



Item Number: 6

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: May 21, 2024

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee

LIAISON: Molly Clarin, Chief Financial Officer

FROM: Molly Clarin, Chief Financial Officer
Fiscal Services

SUBJECT: Ordinance amending Section 1 of the Budget Ordinance 2023-15
for Fiscal Year 2024 (Amendment No. 11)

1. Retiree Health Care Department – General & Police Retiree Healthcare Funds

The Retiree Health Care Department is requesting to appropriate Retiree Health Care Fund Balance in the amount of \$2,250,000 due to some larger than average claims and overall higher costs in FY2024. The Retiree Health Care funds were established to manage and provide other post-employment benefits (OPEB). Revenues include employer and employee contributions to fund the plan based on established rates. Expenditures include administrative fees and claims, which are processed weekly by the benefits office. The budget is established based on rates in the annual trend report provided by the actuary. In the current fiscal year, the General Retiree Health Care Fund has paid out larger than average claims and is on trend to pay out over \$1 million more in claims compared to prior fiscal years. The Police Retiree Health Care Fund claims have been consistent, but overall higher and are approaching their budget for FY2024. The Retiree Health Care Funds continue to perform well. Investment earnings have increased compared to the prior fiscal year and the plans are well funded. It should be noted that the FY2024 budget position is an infrequent occurrence. The information contained in this budget request has been communicated to both the Retiree Healthcare Committee and the Benefits Committee. This budget amendment will appropriate a portion of the General Retiree Healthcare's & Police Retiree Healthcare's fund balance to cover the additional claims and fund the plans for the remainder of FY2024 (see Attachment A).

Approval would authorize an increase of \$1,750,000 in Appropriations of the **General Retiree Health Care Fund (7371)** with a corresponding decrease in Fund Balance. Approval would further authorize an increase of \$500,000 in Appropriations of the **Police Officer Retiree Health Care Fund (7372)** with a corresponding decrease in Fund Balance.

2. **Parks and Recreation Department – Plaster Creek-Silver Creek Trail Study**

The Parks and Recreation Department is requesting to recognize and appropriate City ARPA funding in the amount of \$1,500,000 for the Plaster Creek-Silver Creek Trail Study. The portion of the study focusing on the Plaster Creek trail will look at the potential for trail improvements, additional routes to connect existing gaps in the trail system and ways to connect to the Oxford Trail and the downtown core. The focus of the Silver Creek study will be to look at multiple routes to determine the best location for a new trail from Boston Square to connect to downtown Grand Rapids and opportunities to daylight the underground Silver Creek. The study will address the desire that residents on the southeast side have equitable access to the downtown core. The resulting project will be compatible with current and future development along the corridor, promote connectivity in the neighborhoods, provide opportunities for access between neighboring businesses and communities, and connect to the adjacent street grid (see Attachment B).

Approval would authorize an increase of \$1,500,000 in Estimated Revenue and Appropriations of the ***Parks – Capital Projects Fund (4080)*** with no effect on Fund Balance.

3. **Parks and Recreation Department – Community Forestry Grant**

The Parks and Recreation Department is requesting to recognize and appropriate a Community Forestry Grant award in the amount of \$50,000 from the Michigan Department of Natural Resources - Forest Resources Division. The grant will support the creation of a sustainable, proactive Forestry Operation & Management Plan. The period of performance is through September 1, 2025. Matching funds up to \$50,000 will be contributed to the project, with a total project cost not to exceed \$100,000. The grant will support hiring a consultant to assist with the creation of a City Forestry Operation & Management Plan. The City Commission approved the grant agreement between the City and the Michigan Department of Natural Resources / Forest Resources Division on March 5, 2024 (Proceeding No 93329). The purpose of this amendment is to appropriate funding from both the grantor and the Parks Operating Fund match into the Other Grants Fund to support the project (see Attachment C).

Approval would authorize an increase of \$100,000 in Estimated Revenue and Appropriations of the ***Other Grants Fund (2730)*** with no effect on Fund Balance. Approval would further authorize an increase, and subsequent transfer, of \$50,000 in Appropriations of the ***Parks & Recreation Fund (2080)*** with a corresponding decrease in fund balance.

