

..Title

Resolution to Adopt Ann Arbor City Budget and Related Property Tax Millage Rates for fiscal year 2027

..Memorandum

Attached for your review and action is the proposed FY 2027 City Budget that totals \$723 million in revenue and \$650 million in expenditures and is in compliance with the City Charter. This budget resolution reflects the recommended budget delivered to you on April 20, 2026.

General Fund Activities

This recommended budget holds recurring expenditure levels in line with the projected revenue levels (see attached file for full details).

	<u>FY 2027</u>
Recurring Revenues	\$ 150,501,164
Non-recurring Revenues	17,725,000
Use of Fund Balance	<u>1,853,467</u>
	\$ 170,079,631
Recurring Expenditures	\$ 148,167,032
Non-recurring Expenditures	<u>21,912,599</u>
Total Expenditures	\$ 170,079,631

General Fund recurring expenditures increased by \$3,470,260 (+2.4%) compared to FY 2026's adopted budget, and recurring revenues increased by \$4,658,002 (+3.2%). Below is a summary of non-recurring expenditures:

<u>General Fund Non-recurring Expenditures</u>	<u>FY 2027</u>
City Administrator - Support for Ambulatory Nursing Navigator	75,000
City Administrator - Economic Development - Consultant review	65,000
City Administrator - Economic Development - Office space redesign	4,500
City Administrator - OOE - Community Events	15,000
City Administrator - Fleet & Facilities - Contributed Capital for Vehicles	38,500
City Administrator - Sustainable Energy Utility - Support for the Sustainable Energy Utility	253,000
City Administrator - Clerk's Office - Outside counsel	75,000
Community Services - Community Development - Throne restrooms	500,000
Community Services - Building - Outside counsel	67,500
Community Services - Parks & Rec - Contributed Capital for Vehicles	353,351
Community Services - Planning - Comprehensive Plan Implementation	325,000
Financial Services - Budget - Municipal Service Charge study	27,000
Public Services - Water Treatment Plant - Barton Dam security improvements	275,000
Public Services - Water Treatment Plant - Superior Dam concrete repairs	300,000
Public Services - Water Treatment Plant - Barton Dam concrete repairs	200,000
Public Services - Water Treatment Plant - Inundation Maps	93,750
Public Services - Engineering - Temporary employee support for private development	50,000
Safety Services - Police - Data integration for parking enforcement	1,500
Safety Services - Police - Contributed Capital for Vehicles	198,261
Safety Services - Fire - Outside counsel	75,000
Safety Services - Fire - Hazard Mitigation Plan	175,000
Safety Services - Fire - Outdoor warning system cabinet replacements	60,000
Safety Services - Fire - Contributed Capital for Vehicles	1,285,237
Non-Departmental - Sale of Kline's Lot - Use of Funds	17,400,000
Total General Fund Non-Recurring Expenditures	<u>\$ 21,912,599</u>

(see attached file for full details)

FTEs

The City's FTEs are proposed to increase from 863, as adopted for FY 2026, to 893 in FY 2027 (excluding transfers between Service Areas and net of incidental changes):

- 7.0 FTE increase in Community Services, Parks & Recreation
- 5.0 FTE increase in Community Services, Ann Arbor Housing Commission
- 1.0 FTE increase in City Administrator
- 1.0 FTE increase in City Administrator, Clerk's Office
- 1.0 FTE increase in City Administrator, Fleet, Facilities & Airport
- 3.0 FTE increase in City Administrator, Sustainable Energy Utility
- 1.0 FTE increase in Safety Services, Police
- 1.0 FTE increase in Safety Services, Fire
- 10.0 FTE increase in Public Services

As part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 893 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 2027 the Headlee rollback multiplier is anticipated to be 0.9982):

	PROPOSED FY 2027	ACTUAL FY 2026	CHANGE
GENERAL OPERATING	5.7457	5.7561	(0.0104)
EMPLOYEE BENEFITS	1.9150	1.9185	(0.0035)
AATA TRANSPORTATION	1.9150	1.9185	(0.0035)
REFUSE COLLECTION	2.2977	2.3019	(0.0042)
STREET, BRIDGE & SIDEWALK MILLAGE	1.9974	2.0011	(0.0037)
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0915	1.0935	(0.0020)
OPEN SPACE & PARKLAND PRESERVATION	0.4447	0.4456	(0.0009)
SIDEWALK CONSTRUCTION MILLAGE	0.1967	0.1971	(0.0004)
AFFORDABLE HOUSING MILLAGE	0.9845	0.9863	(0.0018)
COMMUNITY CLIMATE ACTION MILLAGE	0.9912	0.9930	(0.0018)
TOTAL	17.5794	17.6116	(0.0322)

