

M E M O R A N D U M

TO: Mayor and Council

FROM: Steve Powers, City Administrator

DATE: May 19, 2014

SUBJECT: Resolution to Adopt Ann Arbor City Budget and Related Property Tax Millage Rates for fiscal year 2015

Attached for your review and action is the proposed FY 2015 City Budget that totals \$334 million and is in compliance with the City Charter. This budget resolution reflects the recommended budget delivered to you on April 21, 2014.

General Fund Activities

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

	<u>FY 2015</u>
Recurring Revenues	\$ 95,282,678
Non-recurring Revenues (Use of Fund Balance)	2,841,528
	\$98,124,206
Recurring Expenditures	\$ 95,282,678
Non-recurring Expenditures	2,841,528
Total Expenditures	\$ 98,124,206

General Fund recurring expenditures increased by \$13,820,939 (+17%) compared to FY 2014's adopted budget, and recurring revenues increased by \$12,649,880 (+15.3%). This includes the adjustment for GASB #68, **Accounting and Financial Reporting for Pensions**, in the amount of \$11,199,502 for both revenue and expenditures. Below is a summary of non-recurring expenditures:

<u>General Fund Non-recurring Expenditures</u>	<u>FY 2015</u>
Planning Consultants for Zoning and Signs	100,000
Financial Services (succession plan/process improvements)	55,000
Art Administration Transition Costs	80,000
Hydropower (regulatory and capital improvements)	606,000
Facilities (capital projects)	178,000
Demo of 415 W. Washington & Two Corridor Studies	500,000
AAHC RAD conversion (operating support)	209,000
Public Services (traffic calming)	60,000
Street Trees	1,000,000
Police & Fire hiring costs	53,528
Total General Fund Non-recurring Expenditures	\$2,841,528

FTEs

The City's FTEs are proposed to increase from 693 to 720 in FY 2015 (excluding transfers between Service Areas):

- 1 FTE increase in Fire Services
- 3 FTE increase in Police Services
- No change in Public Services
- 23 FTE increase in Community Services (22 FTE for Housing Commission and 1 FTE for Planning and Development)
- No FTE change in Fifteenth District Court
- No FTE change in Attorney
- No FTE change in City Administrator
- No FTE change in Financial and Administrative Services

Millage Rates

The following millages are the maximum allowable levy after the Headlee rollback multiplier is applied (for FY 2015 the Headlee rollback multiplier is anticipated to be 1.00):

	PROPOSED FY 2015	ACTUAL FY 2014	DIFFERENCE
GENERAL OPERATING	6.1682	6.1682	0.0000
EMPLOYEE BENEFITS	2.0560	2.0560	0.0000
REFUSE COLLECTION	2.4670	2.4670	0.0000
AAATA	2.0560	2.0560	0.0000
STREET RECONSTRUCTION	2.1250	2.1250	0.0000
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.1000	1.1000	0.0000
OPEN SPACE & PARKLAND PRESERVATION	0.4779	0.4779	0.0000
DEBT SERVICE	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>
TOTAL	16.4501	16.4501	0.0000

Prepared by: Tom Crawford, Chief Financial Officer

Approved by: Steve Powers, City Administrator

RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET
AND RELATED PROPERTY TAX MILLAGE RATES
FOR FISCAL YEAR 2015

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 2015 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 2015 Consolidated Plan, to be funded out of the Community Development Budget;

RESOLVED, That the unexpended grant entitlement for the Community Development Block Grant Fund be re-appropriated at the end of the fiscal year until such time as all grant funds have been expended;

RESOLVED, That any Community Development Program Income be appropriated upon receipt of the funds for the purpose of Community Development Project Activities;

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 \$131,397,341 are approved; and that \$25,815,627 be appropriated in FY 2015 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 \$690,000 be appropriated without regard to fiscal year;

RESOLVED, That a total 720 full-time equivalent positions be adopted in the FY 2015 budget;

