



Item Number: 2

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: December 17, 2024

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee

LIAISON: Molly Clarin, Chief Financial Officer

FROM: Scott Saindon, Deputy Chief Financial Officer
Fiscal Services

SUBJECT: **Ordinance amending Section 1 of the Budget Ordinance 2024-23 for Fiscal Year 2025 (Amendment No. 5)**

1. **Fiscal Services Department – Budget Stabilization Fund**

The purpose of the Budget Stabilization Fund (BSF) is to serve as the City's "savings account" and to assist in stabilizing revenues and protecting critical programs for citizens during periods of economic recession. The Fiscal Services Department is requesting to increase the balance in the Budget Stabilization Fund by \$1,000,000 in order to maintain the 10% Fund Balance goal. As of the most recent fiscal year end – FY2024, the BSF was at 9.6%. Without an additional transfer, this percentage is forecast to decline further as expenditures rise. Based on current financial forecasts, BSF Fund Balance must be at least \$18,798,835 in order to maintain the 10% target level through FY2025. As such, additional funding is requested from GOF Fund Balance. This request complies with Public Act 30 of 1978 (MCL 141.443) requiring, among other things, a sufficient surplus in the General Fund in the fiscal year prior to the transfer as well as not-to-exceed fund balance limitations in the BSF. Approval of this request would not only authorize the increased appropriation but also the subsequent transfer by the Comptroller Department (see Attachment A).

Approval would authorize an increase of \$1,000,000 in Appropriations of the **General Operating Fund – General Administration Dept. (1010)** with a corresponding decrease in Fund Balance. It would further authorize an increase of \$1,000,000 in Estimated Revenue of the **Budget Stabilization Fund (1020)** with a corresponding increase in Fund Balance.

2. **Information Technology Department – State and Local Cybersecurity Grant**

The Information Technology Department is requesting to recognize and appropriate a State and Local Cybersecurity Grant Program (SLCGP) award in the amount of \$147,936 from the Federal Emergency Management Agency – GPD and passed through the Michigan State Police Emergency Management and

Homeland Security Division for the reimbursement of costs associated with implementing an Endpoint Detection and Response Program to further enhance the City's cybersecurity posture. This grant is to implement the endpoint detection and response system delivered and monitored by the Center for Internet Security (CIS). Funds will be used to pay for the procurement of an EDR system over the next two years. This system will give better protection on our computing endpoints and help secure our network. The City will have until November 30, 2026, to spend these funds. Once funds are expended the ongoing O&M will come from the Information Technology Fund. This grant was accepted by the City Commission (Proceeding No. 93780) on August 13, 2024. There are no matching funds required for this grant (see Attachment B).

Approval would authorize an increase of \$147,936 in Estimated Revenue and Appropriations of the ***Other Grants Fund (2730)*** with no effect on Fund Balance.

3. Engineering Department – 1500 Scribner Project Grant Award

The Engineering Department is requesting to recognize and appropriate an estimated grant revenue/expenditure reimbursement of \$1,000,000 from the State of Michigan to support the administration of election activities in connection with the 1500 Scribner project. The City was awarded this grant for municipal facilities infrastructure that supports the administration of elections activities including, but not limited to, the storage of elections equipment, secure spaces for tabulation or processing of ballots, and training of elections workers. The City Clerk's secure storage of election equipment was located in the 201 Market complex. With the sale of the property for the amphitheater project, election secured storage, and operations will relocate to the 1500 Scribner complex. This grant will help alleviate the costs for the buildout of the space for election operations and installing proper security for election storage. This grant was accepted by the City Commission on July 16, 2024 (Proceeding No. 93670) and no local match is required (see Attachment C).

Approval would authorize an increase of \$1,000,000 in Estimated Revenue and Appropriations of the ***Capital Improvement Fund (4010)*** with no effect on Fund Balance.

4. Police Department – FY2022 Homeland Security Grant for MEVO Anywhere Kits

The Police Department is requesting to recognize and appropriate a grant award in the amount of \$21,000 from the Department of Homeland Security (DHS) through the State of Michigan and the West Michigan Regional Medical Consortium (WMRMC) that will be used for the purchase of MEVO Anywhere Kits. InDigital's MEVO Anywhere Kits which will allow the City's Public Safety Answering Point (PSAP) to receive calls while operating remotely or when primary 911 and administrative systems are unavailable. The cost of the equipment purchased will be reimbursed to the Grand Rapids Police Department.

