

FY 19 Budget Outlook/Transportation Initiatives

Howard Lazarus, City Administrator
Presentation to A² Transportation Commission
April 18, 2018



Overview

- Our purpose today is to provide an overview of the recommended budget for FY19 with a focus on transportation initiatives.
- The City Administrator presented the proposed FY19 budget to Council at the April 16th City Council meeting.
- By City Charter, Council is required to adopt the budget at its second meeting in May.
- The City works on a two-year budget and five-year forecast.
- FY19 is the second year of the two-year FY18/19 plan. During the second year, the focus is on the changes to the plan and strategic planning.
- FY 19 Work Plan provided as a separate document.
- During the FY20/21 budget process, City staff will take a deep dive into the means and methods of service delivery and coordination of core services with strategic plans.



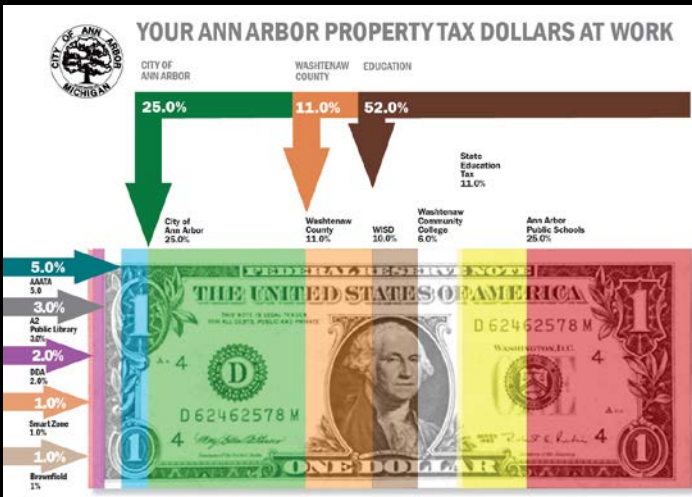
Overview

- FY19 General Fund recurring revenues projected to increase by 1.62%.

- Property taxes receipts are expected to increase by 3.27%.
- City, Village, & Township Revenue Sharing (CVTRS) increases by 4.4%.
- Small decrease in the City property tax rate.

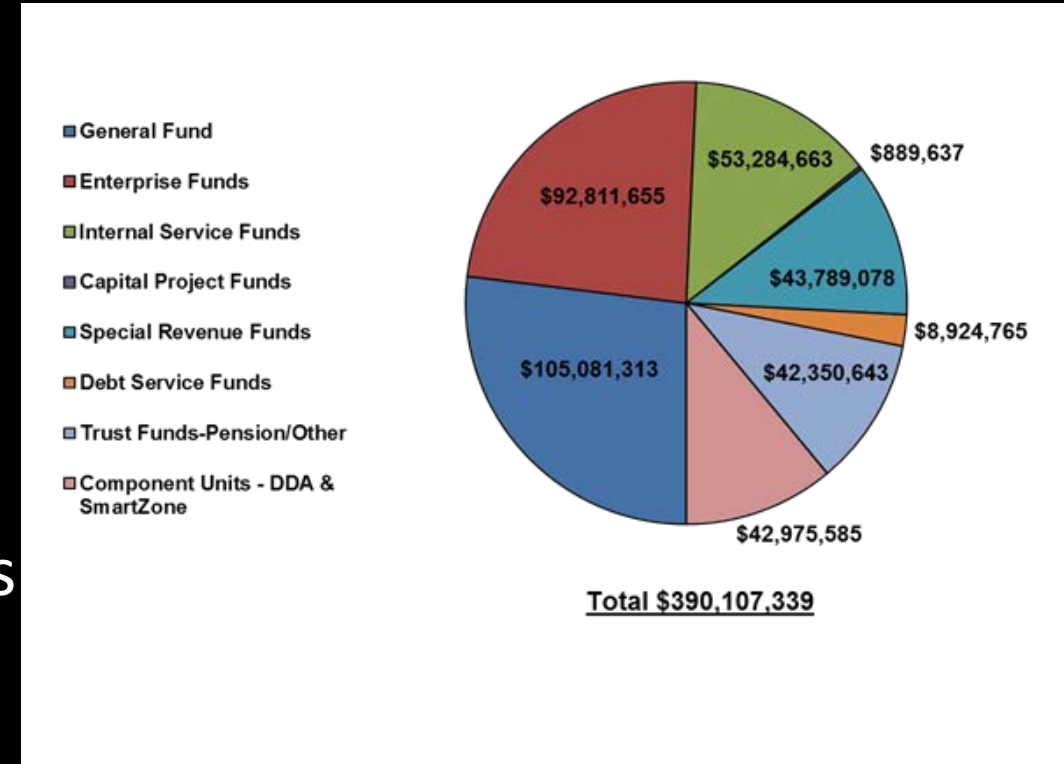
- The City expects to receive a \$2.2M rebate from the County Public Safety and Community Mental Health millage for maintaining its own police force. Council has made the following allocations:

