

CITY of NOVI CITY COUNCIL

**Agenda Item 8
September 10, 2012**

SUBJECT: Approval of resolution to authorize Budget Amendment #2013-1.

SUBMITTING DEPARTMENT: City Manager/Finance

CITY MANAGER APPROVAL:

BACKGROUND INFORMATION:

Budget amendments are prepared quarterly, or when an appropriation is required for a specific category. The budget is adopted at a category level. Attached please find the following:

- First quarter budget amendment for fiscal year 2012-13. The amendment includes rollover items from fiscal year 2011-12 in addition to the following General Fund requests:

Sick bank payout	\$	173,490	MAPE Sick Bank Payout 1st Installment
Personnel Services - Permanent Salaries	\$	(46,440)	Staff vacancies and reductions
Personnel Services - Social Security	\$	(3,560)	Staff vacancies and reductions
Capital Outlay-Building improvements	\$	50,000	Office relocation/realignment in Treasury and Finance - offset by one staff vacancies and reductions)
Web page maintenance	\$	(4,000)	Web page maintenance savings
Operating supplies	\$	4,000	Digital white board
Membership and dues	\$	5,000	Center for Performance Measurement
Land acquisition	\$	375,000	Purchase of Barr property - approved by CC 08.27.12
Land acquisition	\$	12,300	Tax foreclosed property - 2012 Taxes
Capital Outlay-Land improvements	\$	18,500	Design & geotech services Public
Capital Outlay-Land improvements	\$	16,400	Safety Parking Lot Improvement
Tuition reimbursement	\$	3,500	
Capital Outlay - Data processing	\$	56,170	DPS fuel management system - approved by CC 07.02.12
Transfer to PR&CS Fund	\$	275,590	New request - Fund Pavilion Shore Park Project (Construction)
Transfer to PR&CS Fund	\$	144,720	New request - Fund Pavilion Shore Park Project (Engineering)
	\$	<u>1,080,670</u>	

- Summary of General Fund – Fund Balance (unaudited):
A summary of the **General Fund Financial Highlights** for the fiscal year ended June 30, 2012 are as follows:

General Fund - Year Ended June 30, 2012					
	<u>Original</u>	<u>Amended</u>		<u>Variance</u>	<u>% of budget</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>w/Amended</u>	<u>used</u>
				<u>Budget</u>	
Revenues	\$ 24,292,065	\$ 25,641,820	\$ 26,292,359	\$ 650,539	102.5%
Expenditures	<u>28,484,075</u>	<u>29,077,725</u>	<u>28,144,834</u>	<u>932,891</u>	96.8%
Net Change in Fund Balance	(4,192,010)	(3,435,905)	(1,852,475)	1,583,430	
Fund Balance - beginning	<u>11,417,075</u>	<u>11,417,075</u>	<u>11,417,075</u>	-	
Fund Balance - ending	\$ 7,225,065	\$ 7,981,170	\$ 9,564,600	\$ 1,583,430	
Fund balance as % of actual expenditures				34%	

- **Revenues:** In total, **revenues outperformed amended budget estimates for the year by \$650,539 or 2.5%**, primarily a result of the following:
 - Interest income outperformed estimates by \$288,864 driven primarily by the recognition of unrealized investment gains of \$202,000 based on the increase in the fair value of our State of Michigan bond holdings at June 30th. Primary contributing factors to their appreciation include a decrease in overall yields at June 30th causing bond prices to increase, continued strength of Michigan's balance sheet (currently rated Aa2/AA-), limited supply of Michigan bonds and continued demand for high quality investments. **GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools**, requires Governmental entities to report investments at fair value. All investment income, including changes in the fair value of investments, should be reported as revenue in the operating statement.
 - Property tax revenue exceeded budget by \$106,527 reflecting the recent Fox Run Michigan Tax Tribunal settlement.
 - Charges for services outperformed estimates by \$159,490 driven by the increase in building permit fee activity for the year.
- **Expenditures:** Actual expenditures as of June 30, 2012 were **under budget by \$932,891 or 3.2%**. This is a result of \$660,640 of capital outlay projects that will be requested to be rolled over into FY 2012-13. In addition, because of the timing of the 1st of two installments of the MAPE sick leave payout totaling \$173,489, this amount will be charged to FY 2012-13 and will be included in the 1st quarter 2012-13 budget amendment. The balance of \$98,762 represents the net difference between the amended budget and actual expenditures.