(see attached file for full details)

..Staff

Prepared by: Marti Praschan, Chief Financial Officer

Approved by: Martin Dohoney, Jr, City Administrator

..Body

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 2027 for the City of Ann Arbor, which was submitted on April 20, 2026 in accordance with Charter Section 8.2; and

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

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 City Council approve a temporary waiver of the portions of section 1.3 of the Pension Policy for FY 2027 that provide for contributions in excess of the Actuarial Determined Contribution for FY 2027;

RESOLVED, That any contributions from the Downtown Development Authority (DDA) to the General Capital Fund for the purpose of the Streetlight Replacement and Painting Project, in excess of the budgeted amount, shall be appropriated at the time of receipt, without regard to fiscal year;

RESOLVED, That any funds contributed to General Fund from the National Opioid Settlement in excess of the budgeted amount shall be appropriated at the time of receipt without regard to fiscal year;

RESOLVED, That any unspent National Opioid Settlement funding in the General Fund City Administrator service unit budget carry forward to FY 2027;

RESOLVED, That the proposed list of Capital Improvement projects in the amount of \$278,401,468 are approved; and that \$96,799,468 be appropriated in FY 2027 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 \$1,210,200 be appropriated without regard to fiscal year;

RESOLVED, That a total 893 full-time equivalent positions be adopted in the FY 2027 budget;

RESOLVED, That as part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 893 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, or from the City Administrator budget within the same fund;

RESOLVED, That any unspent FY 2026 City Administrator Contingency funding in the General Fund City Administrator service unit budget carry forward to FY 2027;

RESOLVED, That any unspent FY 2026 funding remaining in the FY 2026 Affordable Housing Millage fund carry forward to FY 2027 without regard to fiscal year;

RESOLVED, That any unspent DDA Grants included in the FY 2026 budget and approved by the DDA Board may be carried forward without regard to fiscal year;

RESOLVED, That any unspent DDA capital funds included in the FY 2026 budget and approved by the DDA Board may be carried forward without regard to fiscal year;

RESOLVED, That any unspent Bicentennial Celebration funding in the General Fund City Administrator service unit budget carry forward to FY 2027;

RESOLVED, That any unspent Gravel Roads Study funding in the General Fund Systems Planning service unit budget carry forward to FY 2027;

RESOLVED, That any unspent funding in the County Mental Health Millage Transportation service unit budget carry forward to FY 2027;

RESOLVED, That any unspent funding in the County Mental Health Millage Sustainability and Innovation service unit budget carry forward to FY 2027;

RESOLVED, That any unspent funding in the Climate Action Millage Engineering service unit budget carry forward to FY 2027;

RESOLVED, That the City Council approve the proposed FY 2027 Ann Arbor-Ypsilanti SmartZone LDFA budget, as a component unit of the City of Ann Arbor in Fiscal Year 2027 in a dedicated fund containing \$6,774,394 in revenues and \$6,774,394 in expenditures;

RESOLVED, That the following appropriations constitute the General Fund budget for FY 2027 (see attached file for full details);

REVENUES

CITY ATTORNEY	\$ 17,580
CITY ADMINISTRATOR	
City Administrator	-
Human Resources	553,573
Safety	449,150
Clerk Services	417,913
Sustainability & Innovation	3,500
Fleet & Facilities	2,027,626
Communications	-
Information Technology	4,852,180
COMMUNITY SERVICES	
Community Development	500,000
Ann Arbor Housing Commission	6,993,579
Building & Rental Services	2,505,670
Planning	461,345
Parks and Recreation Services	6,338,720
FINANCIAL SERVICES	
Financial and Budget Planning	25,491,581
Treasury	69,080,781
Assessing	650
PUBLIC SERVICES	
Engineering	2,918,339
Public Works	102,292
Public Services Administration	140,000
Transportation	341,953
Water Treatment	200,000
SAFETY SERVICES	
Police	3,760,370
Fire	890,758
DISTRICT COURT	1,207,809
NON-DEPARTMENTAL	40,824,262
TOTAL GENERAL FUND REVENUES	<u>\$ 170,079,631</u>

