

MEMORANDUM

TO: Mayor and Council  
FROM: Howard Lazarus, City Administrator  
DATE: May 15, 2017  
SUBJECT: Resolution to Adopt Ann Arbor City Budget and Related Property Tax Millage Rates for fiscal year 2018

Attached for your review and action is the proposed FY 2018 City Budget that totals \$423 million in revenue and \$380 million in expenditures and is in compliance with the City Charter. This budget resolution reflects the recommended budget delivered to you on April 17, 2017.

**General Fund Activities**

This recommended budget holds recurring expenditure levels in line with the projected revenue levels.

	<u>FY 2018</u>
Recurring Revenues	\$102,732,312
Non-recurring Revenues	<u>1,891,397</u>
Total Revenues	\$104,623,709
Recurring Expenditures	\$102,053,059
Non-recurring Expenditures	<u>2,570,650</u>
Total Expenditures	\$104,623,709

General Fund recurring expenditures increased by \$2,578,968 (+2.6%) compared to FY 2017's adopted budget, and recurring revenues increased by \$3,017,687 (+3.0%). Below is a summary of non-recurring expenditures:

<u>General Fund Non-recurring Expenditures</u>	<u>FY 2018</u>
City Administrator-Citizen Survey	\$ 30,000
City Clerk-Election Improvements	34,000
Human Resources-Compensation Study	60,000
Human Resources-Ultipro Improvements	10,000
Housing Commission-One-time support	213,000
City Attorney-Citylaw program	20,000
Community Services-Parks Fairness Resolution	104,857
Public Services-Guy C. Larcom Building Primary Chiller	280,000
Public Services-ADA Accessibility Compliance Study	20,000
Public Services-Barton and Superior Dam work	525,000
Public Services-New Streetlight Funding	150,000

Safety Services-Police-Telestaff upgrade	19,728
Safety Services-Fire-Telestaff upgrade	12,006
Non-departmental-Workforce planning carryover funding	475,000
Non-departmental-Update governance plans	250,000
Non-departmental-Retroactive payments on unsettled contracts	367,059
Total General Fund Non-recurring Expenditures	<u>\$ 2,570,650</u>

### **FTEs**

The City's FTEs are proposed to increase from 729 to 740 in FY 2018 (excluding transfers between Service Areas and net of incidental changes):

- 1.0 FTE increase in City Administrator
- 1.0 FTE increase in City Administrator, City Clerk
- 1.0 FTE increase in City Administrator, Human Resources
- 1.0 FTE decrease in Community Services, Parks and Recreation
- 2.0 FTE increase in Community Services, Housing Commission
- 1.0 FTE increase in Financial Services, Information Technology
- 1.0 FTE increase in Public Services, Engineering
- 1.0 FTE increase in Public Services, Systems Planning
- 1.0 FTE increase in Public Services, Water Treatment Plant
- 1.0 FTE increase for 15<sup>th</sup> District Court
- 2.0 FTE increase for the Downtown Development Authority

As part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 740 FTEs by 10 on a temporary basis.

### Millage Rates

The following millages are the maximum allowable levy after the Headlee rollback multiplier is applied (for FY 2018 the Headlee rollback multiplier is anticipated to be 0.9873):

	<b>PROPOSED FY 2018</b>	<b>ACTUAL FY 2017</b>	<b>CHANGE</b>
GENERAL OPERATING	6.0343	6.1120	(0.0777)
EMPLOYEE BENEFITS	2.0114	2.0373	(0.0259)
AAATA	2.0114	2.0373	(0.0259)
REFUSE COLLECTION	2.4134	2.4445	(0.0311)
STREET, BRIDGE & SIDEWALK MILLAGE	2.1250	2.1057	0.0193
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0761	1.0900	(0.0139)
OPEN SPACE & PARKLAND PRESERVATION	<u>0.4674</u>	<u>0.4735</u>	<u>(0.0061)</u>
TOTAL	16.1390	16.3003	(0.1613)

Prepared by: Tom Crawford, Chief Financial Officer

Approved by: Howard Lazarus, City Administrator

RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET  
AND RELATED PROPERTY TAX MILLAGE RATES  
FOR FISCAL YEAR 2018

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 2018 for the City of Ann Arbor; and

Whereas, A public hearing and various public meetings have been held to obtain citizen input on the proposed budget; and

RESOLVED, That Council adopts the General Fund Allocations as listed in the FY 2018 Consolidated Plan, to be funded out of the Community Development Budget;

RESOLVED, That any contributions to the Special Assistance Fund in excess of the budgeted amount, shall be appropriated at the time of receipt and for the purpose of the Ann Arbor Assistance Fund;

