers

From: City Administration

Date: April 25, 2024

Subject: Budget Highlights for Fiscal Year 2024-2025

The City of Grosse Pointe Park operates on a set of financial controls that are established by State Law (Uniform Budgeting and Accounting Act- PA 2 of 1968). All Local Governments are required to prepare and administer an annual balanced budget. At the end of the fiscal year the city retains an independent auditor to review financials.

### **General Fund**

Resident taxpayer dollars are deposited in the General Fund along with State Shared Revenue from sales and use taxes and other. General Fund dollars are used to support City services such as public safety, general government, public works, parks, and other governmental units.

The City's proposed FY2025 budget reflects funding sources in the amount of \$14,063,800 over funding uses of \$13,982,100 with an anticipated surplus budget of \$81,700.

The General Fund includes transfers out of \$ 50,400 to the Michigan Indigent Defense Grant Fund in the amount of \$10,300 and the Water and Sewer fund in the amount of \$40,100 for Public Works building grounds and maintenance services.

The General fund also includes debt service in the amount of \$221,700 with \$162,600 for 2019 Capital Improvement Bond and \$59,100 for Notes Payables for the Motorola Solutions In-Car Cameras and Recreation Fitness Equipment.

### **General Fund Funding Sources**

The city's major revenue sources in the General Fund come from Property Tax Revenue which makes up approximately 70% of the FY2024-2025 proposed budget or just over \$10.3 million dollars.

State Shared Revenue makes up \$1.5 Million or 11% of all its funding sources in FY2024-2025 with all other revenue sources (interest income, licenses, fines, etc.) of \$2.24 million or approximately 6% of the General Funds revenue sources.

**Tax Collections- General Fund**

Fiscal Year	Actual 2020-2021	Actual 2021-2022	Actual 2022-2023	Projected 2023-2024	Requested 2024-2025	Forecasted 2025-2026
General Operating	7,058,271	7,178,717	7,446,116	7,349,198	7,765,767	8,012,323
Communication	49,863	46,546	49,892	50,068	49,366	49,923
Public Safety	1,687,126	1,741,598	1,806,449	1,983,359	2,055,962	2,105,498
Tax Admin	359,055	352,114	391,749	424,336	440,714	459,992
<b>Total General Fund</b>	<b>8,892,048</b>	<b>9,179,512</b>	<b>9,322,271</b>	<b>9,806,961</b>	<b>10,311,809</b>	<b>10,627,736</b>

**All Funds – 2024 Tax Rate Request (L-4029)**

The annual assessment Inflation Rate Multiplier calculation based on the statutory requirements of MCL 211.34d for 2024 was capped at 1.05 (5%); while the Headlee Millage Reduction Fraction (MRF) required under the Michigan Compiled Law was 1.051 (5.1%) resulting in a Headlee Fraction calculation of 0.9927 for tax year (TY)2024/FY2025. While the State’s 2024 inflation multiplier is 5.1%, Grosse Pointe Park’s taxable value increased to 6.7%. As a result, the 2024 Requested Tax Rates is subject to a Headlee rollback for operating and extra voted millages excluding debt service and communications.

The City’s Taxable Value in FY2023-2024 was \$749,906,105 and has increased in FY2024-2025 to \$800,118,328 or almost \$50.2 million over last year due to the inflationary rate increase and the economic growth related to new construction.

Tax Rate	TY2021/FY2022	TY2022/FY2023	TY2023/FY2024	TY2024/FY2025
Operating Millage	10.7074	10.5917	10.5917	10.5144
Solid Waste Millage	1.5851	1.5679	1.5679	1.5565
Public Relations Millage	0.0744	0.0710	0.0710	0.0665
Roads Millage	0.9676	0.9571	0.9571	0.9501
2007 Debt Millage	0.9500	0.7300	0.7910	0.8370
Public Safety Millage	2.5977	2.5696	2.5696	2.5508
Water & Sewer Millage	0.0000	2.5000	2.5000	2.4818

<b>Total Summer &amp; Winter</b>	<b>16.8822</b>	<b>18.9873</b>	<b>19.0483</b>	<b>18.9570</b>
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## Personnel Costs

The city's major funding uses (expenditures) in the General Fund are wages of \$5.8 million. Wages and salaries make up 42% of the total requested funding uses of \$ 13.9 million. Benefits including Pension and Other Post Employment Benefits are just over \$4.7 million or 34% of the requested budget. Wages and benefits represent 76% of the FY2024-2025 General Fund funding uses.

## Fund Types & Categories

<b>FUND AND CATEGORIES</b>		
<b>Fund Type</b>	<b>Category</b>	<b>Fund Number</b>
<b>Governmental Fund Types</b>	General Funds	101-149
	Permanent Funds	151-199
	Special Revenue Funds	201-299
	Debt Service Funds	301-399, 851-899
	Capital Projects Funds	401-499, 801-850
<b>Proprietary Fund Types</b>	Enterprise Funds	501-599
	Internal Service Funds	600-699

## Governmental Fund Types

### Special Revenue Funds

Special revenue funds consist of major and local street funds, solid waste, tax increment finance authority, downtown development authority, building inspection fund, indigent fund, drug forfeiture fund, and the community development block grant fund.

### Major/Local & Municipal Street Funds

Major and Local Street Funds Include Public Act 51 dollars from the State of Michigan revenue sharing. The Act 51 Gas & Weight Tax is budgeted at \$1,384,800.

The FY2024-2025 Municipal Road Millage will generate roughly \$760,000.

Major Street projects in FY2024-2025 include a major resurfacing of Charlevoix between Whittier to Cadieux along with tree trimming maintenance projects throughout the city.

