

City of Ann Arbor

# Town Hall Meeting

for FY 2011 Budget

April 2010

# Extensive Budget Process

- May 2009 – Adopt 2 Year Fiscal Plan (2010 & 2011)
  - August 2009 – Forecast revenue shortfall
  - November 2009 – Revised revenue shortfall
  - December 2009 – Council Retreat
  - December 2009 – 3% reductions implemented
  - January 2010 – Working Session
  - February 2010 – Two Working Sessions
  - March 2010 – Working Session
- 
- April 2010 – Administrator's Recommended Budget
  - May 2010 – Council Approved Budget

# A year ago the City had a balanced 2 Year Fiscal Plan

	<b>General Fund</b>		
	<u>FY 09 (Adopted)</u>	<u>FY 10</u>	<u>FY 11</u>
<u>Approved Plan - May 2009</u>			
Revenues	\$ 86,169,851	\$ 85,202,388	\$ 82,868,508
Expenditures	89,214,660	84,735,376	83,250,520
Excess/(Deficit)	<u>\$ (3,044,809)</u>	<u>\$ 467,012</u>	<u>\$ (382,012)</u>
Planned Use of Reserves	\$ (3,044,809)	\$ -	\$ (382,012)

# What Happened?

	FY 09 Adopted <u>(Millions)</u>	FY 10 Revised <u>(Millions)</u>	FY 11 Revised <u>(Millions)</u>
Revenues	\$ 86.2	\$ 81.9	\$ 77.5
Expenditures	89.2	84.7	83.3
Excess / (Deficit)	<u>\$ (3.0)</u>	<u>\$ (2.8)</u>	<u>\$ (5.8)</u>

## EXPLANATION - Novemeber 2009

State Shared Revenue	\$ (1.4)	\$ (1.2)
Investment Income	(0.9)	(0.9)
Traffic Citations and Caseload	(0.9)	(0.6)
New Development Review Fees	(0.2)	(0.2)
Net Revenues from New Parking Meters	(0.2)	(0.1)
Property Taxes	0.3	-
Bond User Fees	-	(0.7)
Unresolved Lease with DDA	-	(1.7)
Forecast Worse than Planned	<u>\$ (3.3)</u>	<u>\$ (5.4)</u>
Percent of Expenditures	-4%	-8%
Equivalent Number of FTEs (in the absence of other savings)	(39)	(64) <sup>4</sup>