4. **Parks and Recreation Department – New Parks Capital Fund**

The Parks and Recreation Department is requesting to appropriate Parks Millage Fund Balance in the amount of \$1,556,903 and combine it with existing appropriation in the amount of \$1,400,000 in order to transfer and fund existing Parks capital projects totaling \$2,956,903 in the new Parks Capital Fund. On November 5, 2013, the voters of Grand Rapids approved a seven-year dedicated

property tax millage for parks, pools, and playgrounds. In FY2015 a new sub-fund was established to account for the millage tax receipts and expenditures for parks capital projects and outdoor pool operations. The Parks Millage Fund has continued to function in this manner through the 2019 renewal and to date. A new Parks Capital Fund has been created to account for all Parks & Recreation project-related expenditures. The establishment of this fund will allow for an increased ability to track and report projects. The purpose of this request is to transfer the existing Parks capital projects from the Parks Millage Fund (2081) to individual projects within the Parks Capital Fund (4080). Beginning in Fiscal Year 2025, millage tax revenue will be received to the Parks Operating Fund (2080). Funding will be transferred to the Parks Capital Fund as part of the annual budget process (see Attachment D).

Approval would authorize an increase of \$2,956,903 in Estimated Revenue and Appropriations of the **Parks – Capital Projects Fund (4080)** with no effect on Fund Balance. Approval would further authorize the increase, and subsequent transfer, of \$1,556,903 in Appropriations of the **Parks Millage Fund (2081)** with a corresponding decrease in Fund Balance. Lastly, Approval would authorize the transfer of \$1,400,000 in current Appropriations of the **Parks Millage Fund (2081)** with no effect on Fund Balance.

5. **Our Community's Children – GRow1000 Employer Community of Practice**

The Our Community's Children (OCC) Department is requesting to recognize and appropriate a three-year grant award from the Steelcase Foundation in the amount of \$75,000 for the GRow1000 Employer Community of Practice (ECoP). This project will pilot, professionalize and improve employer preparation needed to ensure successful employment experiences for youth participating in the GRow1000 Summer Youth Employment Program (SYEP). The GRow1000 ECoP aims to strengthen the City's relationship with employers; increase employer engagement; bolster employer preparation; cultivate pathways to longer-term employment for youth beyond the summer months; and identify the ROI as a result of their participation in the ECoP. Acceptance of this grant was approved by City Commission on March 19, 2024 (Proceeding No. 93369). The period of performance is from January 8, 2024, through December 15, 2026. No local match is required for this grant (see Attachment E).

Approval would authorize an increase of \$75,000 in Estimated Revenue and Appropriations of the **Other Grants Fund (2730)** with no effect on Fund Balance.

6. **Our Community's Children – Grand Rapids 1000 Youth Hiring Initiative**

The Our Community's Children (OCC) Department is requesting to recognize and appropriate revenue in the amount of \$444,754 for the GRow1000 Youth Hiring Initiative ("GRow1000 Initiative") in support of the 2024 summer program. Revenue represents a combination of the anticipated donations and amounts expected to be billed to partner organizations (\$218,926) and remaining appropriation from the 2023 season (\$225,828). The \$225,828 of remaining 2023 funding will be

deobligated from last year's program (AGROW1023) and re-appropriated into this year's program (AGROW1024). This initiative provides six-week employment opportunities for youth ages 15 to 24. Partnership opportunities consist of providing a job and paying the wage for employment and providing financial contributions to support youth placements in nonprofits and small businesses, mentor services, transportation, pre-employment training and other program costs. Expenditures support these services (see Attachment E).

Approval would authorize an increase of \$444,754 in Estimated Revenue and Appropriations of the ***Other Grants Fund (2730)*** with no effect on Fund Balance.

7. Water Department – Land Acquisition for Water Pumping Station

The Water Department is requesting to appropriate Water Operations Fund Retained Earnings in the amount of \$551,241.72 for the purchase of property at 5160 60th Street SE for the construction of a water pumping station to serve Caledonia Township. On December 12, 2023, the City Commission approved an Option to Purchase establishing terms and conditions for the acquisition of two acres of land in Caledonia Township (Proceeding No. 93136). The approved financial terms set a not-to-exceed amount of \$600,000 which covered the property purchase and all due diligence at the site. On April 18, 2024, the City closed on a purchase agreement for the land. The property purchased will be used to build a drinking water pump station to serve only Caledonia Township as they become a wholesale water customer to the Grand Rapids Water System. The design of the pump station is currently underway with funding for design and construction coming from the Michigan Drinking Water Revolving Fund (DWRF) in the form of a low interest loan (see Attachment F).

Approval would authorize an increase and transfer of \$551,241.72 in Appropriations of the ***Water Operations Fund (5910)*** with a corresponding decrease in Retained Earnings. It would also authorize an increase of \$551,241.72 in Estimated Revenue and Appropriations of the ***Water Replacement Fund (5911)*** with no effect on Retained Earnings.

