File #: 19-0581, **Version:** 2

Resolution Providing FY20 Budget Policy Direction Consistent with the Results of the Community Survey on the Recommended Allocation of the 2017 Washtenaw County Mental Health and Public Safety Millage Proceeds of $2.2M Annually

Whereas, On November 7, 2017, Washtenaw County voters approved an eight-year Mental Health & Public Safety Millage that will provide the City of Ann Arbor with $2.2M annually in unrestricted revenue which, after reflecting normal taxable value growth, will total approximately $20 million over the eight-year period;

Whereas, On September 18, 2017, City Council adopted a resolution stating it was Council's intent to utilize the Mental Health & Public Safety Millage proceeds for the duration of the eight-year millage 40% for affordable housing, 40% for climate action programs, and 20% for pedestrian safety;

Whereas, The actual millage ballot language did not contain any reference to Council's proposed allocations and the extent to which voters were aware of the proposed allocations is not clear;

Whereas, The City's receipt of an incremental and unrestricted revenue stream of this magnitude is unprecedented and given the lack of clarity on resident preferences, City Council determined it would be both appropriate and informative to seek input from taxpayers on their preferences regarding how the new revenue should be utilized;

Whereas, On November 19, 2018, City Council adopted resolution #18-1909 to conduct a survey of Ann Arbor residents to assess their preferences on how the millage proceeds should be spent, and on December 17, 2018, City Council re-affirmed its desire to conduct the millage proceeds survey by adopting resolution #18-2118 which provided specific guidance on the citizen survey;

Whereas, The resident survey was a closed, representative, and statistically-valid survey with over 1,000 residents participating and the results of the survey were tabulated and analyzed by National Research Center Inc. and reported to Council on March 22nd;

Whereas, the survey asked participants how they would allocate the $2.2 million in funds if it were up to them and the average allocations based on all respondents were:

1. Additional funding for mental health services (15.92% or $350,240.00)
2. Additional funding for street re-surfacing and repair (15.65% or $344,300.00)
3. Fund initiatives to ensure safe drinking water (14.82% or $326,040.00)
4. Provide support for affordable housing (12.59% or $276,980.00)
5. Fund improvements to water and sewer infrastructure (11.31% or $248,820.00)
6. Additional public safety funding to the Police (10.03% or $220,660.00)
7. Funding to meet goals of Ann Arbor's Climate Action Plan (9.83% or $216,260.00)
8. Fund pedestrian safety projects (8.36% or $183,290.00)

All other (1.48% or $33,050);

Whereas, The proposal to allocate the millage proceeds 40% to climate action programs, 40% to affordable housing, 20% to pedestrian safety is inconsistent with resident preferences:

- 40/40/20 does not provide any additional funding for the three areas residents prioritized highest (mental health services, road repair, safe drinking water) and allocates 100% of the revenue to areas that residents prioritized lower (affordable housing at #4, climate action #7, and pedestrian safety #8)
- 40/40/20 concentrates this new revenue in just three areas while the vast majority of survey respondents indicated the new revenue should be spread across more priority areas in smaller amounts with very, very few respondents allocating more than 30% to any one area;

Whereas, The City Administrator is scheduled to present his FY20 budget recommendation to City Council for consideration on April 15th and staff have indicated there is adequate time to incorporate input from the survey in that recommendation if Council direction is provided April 1st ; and

Whereas, City Council believes aligning spending with community priorities is an essential element of good governance and - unlike the annual $100 million General Fund budget - there is definitive, timely, statistically valid data with regard to spending preferences for this new, incremental revenue stream from the County's Mental Health and Public Safety Millage;

RESOLVED, That City Council directs the City Administrator to include in the FY20 budget proposal the following allocations for the $2.2 million in County Millage proceeds: $355,000.00 for mental health services; $350,000.00 for street re-surfacing and repair; $330,000.00 for safe drinking water initiatives; $250,000.00 for water/sewer infrastructure improvements; $225,000.00 for public safety/police;

RESOLVED, That City Council encourages the City Administrator to consider the community input obtained from this millage proceeds survey as well as the budget priority survey conducted last Fall in developing the City's roughly $100 million General Fund budget proposal for FY20; and

RESOLVED**,** That these County millage proceeds allocations for FY20 be held as placeholders in the FY21 financial plan pending Council's determination of appropriate allocations during the FY21 budget development cycle.

Sponsored by: Councilmember Lumm

As Amended and Approved by Ann Arbor City Council on April 1, 2019