Fund balance of the General Fund for FY 2012-13 is projected to be at 21.05% of budgeted expenditures as follows:

Beginning Fund Balance July 1, 2012		\$	9,564,600
Adopted 2012-13 Budget:			
<i>Revenue</i>	\$ 28,601,171		
<i>Expenditures</i>	<u>(29,786,566)</u>	\$	<u>(1,185,395)</u>
Projected Fund Balance prior to Budget Amendment #2013-1		\$	8,379,205
2013-1 Rollover budget amendment	(660,640)		
2013-1 First Quarter budget amendment	<u>(1,080,670)</u>		<u>(1,741,310)</u>
Projected Fund Balance, June 30, 2013		\$	<u>6,637,895</u>
Projected Fund balance as a % of budgeted expenditures			21.05%

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2013-1.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				

General Fund Summary

Beginning Fund Balance July 1, 2011		\$ 11,417,075
Amended 2011-12 Budget:		
Revenue	\$ 25,641,820	
Expenditures	<u>(29,077,725)</u>	\$ (3,435,905)
Projected Fund Balance, June 30, 2012		<u>\$ 7,981,170</u>

Beginning Fund Balance July 1, 2011		\$ 11,417,075
Actual 2011-12:		
Revenue	\$ 26,292,359	
Expenditures	<u>(28,144,834)</u>	\$ (1,852,475)
Fund Balance, June 30, 2012		<u>\$ 9,564,600</u>
Rollover expenditure items included in budget amendment 2013-1		<u>\$ 660,640</u>
<i>Net difference in amended 2011-12 budget and actual unaudited results</i>		<u>\$ 1,583,430</u>

Beginning Fund Balance July 1, 2012		\$ 9,564,600
Adopted 2012-13 Budget:		
Revenue	\$ 28,601,171	
Expenditures	<u>(29,786,566)</u>	\$ (1,185,395)
Projected Fund Balance prior to Budget Amendment #2013-1		\$ 8,379,205
2013-1 Rollover budget amendment	(660,640)	
2013-1 First Quarter budget amendment	<u>(1,080,670)</u>	(1,741,310)
Projected Fund Balance, June 30, 2013		<u>\$ 6,637,895</u>
Projected Fund balance as a % of budgeted expenditures		<u>21.05%</u>

**BUDGET AMENDMENT# 2013-1
RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following Budget Amendment# 2013-1 is authorized:

	INCREASE (DECREASE)	
GENERAL FUND		
REVENUE		
Appropriation of Fund Balance	<u>\$ 1,741,310</u>	
APPROPRIATIONS		
CITY MANAGER		
Capital Outlay - Data Processing (Citizen Relationship Management System)	\$ 24,000	(a)
FINANCE DEPARTMENT		
Personnel Services (staff vacancies and reductions)	(50,000)	(b)
FACILITY OPERATIONS		
Capital Outlay-Building improvements (Civic Center roof \$224,000; Civic Center atrium window replacements \$14,000; NYA reconfiguration \$11,000; Office relocation Treasury and Finance \$50,000)	299,000	(a)&(b)