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 2015 Ann Arbor-Ypsilanti SmartZone LDFA budget, as a component unit of the City of Ann Arbor in Fiscal Year 2015 in a dedicated Fund containing \$2,071,132 in revenues and \$1,980,271 in expenditures;

RESOLVED, That the following appropriations constitute the General Fund budget for FY 2015;

REVENUES

CITY ATTORNEY	\$ 150,000
CITY ADMINISTRATOR	
Clerk Services	171,000
COMMUNITY SERVICES	
Community Development	151,399
Planning & Development Services	1,626,200
Planning	304,000
Parks and Recreation Services	4,141,581
FINANCIAL SERVICES	
Financial and Budget Planning	26,649,197
Treasury	42,554,195
Customer Service	60,000
PUBLIC SERVICES	
Field Operations	90,900
Water Treatment	325,000
SAFETY SERVICES	
Police	2,888,989
Fire	518,976
DISTRICT COURT	2,254,750
NON-DEPARTMENTAL	16,238,019
TOTAL GENERAL FUND REVENUES	\$98,124,206

EXPENDITURES

MAYOR AND CITY COUNCIL	\$390,259
CITY ATTORNEY	1,982,510
CITY ADMINISTRATOR	
City Administrator	852,034
Human Resources	1,746,457
Clerk Services	1,016,278
COMMUNITY SERVICES	
Planning & Development Services	1,461,311
Planning	1,105,576
Community Development	3,930,488
Parks and Recreation	5,571,345
FINANCIAL SERVICES	
Accounting	846,674
Assessor	1,087,107
Customer Service	214,195
Financial and Budget Planning	898,802
Information Technology	3,347,911
Procurement	207,321
Risk Management	99,164
Treasury	647,199
PUBLIC SERVICES	
Field Operations	5,701,292
Fleet & Facilities	3,451,585
Project Management	3,795,040
Public Services Administration	185,181
Systems Planning	84,401
Water Treatment Services	800,685
SAFETY SERVICES	
Police	25,216,872
Fire	14,663,031
DISTRICT COURT	4,611,816
NON-DEPARTMENTAL	14,209,672
TOTAL GENERAL FUND EXPENDITURES	\$98,124,206

RESOLVED, That the following other funds revenue and expenditure appropriations are adopted for FY 2015 budget; and

REVENUES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	377,000
0002	ENERGY PROJECTS	323,542
0003	DOWNTOWN DEVELOPMENT AUTHORITY	4,803,009
0009	SMART ZONE LDFA	2,071,132
0010	GENERAL	98,124,206
0011	CENTRAL STORES	1,412,190
0012	FLEET SERVICES	7,838,301
0014	INFORMATION TECHNOLOGY	7,476,817
0016	COMMUNITY TELEVISION NETWORK	2,005,763
0021	MAJOR STREET	7,084,197
0022	LOCAL STREET	1,872,414
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	2,429,200
0025	BANDEMER PROPERTY	5,232
0026	CONSTRUCTION CODE FUND	2,590,308
0027	DRUG ENFORCEMENT	46,000
0028	FEDERAL EQUITABLE SHARING	47,000
0033	DDA PARKING MAINTENANCE	3,072,079
0034	PARKS MEMORIALS & CONTRIBUTIONS	98,625
0035	GENERAL DEBT SERVICE	9,173,042
0036	METRO EXPANSION	349,294
0038	ANN ARBOR ASSISTANCE	4,000
0041	OPEN SPACE ENDOWMENT	10,000
0042	WATER SUPPLY SYSTEM	25,369,967
0043	SEWAGE DISPOSAL SYSTEM	24,015,642
0048	AIRPORT	869,404
0049	PROJECT MANAGEMENT	4,557,772
0052	VEBA TRUST	13,504,811
0053	POLICE AND FIRE RELIEF	6,600
0054	CEMETERY PERPETUAL CARE	724
0055	ELIZABETH R DEAN TRUST	62,916
0056	ART IN PUBLIC PLACES	13,333
0057	RISK FUND	28,755,869
0058	WHEELER CENTER	436,695
0059	EMPLOYEES RETIREMENT SYSTEM	34,849,470
0060	GENERAL DEBT /SPECIAL ASSESSMENTS	51,475
0061	ALTERNATIVE TRANSPORTATION	218,963
0062	STREET REPAIR MILLAGE	10,937,699
0063	DDA PARKING SYSTEM	20,912,369
0064	MICHIGAN JUSTICE TRAINING	40,700