RESOLVED, That any funds contributed to the Parks Memorials and Contributions fund in excess of the budgeted amount shall be appropriated at the time of receipt for the purpose of that fund without regard to fiscal year;

RESOLVED, That any contributions to the Drug Enforcement Fund, the Federal Equitable Sharing Forfeiture Fund and the Michigan Justice Training Fund in excess of the budgeted amount, shall be appropriated at the time of receipt, without regard to fiscal year, and for the purpose of the Drug Enforcement Fund, the Federal Equitable Sharing Forfeiture Fund and the Michigan Justice Training Fund, respectively;

RESOLVED, That the proposed list of Capital Improvement projects in the amount of \$148,310,275 are approved; and that \$37,642,275 be appropriated in FY 2018 for these or similar projects, within the respective funds, as determined by the Service Area, and may be carried forward without regard to fiscal year;

RESOLVED, That the Technology Improvement projects in the amount of \$577,213 be appropriated without regard to fiscal year;

RESOLVED, That a total 740 full-time equivalent positions be adopted in the FY 2018 budget;

RESOLVED, That as part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 740 FTEs by 10 on a temporary basis;

RESOLVED, That the City Administrator be authorized to transfer funds between service units within the designated service areas or from Non-Departmental within the same fund;

RESOLVED, That the City Council approve the proposed FY 2018 Ann Arbor-Ypsilanti SmartZone LDFA budget, as a component unit of the City of Ann Arbor in Fiscal Year

2018 in a dedicated fund containing \$3,499,576 in revenues and \$3,476,395 in expenditures;

RESOLVED, That the following appropriations constitute the General Fund budget for FY 2018;

<b><u>REVENUES</u></b>		
CITY ATTORNEY		\$ 270,864
CITY ADMINISTRATOR		
Clerk Services		184,460
COMMUNITY SERVICES		
Building & Rental Services		1,118,079
Planning		371,778
Parks and Recreation Services		4,873,485
FINANCIAL SERVICES		
Financial and Budget Planning		28,481,843
Treasury		45,655,647
Customer Service		74,399
PUBLIC SERVICES		
Public Works		312,535
Water Treatment		525,900
Fleet & Facilities		4,000
SAFETY SERVICES		
Police		3,383,185
Fire		548,033
DISTRICT COURT		1,930,300
NON-DEPARTMENTAL		16,889,201
<b>TOTAL GENERAL FUND REVENUES</b>		<b>\$ 104,623,709</b>

## EXPENDITURES

MAYOR AND CITY COUNCIL	\$ 351,710
CITY ATTORNEY	2,246,104
CITY ADMINISTRATOR	
City Administrator	765,389
Human Resources	1,977,993
Clerk Services	1,204,728
Safety	343,549
COMMUNITY SERVICES	
Building & Rental Services	1,709,916
Planning	1,271,606
Community Development	4,628,132
Parks and Recreation	6,255,153
FINANCIAL SERVICES	
Accounting	840,175
Assessor	1,126,194
Customer Service	299,165
Financial and Budget Planning	970,600
Information Technology	3,642,177
Procurement	244,262
Risk Management	115,811
Treasury	634,518
PUBLIC SERVICES	
Public Works	5,031,363
Fleet & Facilities	3,631,060
Engineering	3,616,497
Public Services Administration	158,431
Systems Planning	229,352
Water Treatment Services	850,824
SAFETY SERVICES	
Police	26,220,789
Fire	15,606,540
DISTRICT COURT	4,703,358
NON-DEPARTMENTAL	15,948,313
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 104,623,709</b>

RESOLVED, That the following other funds revenue and expenditure appropriations are adopted for FY 2018 budget; and