GENERAL ADMINISTRATION		
Personnel Services (1st installment of MAPE sick leave payout)	173,490	(b)
Supplies (Digital white board)	4,000	(b)
Other Services & Charges-Membership and dues (Center for Performance Measurement)	5,000	(b)
Capital Outlay-Land acquisition (Barr property \$375,000; tax foreclosed property 2012 taxes \$12,300)	387,300	(b)
NEIGHBORHOOD & BUSINESS RELATIONS GROUP		
Other Services & Charges-Web page maintenance	(4,000)	(b)
PUBLIC SAFETY		
Supplies-Uniforms (Fire turnout gear)	26,550	(a)
Capital Outlay-Land Improvement (Public Safety parking lot improvement project)	34,900	(b)
COMMUNITY DEVELOPMENT		
Other Services & Charges-Data processing (Motion tablets)	19,690	(a)
Capital Outlay-Data processing (new permit software)	45,000	(a)
DPS		
Other Services & Charges-Tuition reimbursement	3,500	(b)
Capital Outlay - Building Improvements (DPS door & window project)	126,400	(a)
Capital Outlay - Heavy Equipment (Single-axle dump truck)	170,000	(a)
Capital Outlay - Data processing (DPS fuel management system)	56,170	(b)
Transfers Out (PR&CS Fund - Pavilion Shore Park Project - Construction \$275,590, Engineering \$144,720)	420,310	(b)
	<u>\$ 1,741,310</u>	
MAJOR STREET FUND		
REVENUE		
Appropriation of Fund Balance	<u>\$ 1,092,270</u>	
APPROPRIATIONS		
Construction	<u>\$ 1,092,270</u>	(a)
LOCAL STREET FUND		
REVENUE		
Appropriation of Fund Balance	<u>\$ 1,424,500</u>	
APPROPRIATIONS		
Construction	<u>\$ 1,424,500</u>	(a)
MUNICIPAL STREET FUND		
REVENUE		
Appropriation of Fund Balance	<u>\$ 1,380,090</u>	
APPROPRIATIONS		
Construction	<u>\$ 1,380,090</u>	(a)&(b)
PARKS, RECREATION & CULTURAL SERVICES		
REVENUE		
Transfers In (General Fund - Pavilion Shore Park Project)	\$ 420,310	(b)
Appropriation of Fund Balance	1,002,360	
	<u>\$ 1,422,670</u>	
APPROPRIATIONS		
ADMINISTRATION		
Capital Outlay	\$ 1,422,670	(a)&(b)
	<u>\$ 1,422,670</u>	
LIBRARY FUND		
REVENUE		
Appropriation of Fund Balance	<u>\$ 15,000</u>	
APPROPRIATIONS		
Other Services & Charges-Grounds maintenance	<u>\$ 15,000</u>	(b)
FEDERAL FORFEITURE FUND		
REVENUE		
Appropriation of Fund Balance	<u>\$ 19,000</u>	
APPROPRIATIONS		
Capital Outlay	<u>\$ 19,000</u>	(a)
DRAIN FUND		
REVENUE		
Appropriation of Fund Balance	<u>\$ 918,445</u>	
APPROPRIATIONS		
Maintenance - Brookfarm Park Streambank Stabilization	235,905	(a)
Construction	682,540	(a)&(b)
	<u>\$ 918,445</u>	