EXPENDITURES

MAYOR AND CITY COUNCIL	\$ 753,074
CITY ATTORNEY	3,465,327
CITY ADMINISTRATOR	
City Administrator	3,265,025
Human Resources	2,884,979
Clerk Services	2,595,449
Police Commission	186,254
Safety	431,114
Sustainability & Innovation	1,422,957
Sustainable Energy Utility	1,093,000
Fleet & Facilities	3,891,041
Communications Office	598,288
Information Technology	4,830,160
COMMUNITY SERVICES	
Building & Rental Services	2,089,750
Planning	2,377,720
Community Development	2,277,429
Ann Arbor Housing Commission	7,395,480
Parks and Recreation	13,385,635
FINANCIAL SERVICES	
Accounting	1,250,579
Assessor	1,474,132
Financial and Budget Planning	1,527,709
Procurement	205,702
Risk Management	79,897
Treasury	1,185,369
PUBLIC SERVICES	
Public Works	99,351
Engineering	2,814,472
Public Services Administration	147,786
Systems Planning	25,048
Transportation	3,994,799
Water Treatment Services	1,514,995
SAFETY SERVICES	
Police	34,735,249
Fire	22,967,082
DISTRICT COURT	5,904,493
NON-DEPARTMENTAL	39,210,286
TOTAL GENERAL FUND EXPENDITURES	\$ 170,079,631

RESOLVED, That the following other funds revenue and expenditure appropriations are adopted for FY 2027 budget (see attached file for full details); and

REVENUES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 473,200
0002	ENERGY PROJECTS	8,875
0003	DOWNTOWN DEVELOPMENT AUTHORITY	15,823,100
0009	SMART ZONE LDFA	6,774,394
0010	GENERAL	170,079,631
0011	CENTRAL STORES	1,636,706
0012	FLEET SERVICES	14,859,041
0014	INFORMATION TECHNOLOGY	13,213,635
0016	COMMUNITY TELEVISION NETWORK	1,759,496
0021	MAJOR STREET	18,317,393
0022	LOCAL STREET	4,844,712
0023	COURT FACILITIES	225,323
0024	OPEN SPACE & PARKLAND PRESERVATION	4,092,522
0025	BANDEMER PROPERTY	12,874
0026	CONSTRUCTION CODE FUND	7,568,926
0027	DRUG ENFORCEMENT	11,025
0028	FEDERAL EQUITABLE SHARING	330,325
0033	DDA PARKING MAINTENANCE	8,210,000
0034	PARKS MEMORIALS & CONTRIBUTIONS	291,673
0035	GENERAL DEBT SERVICE	16,419,987
0036	METRO EXPANSION	676,723
0038	ANN ARBOR ASSISTANCE	23,671
0041	OPEN SPACE ENDOWMENT	116,064
0042	WATER SUPPLY SYSTEM	41,758,524
0043	SEWAGE DISPOSAL SYSTEM	37,475,455
0048	AIRPORT	1,201,081
0049	PROJECT MANAGEMENT	7,896,361
0052	VEBA TRUST	13,088,375
0053	POLICE AND FIRE RELIEF	81,602
0054	CEMETERY PERPETUAL CARE	5,266
0055	ELIZABETH R DEAN TRUST	91,498
0057	RISK FUND	46,170,537
0058	WHEELER CENTER	1,039,431
0059	EMPLOYEES RETIREMENT SYSTEM	80,881,098
0061	ALTERNATIVE TRANSPORTATION	937,829
0062	STREET, BRIDGE & SIDEWALK MILLAGE	28,855,865
0063	DDA PARKING SYSTEM	33,163,500
0064	MICHIGAN JUSTICE TRAINING	130,474
0069	STORMWATER SEWER SYSTEM	17,271,283
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	9,516,859
0072	SOLID WASTE FUND	21,942,871
0082	STORMWATER BOND	8,110,000
0084	DEVELOPER OFFSET MITIGATION	1,500,000
0088	SEWER BOND	11,819,000
0089	WATER BOND	29,615,000
0100	COUNTY MENTAL HEALTH MILLAGE	3,125,735
0101	CAPITAL SINKING FUND	488,194
00CP	GENERAL CAPITAL FUND	1,743,481
00MG	MAJOR GRANTS PROGRAMS	712,432
0102	SIDEWALK CONSTRUCTION MILLAGE	3,539,246
0103	AFFORDABLE HOUSING MILLAGE	8,483,267
0108	TECHNOLOGY FIBER	409,368
0109	CLIMATE ACTION MILLAGE	11,340,112
0111	SECTION 401(A) DUAL HYBRID PLAN	2,687,400
0112	SECTION 457(B) PLAN	52,200
0113	SECTION 401(A) EXECUTIVE PLAN	3,088,000
0116	DDA PUBLIC ART	430,000
0117	SUSTAINABLE ENERGY UTILITY	4,273,000
0118	NEIGHBORHOOD ROAD FUND	4,500,000
		<u>\$ 723,193,640</u>