- 40% to Affordable Housing
- 40% to Climate Action
- 20% to Pedestrian Safety



Overview

- Total budgeted expenditures are \$390.1M
 - \$105.1M to the General Fund
 - \$92.8M to Enterprise Funds
 - \$42.3M to Trust Funds
 - \$149.9M for Other Categories
- Fund balances remain within City policy goals
- GO Bond rating AA+ (S&P)
- Typical residential taxpayer impacts:
 - Increase of \$3.29/month in property taxes and \$5.61/month in utilities costs



New Funding for Council Priorities

Item	Amount (\$K)
Pedestrian Safety	
Street Light Funding	\$1,047
Electronic Speed Signs for Schools on Major Roads	\$ 200
ADA Accessibility Compliance Study	\$ 25
Public Safety	
Community Policing Commission	\$ 25
Additional 2 Police Officer FTEs	\$ 99
Affordable Housing Direct Operating Support	\$ 68
Climate and Energy	
Staffing Added in FY18	\$ 165
Planning for County Millage Allocation	\$ 75
Resource Management	
Costs to Annex Township Island Parcels	\$ 100
Appraisal Services	\$ 100
Barton and Superior Dam Requirements	\$ 125



What's New in the Budget?

- Limited incorporation of proceeds from County millage.
 - \$75K in Climate Action for program planning.
 - \$420K in Pedestrian Safety for street lights and electronic speed signs.
 - Affordable Housing not programmed for operating costs in FY19.
- Public Safety
 - \$150K for Fire Station 1 & 6 bathroom renovations
 - \$90K for Security for City Hall
 - \$125K reduction in General Fund support (revenue) of Fire Inspections
- Water/sewer impacts based upon Cost of Service Study



Realignments and Efficiencies

- Realignment of Parks Maintenance
 - Staff moved from Public Services to Parks.
 - Provides for vertical responsibility and dedicated service.
 - No additional costs or FTEs
- Creation of Sustainability and Innovation Office
 - Consolidation of environmental, energy, solid waste, Sustainable A2 Neighborhoods Program, and innovation initiatives under a single manager.
 - Development of SMART performance measures.
 - Review and restructuring of solid waste/recycling service delivery.
 - Use of overhire program with no long term increase in staffing.



Realignments and Efficiencies

- Consolidation of Transportation Resources
 - Hiring of a Transportation Manager in FY18/structural realignment in Public Services.
 - Additional focus on asset management for pavements, bridges, street lights, sidewalks, and bicycle facilities.
 - Added focus on mobility systems.
 - No additional FTEs.
- Re-emphasize Strategic Planning and Execution
 - Re-introduce organizational vision, goals, mission, and values.
 - Focus on core services and key projects with improved metrics.
 - Find opportunities for greater collaboration and partnerships.
 - New policies on employee benefits and asset replacement funding.



Risks and Uncertainties

- Risks

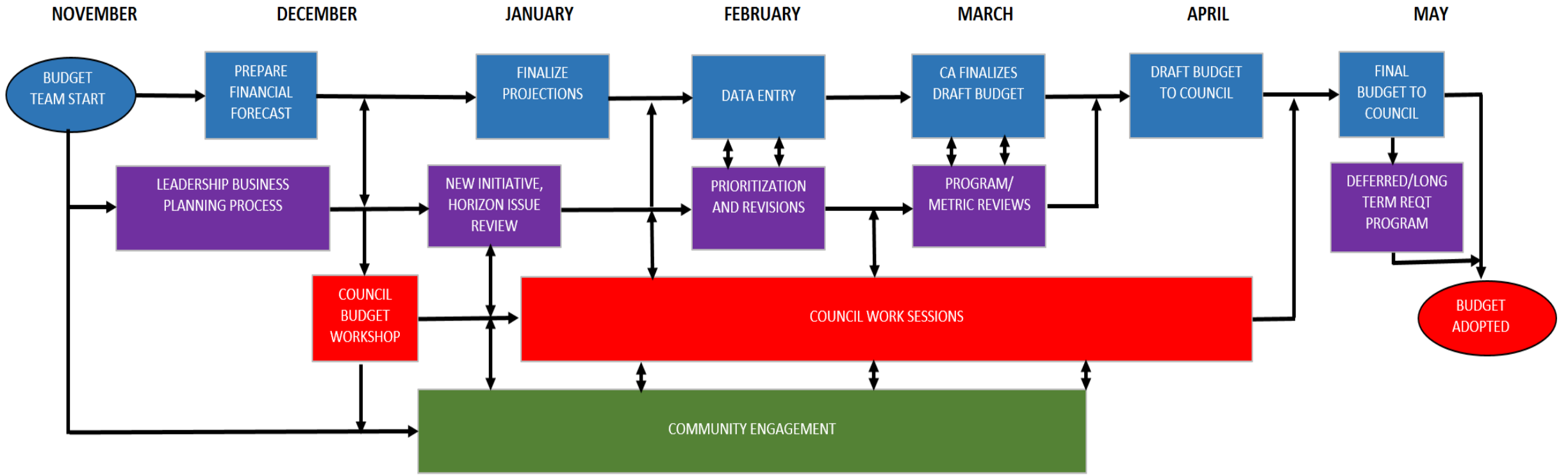
- Market risk for pension/OPEB funding.
- Federal funding for housing and other programs.
- State statutory revenue sharing.
- Water quality regulation at the state level.