0069	STORMWATER SEWER SYSTEM	7,604,836
0070	AFFORDABLE HOUSING	102,200
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	5,338,954
0072	SOLID WASTE FUND	14,669,028
0073	LOCAL FORFEITURE	100
0082	STORMWATER BOND	3,095,700
0088	SEWER BOND	4,925,000
0089	WATER BOND	4,100,000
00CP	GENERAL CAPITAL FUND	1,243,000
		<u>\$ 357,121,578</u>

EXPENDITURES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	377,000
0002	ENERGY PROJECTS	323,542
0003	DOWNTOWN DEVELOPMENT AUTHORITY	4,588,548
0009	SMART ZONE LDFA	1,980,271
0010	GENERAL	98,124,206
0011	CENTRAL STORES	1,412,190
0012	FLEET SERVICES	7,613,224
0014	INFORMATION TECHNOLOGY	7,312,264
0016	COMMUNITY TELEVISION NETWORK	2,002,591
0021	MAJOR STREET	7,084,197
0022	LOCAL STREET	1,872,414
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	1,434,079
0025	BANDEMER PROPERTY	1,834
0026	CONSTRUCTION CODE FUND	2,567,356
0027	DRUG ENFORCEMENT	46,000
0028	FEDERAL EQUITABLE SHARING	47,000
0033	DDA PARKING MAINTENANCE	3,072,079
0034	PARKS MEMORIALS & CONTRIBUTIONS	37,568
0035	GENERAL DEBT SERVICE	9,173,042
0036	METRO EXPANSION	263,170
0038	ANN ARBOR ASSISTANCE	4,000
0041	OPEN SPACE ENDOWMENT	10,000
0042	WATER SUPPLY SYSTEM	20,753,319
0043	SEWAGE DISPOSAL SYSTEM	21,408,961
0048	AIRPORT	834,491
0049	PROJECT MANAGEMENT	4,557,772
0052	VEBA TRUST	459,234
0055	ELIZABETH R DEAN TRUST	62,916
0057	RISK FUND	28,755,869
0058	WHEELER CENTER	436,695
0059	EMPLOYEES RETIREMENT SYSTEM	34,849,470
0060	GENERAL DEBT /SPECIAL ASSESSMENTS	51,475
0061	ALTERNATIVE TRANSPORTATION	218,963
0062	STREET REPAIR MILLAGE	10,937,699
0063	DDA PARKING SYSTEM	20,912,369
0064	MICHIGAN JUSTICE TRAINING	40,700
0069	STORMWATER SEWER SYSTEM	7,144,742
0070	AFFORDABLE HOUSING	100,000
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	5,305,023
0072	SOLID WASTE FUND	14,669,028
0073	LOCAL FORFEITURE	100

0082	STORMWATER BOND	3,095,700
0088	SEWER BOND	4,925,000
0089	WATER BOND	4,100,000
00CP	GENERAL CAPITAL FUND	1,243,000
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		\$ 334,434,101
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RESOLVED, That the following millages shall be levied for the City of Ann Arbor for FY 2015:

	PROPOSED
GENERAL OPERATING	6.1682
EMPLOYEE BENEFITS	2.0560
REFUSE COLLECTION	2.4670
AAATA	2.0560
STREET RECONSTRUCTION	2.1250
PARKS MAINTENANCE & CAPITAL	1.1000
IMPROVEMENTS	
OPEN SPACE & PARKLAND PRESERVATION	0.4779
TOTAL	<hr/> 16.4501 <hr/>