# General Fund Changes

## 2 Year Fiscal Plan

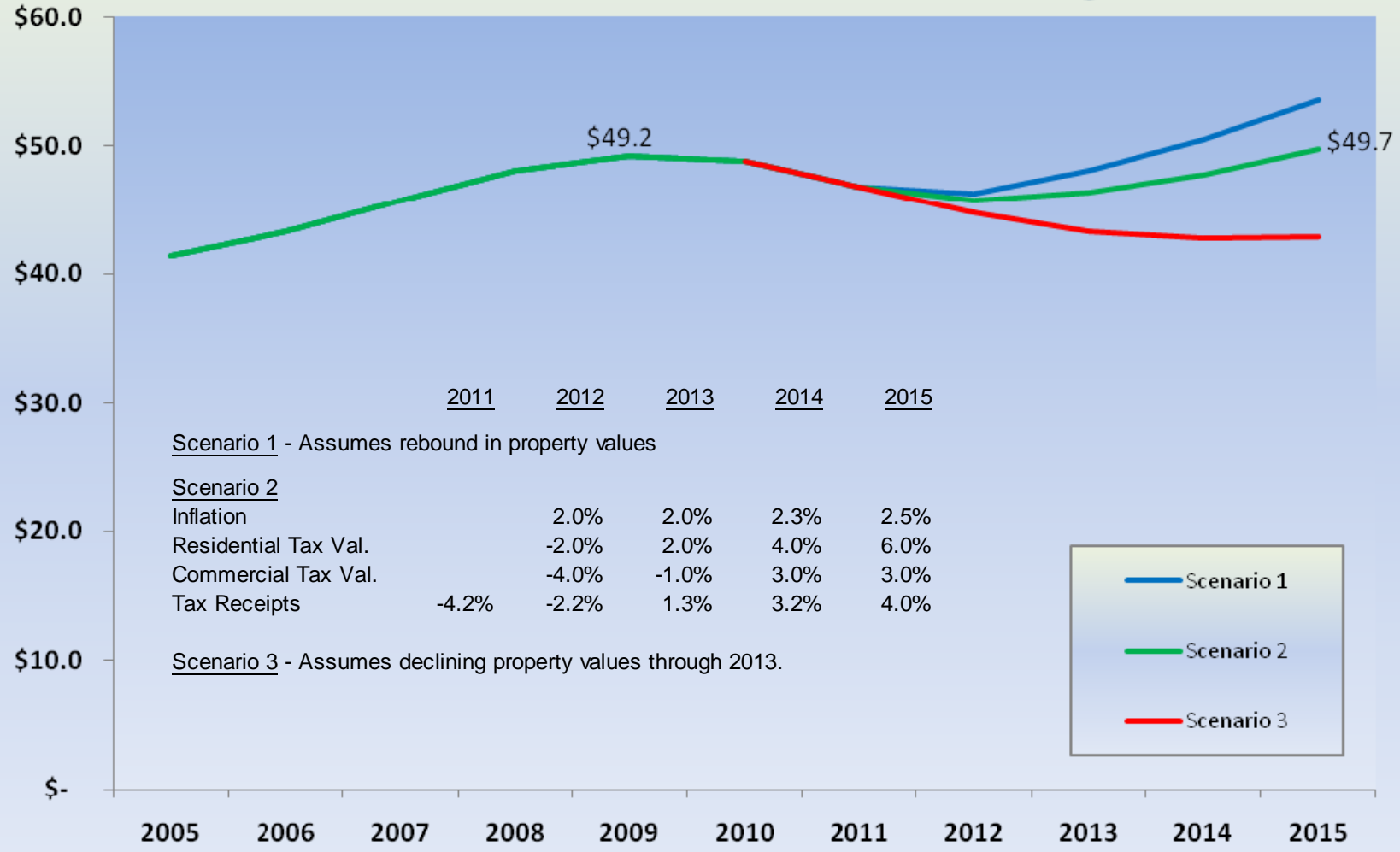
	<u>FY 09 (Adopted)</u>	<u>FY 10</u>	<u>FY 11</u>
<u>May 2009 - Approved Plan</u>			
Revenues	\$ 86,169,851	\$ 85,202,388	\$ 82,868,508
Expenditures	89,214,660	84,735,376	83,250,520
Excess/(Deficit)	<u>\$ (3,044,809)</u>	<u>\$ 467,012</u>	<u>\$ (382,012)</u>
Planned Use of Reserves	\$ (3,044,809)	\$ -	\$ (382,012)