The resolution authorizing the required Intergovernmental Agreement on behalf of the City with the Region 6 fiduciary, West Michigan Regional Medical Consortium was approved by the City Commission on July 25, 2023 (Proceeding No. 92770). There is no local match required for this grant (see Attachment D).

Approval would authorize an increase of \$21,000 in Estimated Revenue and Appropriations of the **Police Grants Fund (2731)** with no effect on Fund Balance.

5. Fire Department – FY2022 Homeland Security Grant for Training Course

The Fire Department is requesting to recognize and appropriate a grant award in the amount of \$30,583.14 from the Department of Homeland Security (DHS) through the State of Michigan and the West Michigan Regional Medical Consortium (WMRMC) that will be used for the cost of a training course (IMT O-305) that was held in October 2024. The City will be reimbursed by the WMRMC for costs incurred for the training. The resolution authorizing the required Intergovernmental Agreement on behalf of the City with the Region 6 fiduciary, West Michigan Regional Medical Consortium was approved by the City Commission on July 25, 2023 (Proceeding No. 92770). There is no local match required for this grant (see Attachment E).

Approval would authorize an increase of \$30,583.14 in Estimated Revenue and Appropriations of the **Fire Grants Fund (2732)** with no effect on Fund Balance.

6. Engineering Department– Reconstruction of Division Avenue

The Engineering Department is requesting to recognize and appropriate an estimated revenue/expenditure reimbursement in the amount of \$486,499.50 from a federal grant for the reconstruction of Division Avenue from Fulton St. to north of Crescent St. This project consists of the full reconstruction of Division Avenue from Fulton Street to 345 feet north of Crescent Street, including water main replacement, sewer separation, ornamental street lighting, traffic signal improvements, hot mixed asphalt and porous brick pavement, sidewalks, Americans with Disabilities Act (ADA) compliant ramps, a net addition of 79 street trees, pavement markings, and final restoration. Construction is planned to occur in 2025, following completion of the street lighting and telecommunication improvements project currently underway. It should be noted that a portion of the Federal funds for this project are not available in the current fiscal year. In order to proceed with the work, it is recommended that the City of Grand Rapids (City) approve the agreement which calls for the City to advance a portion of the Federal funds (\$486,499.50) and be reimbursed at the time the funds are available (see Attachment F).

Approval would authorize an increase of \$443,103.75 in Estimated Revenue and Appropriations of the **Vital Streets Capital - Non-Bond Fund (4090)** with no effect on Fund Balance. Approval would also authorize an increase of \$37,168.56 in Estimated Revenue and Appropriations of the **Water Improvement Fund (5912)** with no effect on Retained Earnings. Lastly, approval

would authorize an increase of \$6,227.19 in Estimated Revenue and Appropriations of the **Sewer Improvement Fund (5902)** with no effect on Retained Earnings.

7. Engineering Department – Improvements to Parkway Drive/Waterford Court Area

The Engineering Department is requesting to recognize and appropriate \$50,000 of City ARPA funding for Engineering Services in connection with Backyard Drainage Improvements to Parkway Drive/Waterford Court Area Phase 2 (Lake St. Jude). Backyard flooding in Parkway Drive and Waterford Court currently prevents residents from using their own property. When flooding occurs, City staff set up temporary equipment to pump down the flood prone areas. A permanent solution is needed. This project would build a new gravity storm sewer from the east end of the Parkway Drive subdivision to Eastern Avenue, where it will connect to the existing Wells Drain, which is in the Kent County Drain Commissioner's (KCDC) jurisdiction. The new pipe will address flooding and reduce energy consumption and maintenance. The project falls under the Special Assessment policy. Engineering was asked to complete design to refine the budgetary cost before proceeding with the Special Assessment for the Construction phase of the project. This project has been determined eligible for American Rescue Plan Act (ARPA) dollars. This budget amendment in the Capital Improvement Fund will provide the recognition of ARPA funds for this project (see Attachment G).