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 September 10, 2012

Corney Hanson
Deputy City Clerk

(a) Rollover items

(b) Current year service and capital improvements including contract adjustments and settlements

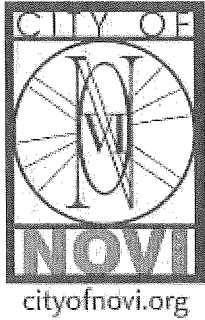
City of Novi - 1st Quarter Budget Amendment Detail - September 10, 2012

Acct#	GL Name	Amount	Notes
101-299.00-709.100	Sick bank payout	\$ 173,490	MAPE Sick Bank Payout 1st Installment
101-172.00-986.000	Capital Outlay-Data Processing	\$ 24,000	Rollover -Citizen Relationship Management System
101-265.00-976.000	Capital Outlay-Building improvements	\$ 224,000	Rollover -Civic Center roof replacement
101-265.00-976.000	Capital Outlay-Building improvements	\$ 14,000	Rollover - Civic Center atrium window replacement
101-265.00-976.000	Capital Outlay-Building improvements	\$ 11,000	Rollover -NYA reconfiguration
101-337.00-741.000	Uniforms	\$ 26,550	Rollover - Fire turnout gear
101-371.00-986.000	Capital Outlay - Data processing	\$ 45,000	Rollover - Building.net upgrade
101-371.00-802.000	Data processing	\$ 19,690	Rollover - Community Development Motion Tablets
101-442.00-976.000	Capital Outlay-Building improvements	\$ 126,400	Rollover - DPS door & window project
101-442.00-984.000	Capital Outlay-Heavy Equipment	\$ 170,000	Rollover - Single-Axle Dump Truck
101-201.00-704.000	Personnel Services - Permanent Salaries	\$ (46,440)	Staff vacancies and reductions
101-201.00-715.000	Personnel Services - Social Security	\$ (3,560)	Staff vacancies and reductions
101-265.00-976.000	Capital Outlay-Building improvements	\$ 50,000	Office relocation/realignment in Treasury and Finance - offset by one staff vacancies and reductions)
101-295.00-880.800	Web page maintenance	\$ (4,000)	Web page maintenance savings
101-299.00-740.000	Operating supplies	\$ 4,000	Digital white board
101-299.00-809.000	Membership and dues	\$ 5,000	Center for Performance Measurement
101-299.00-971.000	Land acquisition	\$ 375,000	Purchase of Barr property - approved by CC 08.27.12
101-299.00-971.000	Land acquisition	\$ 12,300	Tax foreclosed property - 2012 Taxes
101-301.00-971.100	Capital Outlay-Land improvements	\$ 18,500	Design & geotech services Public Safety
101-337.00-971.100	Capital Outlay-Land improvements	\$ 16,400	Parking Lot Improvement Project
101-442.10-957.000	Tuition reimbursement	\$ 3,500	
101-442.30-986.000	Capital Outlay - Data processing	\$ 56,170	DPS fuel management system - approved by CC 07.02.12
101-940.00-965.208	Transfer to PR&CS Fund	\$ 275,590	New request - Fund Pavilion Shore Park Project (Construction)
101-940.00-965.208	Transfer to PR&CS Fund	\$ 144,720	New request - Fund Pavilion Shore Park Project (Engineering)
		<u>\$ 1,741,310</u>	
202-202.00-805.234	Engineering-Beck (9 to Cheltenham)	\$ 400	Rollover
202-202.00-805.458	Engineering-Fountain Walk Dr	\$ 19,500	Rollover
202-202.00-805.459	Engineering-West Oak Dr	\$ 42,500	Rollover
202-202.00-805.654	Engineering-Nine Mile (Beck to Taft)	\$ 46,500	Rollover
202-202.00-865.234	Construction-Beck (9 to Cheltenham)	\$ 16,500	Rollover
202-202.00-865.458	Construction-Fountain Walk Dr	\$ 149,000	Rollover
202-202.00-865.459	Construction-West Oaks Dr	\$ 235,670	Rollover
202-202.00-865.650	Construction-Meadowbrook-10 to CherryHill	\$ 30,620	Rollover
202-202.00-865.651	Construction-Meadowbrook (8 MI to 9 MI)	\$ 43,350	Rollover
202-202.00-865.652	Construction-9 MI (Meadowbrook to Haggerty)	\$ 37,800	Rollover
202-202.00-865.653	Construction-Nine Mile (Novi to Taft)	\$ 92,930	Rollover
202-202.00-865.654	Construction (Beck to Taft)	\$ 240,000	Rollover
202-202.00-866.500	Capital Preventative Maintenance Program	\$ 137,500	Rollover
		<u>\$ 1,092,270</u>	
203-203.00-805.431	Engineering-Neighborhood Rds 2010-11	\$ 890	Rollover
203-203.00-805.432	Engineering-Neighborhood Rds 2012-13	\$ 105,000	Rollover
203-203.00-805.565	Engineering-S Karevich	\$ 17,420	Rollover
203-203.00-865.197	Construction-Vista Hills	\$ 16,800	Rollover
203-203.00-865.411	Construction-Neighborhood Rds 2011-12	\$ 1,000,000	Rollover
203-203.00-865.431	Construction-Neighborhood Rds 2010-11	\$ 65,490	Rollover
203-203.00-865.565	Construction-S Karevich	\$ 142,000	Rollover
203-203.00-866.500	Capital Preventative Maintenance	\$ 71,430	Rollover
203-203.00-867.050	Traffic consultant	\$ 5,470	Rollover
		<u>\$ 1,424,500</u>	