---

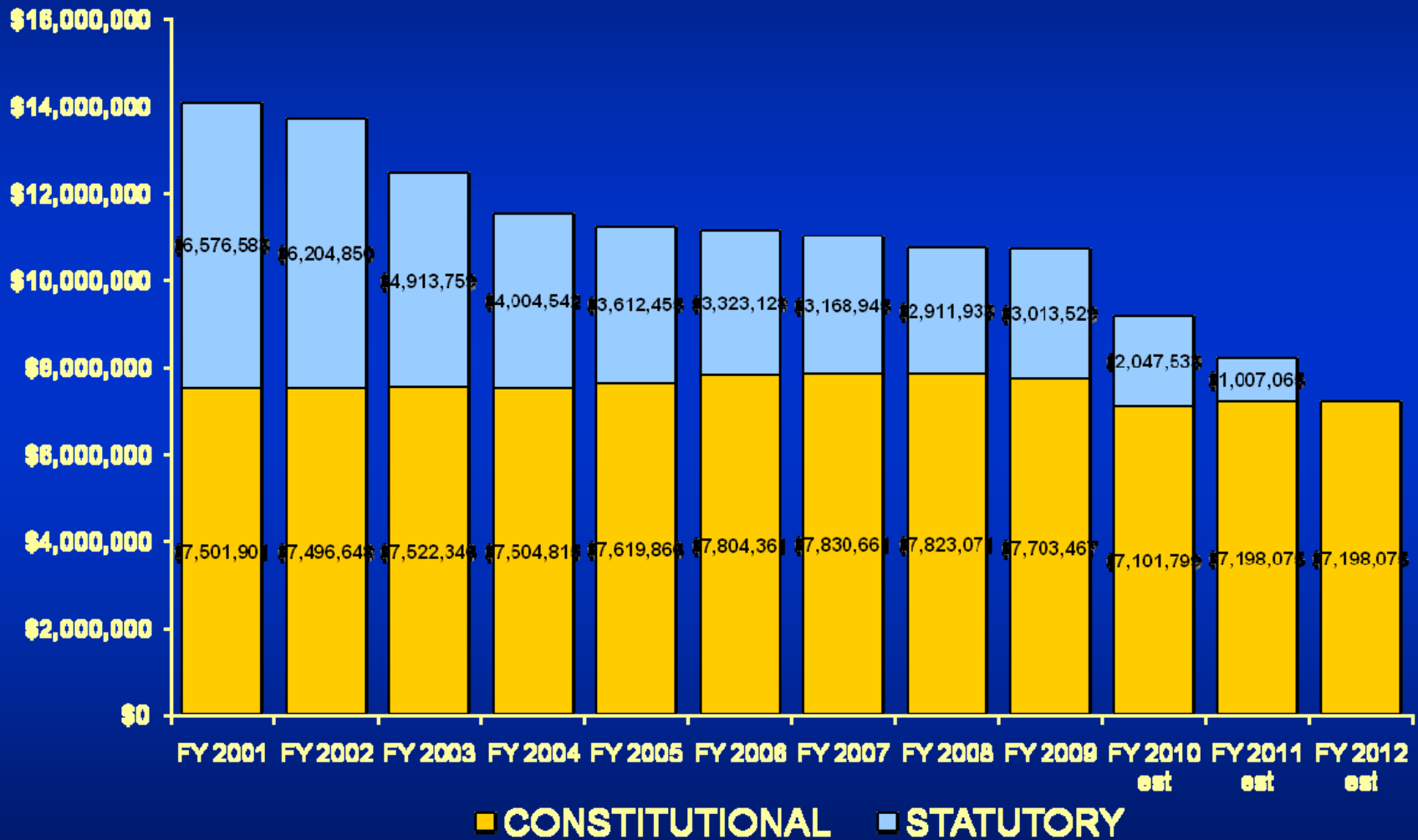
	<u>FY 2009 Actual</u>	<u>FY 2010 Forecast</u>	<u>FY 2011 Plan</u>
<u>April 2010 - Proposed Plan</u>			
Revenues	\$ 82,593,860	\$ 81,830,921	\$ 76,345,552
Expenditures	91,019,044	82,368,636	77,877,563
Excess/(Deficit)	<u>\$ (8,425,184)</u>	<u>\$ (537,715)</u>	<u>\$ (1,532,011)</u>
Planned Use of Reserves	\$ (10,379,394)	\$ (852,815)	\$ (1,532,011)

# Property tax revenues are not projected to return to FY 2009 levels until FY 2015

## General Fund Tax Revenue Projection



# State Shared Revenue



# History of Employee Levels

The City has reduced staffing more than 25% over the past 8 years with little impact to services...



... future reductions will impact the number and level of services.



# Cost Reductions - Highlights

- ✓ Organization-wide restructuring / improved business processes
- ✓ Personnel - 25% reduction since 2001 with, until recently, minimal reductions to services
- ✓ Disbanded central services / reduced motorized fleet
- ✓ Reduced overtime through changed staffing plans and policies
- ✓ Leveraged technology to improve services and reduce costs (e.g. HR/payroll system, online water consumption, online tax payments)
- ✓ Health Insurance - converted to self-insured with premiums and co-pays for non-union, Teamster police professionals, & Teamster civilian supervisor employees
- ✓ Non-union - pay freeze in 2010 & 2011 plus 3% total compensation reduction in 2011
- ✓ Fire – 3% wage reduction plus 1% additional employee contribution to pension starting in 2010
- ✓ AFSCME – contract opening requested
- ✓ Other bargaining units – in discussions

## Collaborative Efforts

- CLEMIS – Oakland County
- Community Development Office – Washtenaw County
- Joint Policy and Coordination Meetings – University of Michigan
- Swift Run Dog Park – Washtenaw County
- Storm Water – Water Resources Commissioner
- Leslie Science Center – Non-profit
- Downtown Parking – Village Green (Private Sector)
- Economic Development – SPARK
- Smartzone LDFA – City of Ypsilanti
- 800 Megahertz Initiative – Washtenaw County, University of Michigan, & Many Others
- Joint Dispatch – Washtenaw County
- Regional Fire Service – City of Ypsilanti and Township