EXPENDITURES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 473,200
0003	DOWNTOWN DEVELOPMENT AUTHORITY	15,823,100
0009	SMART ZONE LDFA	6,774,394
0010	GENERAL	170,079,631
0011	CENTRAL STORES	1,590,045
0012	FLEET SERVICES	14,763,735
0014	INFORMATION TECHNOLOGY	12,670,574
0016	COMMUNITY TELEVISION NETWORK	1,759,496
0021	MAJOR STREET	18,317,393
0022	LOCAL STREET	4,844,712
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	2,369,128
0025	BANDEMER PROPERTY	3,804
0026	CONSTRUCTION CODE FUND	7,568,926
0027	DRUG ENFORCEMENT	10,000
0028	FEDERAL EQUITABLE SHARING	323,726
0033	DDA PARKING MAINTENANCE	5,304,200
0034	PARKS MEMORIALS & CONTRIBUTIONS	75,000
0035	GENERAL DEBT SERVICE	16,419,987
0036	METRO EXPANSION	631,601
0038	ANN ARBOR ASSISTANCE	23,075
0041	OPEN SPACE ENDOWMENT	75,000
0042	WATER SUPPLY SYSTEM	34,980,140
0043	SEWAGE DISPOSAL SYSTEM	28,529,356
0048	AIRPORT	1,175,465
0049	PROJECT MANAGEMENT	7,594,580
0052	VEBA TRUST	2,007,026
0053	POLICE & FIRE RELIEF	50,000
0055	ELIZABETH R DEAN TRUST	91,498
0057	RISK FUND	46,170,537
0058	WHEELER CENTER	892,408
0059	EMPLOYEES RETIREMENT SYSTEM	55,460,521
0061	ALTERNATIVE TRANSPORTATION	735,671
0062	STREET, BRIDGE & SIDEWALK MILLAGE	28,855,865
0063	DDA PARKING SYSTEM	33,163,500
0064	MICHIGAN JUSTICE TRAINING	130,000
0069	STORMWATER SEWER SYSTEM	12,139,486
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	9,516,859
0072	SOLID WASTE FUND	19,773,069
0082	STORMWATER BOND	8,110,000
0084	DEVELOPER OFFSET MITIGATION	200
0088	SEWER BOND	11,819,000
0089	WATER BOND	29,615,000
0100	COUNTY MENTAL HEALTH MILLAGE	3,071,072
0101	CAPITAL SINKING FUND	450,000
00CP	GENERAL CAPITAL FUND	1,555,000
00MG	MAJOR GRANTS PROGRAMS	333,171
0102	SIDEWALK CONSTRUCTION MILLAGE	3,539,246
0103	AFFORDABLE HOUSING MILLAGE	8,483,267
0108	TECHNOLOGY FIBER	399,336
0109	CLIMATE ACTION MILLAGE	11,340,112
0111	SECTION 401(A) DUAL HYBRID PLAN	465,467
0112	SECTION 457(B) PLAN	52,200
0113	SECTION 401(A) EXECUTIVE PLAN	2,800
0116	DDA PUBLIC ART	430,000
0117	SUSTAINABLE ENERGY UTILITY	4,273,000
0118	NEIGHBORHOOD ROAD FUND	4,500,000
		\$ 649,830,579

RESOLVED, That the following millages shall be levied for the City of Ann Arbor for FY 2027 (see attached file for full details):

	PROPOSED
GENERAL OPERATING	5.7457
EMPLOYEE BENEFITS	1.9150
AATA TRANSPORTATION	1.9150
REFUSE COLLECTION	2.2977
STREET, BRIDGE & SIDEWALK MILLAGE	1.9974
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0915
OPEN SPACE & PARKLAND PRESERVATION	0.4447
SIDEWALK CONSTRUCTION MILLAGE	0.1967
AFFORDABLE HOUSING MILLAGE	0.9845
COMMUNITY CLIMATE ACTION MILLAGE	0.9912
TOTAL	<hr/> 17.5794