Approval would authorize an increase of \$50,000 in Estimated Revenue and Appropriations of the **Capital Improvement Fund (4010)** with no effect on Fund Balance.

8. Engineering Department – Preventative Maintenance of Riverside Park Bridge over the Grand River Lagoon

The Engineering Department is requesting to recognize and appropriate \$247,200 of City ARPA funding for Preventative Maintenance of Riverside Park Bridge over the Grand River Lagoon. This project consists of concrete repairs, guardrail upgrades, HMA pavement improvements, grading, and rip-rap placement above and below the water surface at the Riverside Park Bridge. The placement of the rip-rap is for protection of the concrete abutments from erosion and scour. Due to the potential for habitat of Threatened mussel species, an EGLE permit and Mussel Survey and Relocation have been required for the placement of rip-rap below the water surface. This project has been determined eligible for American Rescue Plan Act (ARPA) dollars. This budget amendment in the Capital Improvement Fund will provide the recognition of ARPA funds for this project (see Attachment H).

Approval would authorize an increase of \$247,200 in Estimated Revenue and Appropriations of the **Capital Improvement Fund (4010)** with no effect on Fund Balance.

9. Fire Department – Purchase of Demo Fire Engine

The Fire Department is requesting to recognize and appropriate \$434,400 of City ARPA funding for the purchase a demo fire engine that aligns with the fire department's fleet. The Fire Department continues to work an Asset Management Plan (AMP) to maintain an effective, sustainable, and fiscally responsible fire apparatus fleet. This fleet comprises various vehicles, both frontline daily use, and reserve, to assure service delivery without interruption. Through diligent work by this AMP, an opportunity to acquire a demo fire engine was uncovered at half the cost of a new engine and immediate availability. Standardization is paramount for operation and maintenance, further increasing the value of this acquisition. This investment has been determined eligible for American Rescue Plan Act (ARPA) dollars. This budget amendment in the General Operating Fund will provide the recognition of ARPA funds for this project (see Attachment I).

Approval would authorize an increase of \$434,400 in Estimated Revenue and Appropriations of the **General Operating Fund – Fire Department (1010)** with no effect on Fund Balance.

10. Fiscal Services Department – ARPA Funding for Construction of the Public Works Facility (Scribner Ave) and Grand Rapids Greenway Projects

The Fiscal Services Department is requesting to recognize and appropriate \$7,606,002.29 of City ARPA funding for construction of the Public Works facility located on Scribner Avenue and for additional funding for the Grand Rapids Greenway projects. The City of Grand Rapids must obligate the remainder of the State and Local Fiscal Recovery Funds allocated by the American Rescue Plan Act (ARPA) before December 31, 2024. This funding will complement projects already under construction and allow the City to utilize this one-time funding rather than needing to leverage other city revenues or issue additional debt. The remaining funds will provide funding for the construction at the new public works facility on Scribner Avenue in the amount of \$4,006,002.29. The remainder, \$3,600,000, will be allocated to the Grand Rapids Greenway projects to help fill some of the outstanding gaps in funding. These projects have been determined eligible for American Rescue Plan Act (ARPA) dollars. This budget amendment in the Capital Improvement Fund will provide the recognition of ARPA funds for these projects (see Attachment J).

Approval would authorize an increase of \$7,606,002.29 in Estimated Revenue and Appropriations of the **Capital Improvement Fund (4010)** with no effect on Fund Balance.

11. Executive Office Department – Participatory Budgeting Investments Reappropriation

The Executive Office Department is requesting to reappropriate General Operating Fund (GOF) fund balance in the amount of \$1,701,112.69 for various unspent

Participatory Budgeting investments as well as related consulting and assistance funding in the amount of \$75,000. In 2022, the City of Grand Rapids commenced the Participatory Budgeting (PB) process, a process in which community members came together to make recommendations by Ward on how to spend \$2 million of allocated General Fund appropriation. The investments were determined by public vote and a vendor was selected through a Request for Proposals (RFP) process. At this time, a budget amendment is requested to reappropriate the unobligated portion of these programs as well as the unspent consulting and assistance funding. The allocation for Participatory Budgeting has been held in GOF reserved fund balance since fiscal year 2022. This proposed budget amendment will reduce the remaining fund balance reserve for Participatory Budgeting to zero (see Attachment K).