## Collaborative Efforts - Continued

- Fuller Road Station – University of Michigan / AATA
- Allen Creek Headwaters – AAPS / Water Resources Office (1 of a long history of collaborative projects)
- Joint Data Center – Washtenaw County
- Court Information System (JIS) – State of Michigan
- Telephone System – AATA
- IT Infrastructure Manager – Washtenaw County
- GIS Mapping – Washtenaw County
- SWAT – YPD, WCSD, UMDPS
- Crisis Negotiation Team – YPD and WCSD
- K-9 – Countywide staffing availability
- Google RFI – University of Michigan
- Wind Turbine – Pittsfield Township / Univ. of Michigan
- Collaboration in Social Services – various agencies

# Assumptions for FY 2011

- No new major source of revenue (e.g. income tax or property tax)
- Selected fee increases
- State continues to struggle with its budget deficit
- Continued lower receipts from fines and forfeits
- FY 2010
  - Non-union - no wage increase
  - Fire - 3% wage reduction and 1% increased pension contribution mid-year
- FY 2011
  - Non-union - 3% total compensation reduction including increased pension contribution and healthcare premiums/co-pays
  - AFSCME – existing contract calls for 3% raise – City has requested to open contract
  - Other bargaining units – asking for reductions similar to non-union – negotiations are on-going

# Budget Recommendations

## Safety Services

- Eliminate 15 FTEs in Police (1 vacant) in addition to 5 vacancies mid-year 2010 (-\$1.6 mil.)
- Reduce police vehicles (-\$270k)
- Reduce 20 FTEs (1 vacant) in Fire (-\$2.0 mil.)

## Community Services

- Reduce funding to non-profits (-\$260k)
- Eliminate transfer to affordable housing fund (-\$100k)
- Restructure planning & development – includes elimination of 1.0 FTEs (-\$75k)
- Keep Mack pool and the senior center open while incorporating task force recommendations (-\$140k per year versus prior year's operating budget)
- Increase various parks & rec fees (\$60k)
- Football parking at Allmendinger and Frisinger Parks (\$34k)
- Increase select planning & development rental housing inspection fees (\$70k)

# Budget Recommendations

## Public Services

- Lengthen mowing cycle from 19 to 23 days but keep hand trimming (-\$112k)
- Eliminate maintenance in 17 parks, except for right-of-way (-\$52k)
- De-energize certain lighting on DTE poles (-\$120k)
- Shift right-of-way tree planting to Storm water fund (-\$142k)
- Implement loading zone fees (\$20k)
- Parking revenues from 415 W. Washington and S. Fifth Ave. surface lots (\$180k)
- Increased facility operating expenditures reflecting new Court/Police building (\$277k expense)
- Remove plan for installation of new parking meters, except Depot St. (-\$449k)

## District Court

- Hourly staff workweek reduced to 37.5 hours per week
- Salaries for Magistrate, Court Administrator, Deputy Administrator, & Probation Supervisor reduced by 3%, Financial Manager to \$55k
- Eliminate 3 FTEs (2 vacant) including 1 after move in to new building

# Budget Recommendations

## City Clerk

- Eliminate publishing costs (-\$24k)
- Eliminate some overtime by closing service window on Fridays during elections (-\$17k)

## Financial Services

- Eliminate 1 (vacant) budget office FTE (-\$90k)
- Re-allocate accounting position to new financial system project (-\$82k)
- Eliminate professional consulting except auditor, fraud hotline, & labor work (-\$65k)
- Recognize cost savings from installation of new phone system (-\$165k)

In addition to the above actions the City will be implementing a 3% reduction to total compensation for non-union employees and is negotiating with all unions for a similar change.

# Budget Recommendations

## Outside General Fund

- Evaluate if Huron Hills Golf can be self-sustaining with privatized management
- Parks millage resolution – eliminate the provision for automatic 3% increases for NAP (Natural Area Preservation)
- Repurpose an FTE in parks to coordinate citizen volunteers to help keep parks clean
- Re-open discussions with AAPS and County Parks & Recreation about opportunities for collaboration/consolidation
- Optimize parks capital improvements, focusing on improvements which reduce operating costs
- Re-organized planning & development but will continue to explore outsourcing inspections, plan review, and planning
- Provide fall leaf collection through the yard waste program utilizing carts and bags and eliminate in-street loose leaf pick-up
- Analyze and recommend in FY 2011 whether solid waste collection can be franchised and privatized
- Outsource compost operations
- Implement 2nd year plan revenue requirements increases for water (3.8%), sewer (3.0%) and storm water (2.0%)



# Questions