Local road projects include Middlesex Blvd mill and resurfacing, Bishop Ln turn-around and various curb & gutter repairs throughout the city. Tree trimming projects will begin in FY2024-2025 with District 3 with other citywide tree maintenance throughout the local streets.

The 2018 voter approved Municipal Road fund millage will generate \$760,000 for local projects, reflecting an increase of \$42,900 over FY2023-2024 property tax

collection.

The city has requested three main project expenditures in FY2024-2025. The Municipal Road Millage will include a mill and resurfacing of Kercheval & St Paul alleyway between Nottingham and Beaconsfield. The second project includes a mill and resurfacing of the Maryland & Wayburn alleyway between Vernor & Charlevoix. The third project includes a major sidewalk replacement in District 1 between Bedford St & Lake Ct and Yorkshire & Cadieux Rd.

### Rubbish Collection Fund

The TY2024-2025 millage will generate approximately \$1,149,600 in property tax collection generating approximately \$43,600 for rubbish collection throughout the city.

The city contracts with Green for Life (GFL) for both rubbish and recycling collection and with Grosse Pointe Clinton Refuse Authority who provides for the disposal of the city's waste materials. The city charges a user-fee on the city's utility bill for the collection of recycling materials, in the proprietary fund "Recycling".

### Component Funds

The Downtown Development Authority and the Tax Increment Finance Authority are also known as component unit funds. A legal description describing the authority collects its fund revenue sources through a capture of taxes and is spent within the area of each taxing jurisdiction.

In FY2024-2025 the Downtown Development Authority revenue budget is \$131,000 which includes a tax capture in the approximate amount of \$122,100 with planned funding uses of \$125,700.

The requested budget is presented with an expenditure representing year (4) four out of (5) five, in the amount of \$45,000, with a strategic plan to build the Fund's fund balance, for a future Civic Campus project in front of the Grosse Pointe Park Library.

The Tax Increment Financing Authority (TIFA) FY2024-2025 proposed revenue budget of \$1,302,000 includes the tax capture of \$1,275,000 with a requested use of \$ 1,177,700 resulting in a surplus budget of \$124,300 for future planned spending.

The TIFA Fund's major expenditures include a Charlevoix streetscape improvement request of \$630,000, debt service 2020 TIFA Bond principal and interest in year four in the amount of \$302,200, with the continuation of a popular residential and commercial grant program to enhance the city's aesthetics in the total amount of \$100,000.

### Building Department

This fund represents all building inspections, permit management, plan review and independent contract services. FY2024-2025 funding sources are expected to increase \$54,400 over FY2023-2024 with an estimated revenue budget of \$410,900.

The requested FY2024-2025 funding uses include a use of the Building Inspection Fund's fund balance reserves of \$349,300 in the amount of \$144,900.

## Debt Funds

In 2007, the city issued a general obligation bond in the amount of \$7.0 million dollars for the purpose of removing diseased trees and to acquire residential homes in the City of Grosse Pointe Park. The 305 Debt Service Fund millage is levied annually to cover debt service principal and interest payments and will generate approximately \$670,400 with the FY2024-2025 proposed budget of \$669,500 which will cover the city's 19<sup>th</sup> principal and interest payment in the amount of \$669,500 and pay agent fees. The city's final debt service payment will be in two years on October 1, 2026, in FY2026-2027 budget year.

## Enterprise Funds

Enterprise funds consist of the Water & Sewer Fund, the Recycling Fund, the Marina Fund, and the W&S Infrastructure Fund. These revenues are generated through user-fees for the services provided to individuals, residents, and businesses. These user fees include charges for services for items such as, the use of the city's marina boat slips, for the usage of water and sewer services, for recycling services, and or for a dedicated millage collection.

For FY2024-2025 the city presents its proposed budget with a dedicated enterprise fund, known as 598 W&S Infrastructure Fund for the specific purpose of tracking both the collection of the property tax revenue and the city's commitment to annual water, sewer, and storm sewer infrastructure improvement expenditures.

## Water & Sewer Fund

Water & Sewer charges are based on utility rates providing for the fund's major source of revenue. Water and Sewer revenue for the fiscal year is expected to be slightly more than \$6.9 million with expenditures in the approximate amount of \$6.7 million reflecting a surplus net position of \$189,000.

The city receives its water and sewerage disposal from the Great Lakes Water Authority (GLWA). The city's GLWA cost of water will increase 3.25% for FY2024-2025 while the cost of sewerage disposal will increase by 3.0%.

The city's FY2024-2025 water & sewer proposed budget includes a rate increase of 3.5% generating approximately \$6.0 million dollars as the city's major revenue source to provide sufficient funding of the water & sewer operations of the city, in the amount of \$6.7 million which includes the needed replacement of a backhoe for water main breaks in the amount of \$159,000.

## W&S Infrastructure Fund

In 2022, the voters of Grosse Pointe Park approved a water and sewer millage for infrastructure repairs. This funding source will generate approximately \$2.0 million dollars in FY2024-2025.

At this time, the city budget does not include an expected one-time federal grant through promotion from Congressman Shri Thanedar office to be awarded in the approximate amount of \$1.6 million to be used towards the EERV project at Patterson Park.

The proposed budget includes major expenditures for FY2024-2025 for a new watermain and lead line replacement project of \$1.5 Million on Beaconsfield, a Jefferson Sewer Separation project in the amount of \$400,000, a dedicated \$250,000 for sewer cleaning.

#### Recycling Fund

The funds revenue sources are based on user fees for recycling of residential and commercial collection and yard waste in FY2024-2025 at a rate of \$6.75 per month per property. Charges for services are used to offset the cost of GFL collections.

#### Marina Fund

FY2024-2025 Marina funding sources come from boat well rental revenue and represents a 3% increase over last fiscal year expected to generate \$386,200 dollars. Funding uses are planned at \$229,300 increasing the funds net position by \$180,900.