**REVENUES**

<b>Fund #</b>	<b>Fund Name</b>	<b>Amount</b>
0001	DDA/HOUSING FUND	\$ 402,500
0002	ENERGY PROJECTS	241,454
0003	DOWNTOWN DEVELOPMENT AUTHORITY	7,778,107
0009	SMART ZONE LDFA	3,499,576
0010	GENERAL	104,623,709
0011	CENTRAL STORES	1,245,137
0012	FLEET SERVICES	11,032,273
0014	INFORMATION TECHNOLOGY	7,723,390
0016	COMMUNITY TELEVISION NETWORK	2,266,621
0021	MAJOR STREET	10,358,807
0022	LOCAL STREET	2,457,038
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	2,553,289
0025	BANDEMER PROPERTY	11,781
0026	CONSTRUCTION CODE FUND	3,380,762
0027	DRUG ENFORCEMENT	54,325
0028	FEDERAL EQUITABLE SHARING	33,946
0033	DDA PARKING MAINTENANCE	4,354,661
0034	PARKS MEMORIALS & CONTRIBUTIONS	39,973
0035	GENERAL DEBT SERVICE	8,788,921
0036	METRO EXPANSION	367,760
0038	ANN ARBOR ASSISTANCE	5,062
0041	OPEN SPACE ENDOWMENT	20,000
0042	WATER SUPPLY SYSTEM	27,667,394
0043	SEWAGE DISPOSAL SYSTEM	26,454,043
0048	AIRPORT	922,355
0049	PROJECT MANAGEMENT	4,864,795
0052	VEBA TRUST	13,754,749
0053	POLICE AND FIRE RELIEF	7,059
0054	CEMETERY PERPETUAL CARE	980
0055	ELIZABETH R DEAN TRUST	60,130
0057	RISK FUND	30,629,642
0058	WHEELER CENTER	500,689
0059	EMPLOYEES RETIREMENT SYSTEM	51,801,806
0060	GENERAL DEBT /SPECIAL ASSESSMENTS	619,915
0061	ALTERNATIVE TRANSPORTATION	508,212
0062	STREET, BRIDGE & SIDEWALK MILLAGE	14,188,692
0063	DDA PARKING SYSTEM	23,210,313

0064	MICHIGAN JUSTICE TRAINING	21,073
0069	STORMWATER SEWER SYSTEM	9,237,322
0070	AFFORDABLE HOUSING	5,000
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	6,036,765
0072	SOLID WASTE FUND	18,182,927
0082	STORMWATER BOND	4,574,575
0088	SEWER BOND	9,017,000
0089	WATER BOND	7,556,000
00CP	GENERAL CAPITAL FUND	1,642,332
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		<b>\$ 422,927,860</b>
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## EXPENDITURES

<b>Fund #</b>	<b>Fund Name</b>	<b>Amount</b>
0001	DDA/HOUSING FUND	\$ 402,500
0002	ENERGY PROJECTS	241,454
0003	DOWNTOWN DEVELOPMENT AUTHORITY	7,778,107
0009	SMART ZONE LDFA	3,476,395
0010	GENERAL	104,623,709
0011	CENTRAL STORES	1,245,137
0012	FLEET SERVICES	11,032,273
0014	INFORMATION TECHNOLOGY	7,593,391
0016	COMMUNITY TELEVISION NETWORK	2,246,099
0021	MAJOR STREET	10,358,807
0022	LOCAL STREET	2,457,038
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	1,335,132
0025	BANDEMER PROPERTY	11,781
0026	CONSTRUCTION CODE FUND	3,354,472
0027	DRUG ENFORCEMENT	53,171
0028	FEDERAL EQUITABLE SHARING	32,925
0033	DDA PARKING MAINTENANCE	4,354,661
0034	PARKS MEMORIALS & CONTRIBUTIONS	39,973
0035	GENERAL DEBT SERVICE	8,788,921
0036	METRO EXPANSION	367,760
0038	ANN ARBOR ASSISTANCE	5,000
0041	OPEN SPACE ENDOWMENT	20,000
0042	WATER SUPPLY SYSTEM	21,030,102
0043	SEWAGE DISPOSAL SYSTEM	20,055,611
0048	AIRPORT	907,455
0049	PROJECT MANAGEMENT	4,864,795
0052	VEBA TRUST	651,627
0055	ELIZABETH R DEAN TRUST	60,130
0057	RISK FUND	30,629,642
0058	WHEELER CENTER	500,689
0059	EMPLOYEES RETIREMENT SYSTEM	39,926,441
0060	GENERAL DEBT /SPECIAL ASSESSMENTS	619,915
0061	ALTERNATIVE TRANSPORTATION	268,047
0062	STREET, BRIDGE & SIDEWALK MILLAGE	12,866,800
0063	DDA PARKING SYSTEM	23,210,312
0064	MICHIGAN JUSTICE TRAINING	21,000
0069	STORMWATER SEWER SYSTEM	7,473,404

0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	5,982,695
0072	SOLID WASTE FUND	18,169,834
0082	STORMWATER BOND	4,574,575
0088	SEWER BOND	9,017,000
0089	WATER BOND	7,556,000
00CP	GENERAL CAPITAL FUND	1,642,332
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		\$ 380,072,112
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RESOLVED, That the following millages shall be levied for the City of Ann Arbor for FY 2018:

	<b>PROPOSED</b>
GENERAL OPERATING	6.0343
EMPLOYEE BENEFITS	2.0114
AAATA	2.0114
REFUSE COLLECTION	2.4134
STREET, BRIDGE & SIDEWALK MILLAGE	2.1250
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0761
OPEN SPACE & PARKLAND PRESERVATION	0.4674
TOTAL	<hr/> 16.1390

**As Amended by the Ann Arbor City Council on May 15, 2017**