8. Engineering Department – Extension of ELC Primary Circuit in Front Avenue

The Engineering Department is requesting to recognize and appropriate Capital Improvement Fund bond proceeds revenue in the amount of \$162,400 for Extension of ELC Primary Circuit in Front Avenue. This project will extend the primary circuit from approximately Front/Emperor to Wealthy/Garfield in preparation for the Butterworth Solar project. In order to meet expectations for Capital Project delivery, it is often desirable to begin the design process prior to the majority of the funding being in place. As a result, approval is needed for the estimated design phase services. City Staff has reviewed the projects currently planned to be funded with Capital Improvement Series 2021 bonds and has determined that it is appropriate to include this project in this bond series. This project was included in the Notice of Intent for this bond series. Approval of this budget amendment will over-commit this series and carry some exposure with

respect to funding. If total expenditures exceed this series funding, it is anticipated that additional funding will be secured through either the future issuance of Bonds or the use of cash in the Capital Improvement Fund. This budget amendment in the Capital Improvement Fund will provide the funding for this phase of services (see Attachment G).

Approval would authorize an increase of \$162,400 in Estimated Revenue and Appropriations of the ***Capital Improvement Bond Series 2021 Fund (4014)*** with no effect on Fund Balance.

9. Engineering Department – Burger-Goodwood Neighborhood Water Main – Phase 2

The Engineering Department is requesting to recognize and appropriate an estimated revenue/expenditure reimbursement of \$6,906,150 from State of Michigan's Drinking Water Revolving Fund/Michigan Finance Authority Funds for Phase 2 of the Burger-Goodwood Neighborhood Water Main project. This project consists of approximately 19,000 feet of 6-inch, 8-inch, 12-inch and 16-inch water main installation, 214 water services from the new water main to the right of way, minor storm sewer work and associated restoration over the water main trench in Cascade Charter Township (Cascade). A separate project will be bid later this spring to install water services from the curb box into the properties served by wells. Together, these projects will address PFAS contamination detected in the Phase 2 area of the Burger Goodwood neighborhood by providing connections to the City's public water main (see Attachment H).

Approval would authorize an increase of \$6,906,150 in Estimated Revenue and Appropriations of the ***Water Improvement Fund (5912)*** with no effect on Retained Earnings.

10. Engineering Department – Reconstruction of Eleanor Street and Fremont Avenue

The Engineering Department is requesting to recognize and appropriate an estimated revenue/expenditure reimbursement of \$545,288 from State of Michigan's Drinking Water Revolving Fund/Michigan Finance Authority Funds for the reconstruction of portions of both Eleanor Street and Fremont Avenue. The work will include the replacement of the existing six-inch water main in Eleanor Street and eight-inch water main in Fremont Avenue, replacement of existing water services including replacement of 28 lead service lines, replacement of existing sixteen-inch by twenty-four-inch sanitary sewer with proposed eight-inch sewer, minor storm sewer upgrades, Americans with Disabilities Act (ADA) compliant sidewalk ramp installation, and sidewalk replacement. The work is planned for the 2024 construction season (see Attachment I).

Approval would authorize an increase of \$545,288 in Estimated Revenue and Appropriations of the ***Water Improvement Fund (5912)*** with no effect on Retained Earnings.

11. Parks and Recreation Department – Golf Course Fund

The Parks and Recreation Department is requesting to recognize and partially appropriate additional greens and recreation fees revenue received above amounts currently budgeted in the amount of \$130,000 for the Golf Course Fund. For Fiscal Year 2024, the golf course is projecting revenues of approximately \$1.3 million. With increased traffic at Indian Trails, there are accompanying expenditure needs that exceed budgeted appropriations. Other one-time expenses included the total cost of the feasibility study exceeding the estimate by \$50,000 and expenses to improve facility security after multiple break-ins including new lighting, a new door and window replacement (see Attachment J).

Approval would authorize an increase of \$130,000 in Estimated Revenue and \$106,000 in Appropriations of the **Golf Course Fund (5840)** with a corresponding increase of \$24,000 in Retained Earnings.

12. Parks and Recreation Department – Parks Millage Fund Pool Operations

The Parks and Recreation Department is requesting to appropriate \$139,000 from Parks Millage Fund fund balance for pool operations. Fiscal Year 2024 is the final period for the Parks Millage Fund, which was established in 2013 after the passing of the first Parks Millage. Over the past decade, both capital and pool operations expenditures have been appropriated and recognized in this fund. Beginning with FY2025, these expenditures will be split between the newly established Parks Capital Fund and the Parks Operating Fund. With the impending split, a separate amendment was submitted to move the capital expenditures. The focus of this request is pool operations. The pool operating expenditures within the Parks Millage fund will exceed appropriations for several reasons including the need for portable facilities, security contract expenses, contract pool usage and a component of lifeguard training, and a personnel cost allocation adjustment (see Attachment K).