City of Novi - 1st Quarter Budget Amendment Detail - September 10, 2012

Acct#	GL Name	Amount	Notes
204-204.00-805.003	ADA Compliance Plan	\$ 50,000	Rollover
204-204.00-805.619	Engineering -12 Mile Rd Beck to Dixon	\$ 75,000	Rollover
204-204.00-862.616	Easements etc-Novl Road-10 to GR	\$ 192,000	Rollover
204-204.00-863.501	Grand River & Meadowbrook Signal	\$ 100,000	Rollover
204-204.00-863.502	Meadowbrook & Nine Mile Signal Upgrade	\$ 57,580	Rollover
204-204.00-865.616	Construction-Novl Road-10 to GR	\$ 72,410	Rollover
204-204.00-865.643	Construction - Ice Arena access drive	\$ 95,000	Approved by CC 8.13.12
204-204.00-865.695	Construction-Novl Rd/GR to 12 Mile Rd	\$ 98,730	Rollover
204-204.00-865.705	Grand River Rehabilitation-Novl-Haggerty	\$ 373,400	Rollover
204-204.00-865.899	Construction-MDOT projects -local share	\$ 22,340	Rollover
204-204.00-867.200	Trailblazing sign - 196 Study	\$ 4,800	Rollover
204-204.00-974.417	Sidewalk-Eng&ROW Seg#145 to 10MI Taft Rd-11 MI-GR	\$ 9,670	Rollover
204-204.00-974.418	Sidewalk-Constr Seg#145 to 10MI Taft Rd-11 MI-GR	\$ 78,540	Rollover
204-204.00-974.421	Sidewalk-Constr Seg#93 9 MI	\$ 53,320	Rollover
204-204.00-974.426	Sidewalk-Constr Seg#144-Meadowbrook GR to CH	\$ 15,240	Rollover
204-204.00-974.427	Sidewalk-Seg#36 Taft Rd-11 MI-GR	\$ 11,000	Approved by CC 8.27.12
204-204.00-974.428	Sidewalks M-5/I-275 Trail Connector	\$ 16,940	Approved by CC 07.2.2012
204-204.00-974.429	Sidewalk-NC#2-Brookfarm	\$ 54,120	Approved by CC 06.4.2012
		<u>\$ 1,380,090</u>	
208-691.00-974.060	Brookfarm Park Pathway	\$ 14,370	Rollover
208-691.00-974.085	Park development-entryway signs	\$ 2,530	Rollover
208-691.00-974.086	Park development-Pavilion Shore Property	\$ 1,191,660	Rollover plus new request
208-691.00-974.093	Power Park baseball field fencing repair	\$ 52,500	Rollover
208-691.00-974.094	Power Park-access rd,pathway & parking	\$ 47,130	Approved by CC 8.13.12
208-691.00-974.101	ITC & Rotary parks-courts resurface	\$ 25,000	Rollover
208-691.00-974.300	Park Acquisition & Grant Match	\$ 64,580	Rollover-Village Wood Lake Park
208-691.00-986.000	Data processing	\$ 24,900	Rollover-Recreation software purchase
		<u>\$ 1,422,670</u>	
210-211.00-805.260	Consulting-NW Quadrant Ring Drain	\$ 37,500	New request
210-211.00-805.685	Engineering-Meadowbrook Lake	\$ 17,270	Approved by CC 8.27.12
210-211.00-805.687	Eng-Leavenworth,LexingtonGreen,Thornton	\$ 64,970	Rollover
210-211.00-805.990	Consulting-storm water permit activities	\$ 8,370	Rollover
210-211.00-865.023	Civic Center Basin Improvements	\$ 14,820	Rollover
210-211.00-865.131	Drain Improvements N of 10 MI E of CSX	\$ 11,070	Rollover
210-211.00-865.132	Drain Improvements-Bishop Basin	\$ 210	Rollover
210-211.00-865.134	Cedar Springs Basin Improvements	\$ 3,390	Rollover
210-211.00-865.260	Construct-NW Quadrant Ring Rd	\$ 131,790	New request
210-211.00-865.685	Construction-Meadowbrook Lake	\$ 118,150	Approved by CC 8.27.12
210-211.00-865.267	Constr-Leavenworth,LexingtonGreen,Thornton	\$ 275,000	Rollover
210-211.00-869.510	Brookfarm Park Streambank Stabilization	\$ 235,905	Approved by CC 06.4.2012
		<u>\$ 918,445</u>	
266-266.00-935.100	Vehicle-new install-Federal	\$ 19,000	Rollover
		<u>\$ 19,000</u>	
268-000.00-941.000	Grounds maintenance	\$ 15,000	Landscape improvements approved by Library Board
		<u>\$ 15,000</u>	

MEMORANDUM



TO: CLAY PEARSON, CITY MANAGER
FROM: ROB PETTY, CHIEF INFORMATION OFFICER
SUBJECT: CIVIC CENTER RECONFIGURATION
DATE: SEPTEMBER 4, 2012

As you are aware we recently completed the relocation of both the Novi Youth Assistance (NYA) and Older Adult Services (OAS) operations to enhance the coordination and visibility of Older Adults while retaining NYA in the Civic Center for their continued integration with City services. These moves, along with the displacement of the Human Resources/Payroll Department, have presented us with an opportunity to evaluate how we could operationally even better serve our guests and cross-train City staff. We engaged targeted staff in an exercise to provide feedback as to which departments, and in particular, which individuals, they interact with most often to perform their job functions. This data along with the services of a space resource planner, and the affected department directors lead to a recommendation that we reconfigure two areas within the Civic Center. The first recommendation involves co-locating the majority of the Finance Department within the existing Treasury suite. Our guests will benefit from the additional cross trained staff and the "One Stop Shop" environment that results from this move. Additionally, the southeast corner of the second floor will be modified to create a collaborative work environment for Community Relations, Economic Development, Human Resource/Payroll, and remaining Finance Department staff. By co-locating these departments, in a collaborative work environment, they will be able to leverage (the reduced net number) staff to meet their respective workloads. The anticipated cost to complete this reconfiguration is \$50,000. It is anticipated that we will offset this expenditure with the cost savings from the recent elimination of the Accountant position within the Finance Department (which provides ongoing cost savings).