Approval would authorize an increase of \$1,776,112.69 in Appropriations of the **General Operating Fund – Executive Office Dept. (1010)** with a corresponding decrease in Fund Balance.

12. **Executive Office Department – Third Ward Equity Fund Reappropriation**

The Executive Office Department is requesting to reappropriate Third Ward Equity Fund (TWEF) reserved GOF Fund Balance in the amount of \$750,000 for Third Ward investments. The City Commission approved 2025 Fiscal Year plan called for \$750,000 to be allocated to the Third Ward Equity Fund from unspent FY2024 funds. This combined with \$250,000 in FY2025 Adopted funds provides for a total of \$1,000,000 in FY2025 for Third Ward Equity projects. The attached memorandum provides a list of investment focus areas, allocated amounts and current status. The Third Ward Equity Fund was established in the FY2019 budget to intentionally invest in projects that would reduce disparities and increase equity in the City’s Third Ward. Approval of this budget amendment will provide for the necessary appropriation where the funds will ultimately be expended (see Attachment L).

Approval would authorize an increase of \$250,000 in Appropriations of the **General Operating Fund – Executive Office Department (1010)** and an increase of \$500,000 in Appropriations of the **General Operating Fund – General Administration Department (1010)** with a corresponding decrease of \$750,000 in Fund Balance.

13. **Fiscal Services Department – Reassignment of Certain Personnel and Functions Effective January 6, 2025**

The Fiscal Services Department is requesting to transfer thirteen (13) permanent personnel positions and related appropriations in the amount of \$1,317,511 from the Comptroller Department to the Fiscal Services Department within the General Operating Fund (GOF). This budget amendment will move the positions to a new division in Fiscal Services to be called “Accounting Services” and will also set up three new units where the positions and related appropriations will reside. The positions and functions performed by employees in the Comptroller Department

have been evaluated and it has been determined that under the current structure the City is not in compliance with the City Charter. Additionally, supervision of certain functions within a single department is in tension with the independent audit function of the Comptroller as outlined in the Charter, which presents additional risk to the City. Therefore, it is recommended that several of these functions would more appropriately report to the Chief Financial Officer as part of the City Manager's operational responsibilities. After discussion with the City Manager and City Attorney, it was determined that changes should be made (see Attachment M).

Approval would authorize the transfer of the below listed thirteen (13) positions from the permanent personnel roster of the **General Operating Fund – Comptroller Department (1010)** to the permanent personnel roster of the **General Operating Fund – Fiscal Services Department (1010)**.

Financial Analyst III
 Accountant II
 Accountant I (3 positions)
 Accounts Payable Manager
 Financial Assistant II (2 positions)
 Payroll Supervisor
 Financial Analyst II
 Financial Analyst I (2 positions)
 Financial Systems Analyst

Approval would authorize an increase of \$1,317,511 in Appropriations of the **General Operating Fund – Fiscal Services Department (1010)** with a corresponding decrease in in Appropriations of the **General Operating Fund – Comptroller Department (1010)**.

CONTINGENT BALANCE:

If the Commission approves Budget Ordinance Amendment #25-5 there will be a balance of \$1,500,000 remaining in the General Operating Fund's Contingent Account.

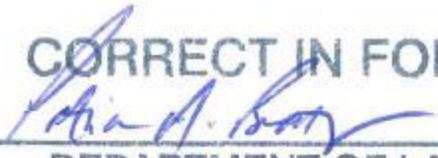
Beginning Contingent Balance	\$	1,500,000.00
Changes requested:		
		<u>(0.00)</u>
Ending Contingent Balance	\$	<u>1,500,000.00</u>

Your FISCAL COMMITTEE recommends the adoption of the following amendment to the Budget Ordinance for Fiscal Year ending June 30, 2025.

ORDINANCE NO. 2025-____

THE PEOPLE OF THE CITY OF GRAND RAPIDS DO ORDAIN:

Section 1. That the following constitutes amended additions to the designated line items of Section 1 of Ordinance 2024-23, the Budget of the City of Grand Rapids for Fiscal Year 2025, as amended.

CORRECT IN FORM

DEPARTMENT OF LAW