Approval would authorize an increase of \$139,000 in Appropriations of the **Parks Millage Fund (2081)** with a corresponding decrease in Fund Balance.

13. Parks and Recreation Department – Parks Operating Fund

The Parks and Recreation Department is requesting to appropriate \$555,000 from Parks Operating Fund fund balance as well as recognize and appropriate \$414,000 of additional revenue above amounts currently budgeted. The department is projecting expenditures to exceed FY2024 appropriations in the operating fund. Many of the expected additional appropriations are offset by projected revenue including an ARPA funded Wi-Fi in Parks project reimbursement (\$202,000), recreation program growth (\$119,000) and other grants and sponsorships not previously budgeted (\$36,000). The additional anticipated expenditures can be attributed to park security, water, encampment clean-up, park maintenance software, maintenance service and supplies, and overtime costs. Additional appropriations are requested for clean-up related to the August 2023

tornado and a personnel position reclassification and allocation adjustment. Sufficient unassigned fund balance is available from which to appropriate the requested amount (see Attachment L).

Approval would authorize an increase of \$414,000 in Estimated Revenue and 969,000 in Appropriations of the ***Parks & Recreation Fund (2080)*** with a corresponding decrease of \$555,000 in Fund Balance.

14. Parks and Recreation Department – Riverwalk Improvements

The Parks and Recreation Department is requesting to recognize and appropriate City ARPA funding in the amount of \$850,000 for Riverwalk Improvements. The Riverwalk Improvements at the Grand River along the East Bank from the Blue Bridge to Louis Street project is a partnership between The City of Grand Rapids and Downtown Development Authority consisting of improvements to the Riverwalk that has been closed for more than three years due to unsafe conditions. The existing concrete sidewalk has been undermined due to erosion from the Grand River. The improvement project will include a put-in/take-out point for small watercraft (kayak, canoe, etc.) as well as provide an opportunity for pedestrians to sit and enjoy the river from the edge. The River for All design guidelines were used for new lighting and site amenities. The purpose of this amendment is to appropriate funding into the Parks Capital Fund for the construction phase of the project, which will be overseen by the City of Grand Rapids Parks and Recreation Department. The Downtown Development Authority has committed an additional \$850,000 in funding which has been used for the design phase and will also be used for the construction phase (see Attachment M).

Approval would authorize an increase of \$850,000 in Estimated Revenue and Appropriations of the ***Parks – Capital Projects Fund (4080)*** with no effect on Fund Balance.

15. Engineering Department – Construction of Division Ave and Kendall St Fire Stations and Fire Department Training Facility

The Engineering Department is requesting to recognize and appropriate an anticipated revenue/expenditure reimbursement in the amount of \$3,689,028 from a Michigan Enhancement Grant toward the above subject three fire facilities. The Kendall Street Fire Station project consists of the design and construction of a new 8,800 square foot, two apparatus bay Fire Station at the corner of Kendell Street and Kalamazoo Ave. The Division Avenue Fire Station project consists of the design and construction of a new 18,000 square foot, two apparatus bay Fire Station at the corner of Division Avenue and Elm Street. This station will also include a large 75-person community room and training tower. The Fire Department Training Facility project consists of consolidating various training facilities and operations from across the City into a single fire training campus, to be located at 850 Pannell Street (see Attachment N).

Approval would authorize an increase of \$3,689,028 in Estimated Revenue and Appropriations of the ***Capital Improvement Fund (4010)*** with no effect on Fund Balance.

CONTINGENT BALANCE:

If the Commission approves Budget Ordinance Amendment #24-11 there will be a balance of \$935,080.21 remaining in the General Operating Fund's Contingent Account.

Beginning Contingent Balance	\$	935,080.21
Changes requested:		(0.00)
Ending Contingent Balance	\$	<u>935,080.21</u>

Your FISCAL COMMITTEE recommends the adoption of the following amendment to the Budget Ordinance for Fiscal Year ending June 30, 2024.

ORDINANCE NO. 2024-__

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 2023-15, the Budget of the City of Grand Rapids for Fiscal Year 2024, as amended.

CORRECT IN FORM

DEPARTMENT OF LAW