- Uncertainties

- Revenues from medical/recreational marijuana, development, and annexations.
- Parking meter hours of enforcement and parking fines.
- Funding sources for key projects (A2 Station, Treeline Trail, Barton Dam)
- Revenue streams and expenses related to solid waste programmatic changes.
- Funding for maintenance/replacement of city assets, as needed/required.



BUDGET PROCESS SCHEMATIC



- FINANCIAL STAFF
- SSA/DIRECTOR TEAM
- CITY COUNCIL
- COMMUNITY

Key Dates

- 12/11/17 – Council Off-Site
- 3/12/18 – Council Work Session
- 4/16/18 – City Administrator Introduces Recommended Budget
- 5/7/18 – Public Hearing
- 5/21/18 – Council Considers and Adopts Budget

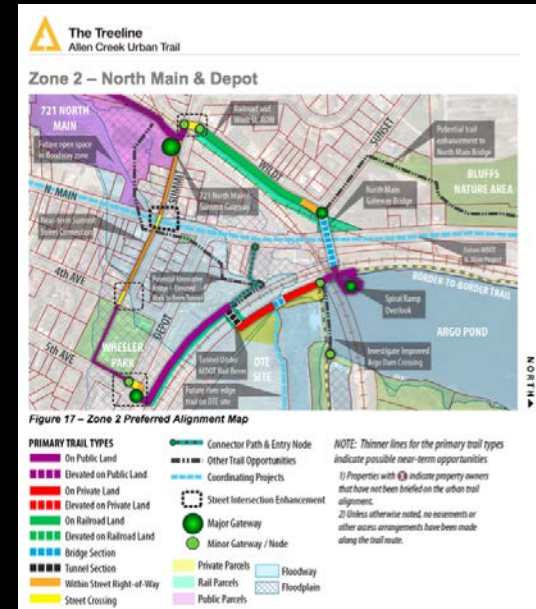
Specific Transportation Funding

Item	Amount
Roads	\$18,177,843
Sidewalks	2,243,043
New Lighting	115,000
Signs	343,631
Pavement Markings	473,802
Lighting Replacement/Maintenance	693,637
Electronic Speed Limit Signage – Schools	<u>200,000</u>
TOTAL	\$22,192,956



Transportation Initiatives and Projects

- Treeline Trail – Allen Creek Watershed
- Implementation of asset management/capital maintenance
- Ann Arbor Station
 - Transportation/Mobility Systems
- Mobility Operating Systems
 - One Community/Vital Seniors Initiatives
 - World Economic Forum Demonstration of Seamless Integration
- Citizen Survey conducted this coming summer



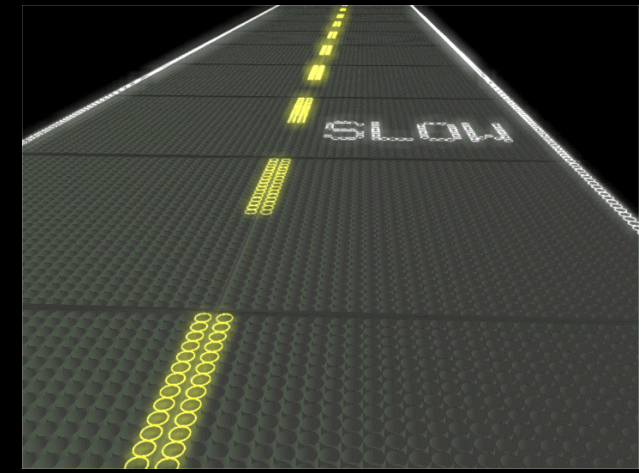
“Near Term” Issues

- Public Safety
 - How do we establish a Community Policing Commission?
 - How do we use data to change our staffing and response models?
- Revisioning of Solid Waste Service Delivery Means and Methods
 - Are the regionalization of all or part of our services feasible and efficient?
 - How do we restructure our recycling program to reflect the current market?
- Retaining, Retraining, and Recruiting the City Staff
 - How do we address the turnover of ~40% of City staff in the coming years?
 - How do we adapt to changes in the means and methods of service delivery?



“Over the Horizon” Issues

- Transportation Vision
 - Management of the Public Right of Way
 - Integration of Technology/Autonomous Vehicles
- Development Strategies
 - Types and Locations of Businesses
 - Housing Density
- Changes at the University of Michigan
 - Development/Reimagining of North Campus
 - Restructuring of the Hospital Complex and Delivery of Outpatient Services



What are you thinking?

