

MEMORANDUM

TO: Mayor and Council
FROM: Howard Lazarus, City Administrator
DATE: May 20, 2019
SUBJECT: Resolution to Adopt Ann Arbor City Budget and Related Property Tax Millage Rates for fiscal year 2020

Attached for your review and action is the proposed FY 2020 City Budget that totals \$462 million in revenue and \$430 million in expenditures and is in compliance with the City Charter. This budget resolution reflects the recommended budget delivered to you on April 15, 2019.

General Fund Activities

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

| | |
|----------------------------|------------------|
| | <u>FY 2020</u> |
| Recurring Revenues | \$ 108,675,380 |
| Non-recurring Revenues | <u>2,664,218</u> |
| Total Revenues | \$ 111,339,598 |
| | |
| Recurring Expenditures | \$ 108,579,039 |
| Non-recurring Expenditures | <u>2,760,559</u> |
| Total Expenditures | \$ 111,339,598 |

General Fund recurring expenditures increased by \$5,035,538 (+4.9%) compared to FY 2019's adopted budget, and recurring revenues increased by \$5,131,879 (5.0%). Below is a summary of non-recurring expenditures:

| <u>General Fund Non-recurring Expenditures</u> | <u>FY 2020</u> |
|---|---------------------|
| Mayor-Mayoral coin design | \$ 500 |
| Mayor-Sister City anniversary | 1,000 |
| Mayor-City University dinner | 3,500 |
| Mayor-Copier and badge reader for Council office | 11,000 |
| City Attorney-Temporary pay for planned leave of absence | 24,000 |
| City Attorney-Citylaw data conversion | 48,000 |
| City Administrator-Intern/Job Corps Program | 25,000 |
| City Administrator-Citizen Survey | 30,000 |
| City Administrator-Fleet & Facilities-ADA accessibility improvements | 25,000 |
| Community Services-Parks & Recreation-Outdoor ice rinks | 40,000 |
| Community Services-Planning-Consultant to coordinate Master Plan update | 500,000 |
| Community Services-Planning-AirBnB study | 25,000 |
| Finance-Digital scanning of paper Assessing records | 8,320 |
| Finance-Priority based budgeting start-up costs | 40,000 |
| Public Services-Systems Planning-Treeline Trail staffing allocation | 40,000 |
| Public Services-Barton Dam hydro hoist repair | 6,000 |
| Public Services-Barton Dam supporting technical information update | 16,000 |
| Public Services-Barton Dam stability analysis | 20,000 |
| Public Services-Barton Dam funding for survey results | 306,000 |
| Public Services-Barton Dam embankment rehabilitation | 125,000 |
| Public Services-Superior Dam technical information update | 14,000 |
| Public Services-Superior Dam repair to concrete | 35,000 |
| Public Services-Street repairs | 700,000 |
| Police - Bullet proof vests | 25,000 |
| Police-Tasers | 19,700 |
| Police-Microphones for motorcycle helmets | 8,910 |
| Police-Vehicle crash forensic mapping system | 33,700 |
| Police-Body cameras | 21,529 |
| Fire-Tornado siren maintenance and repair | 46,400 |
| Non-Departmental-Inclusion contract | 59,000 |
| Non-Departmental-Staff training | 58,000 |
| Non-Departmental-workforce planning program | 100,000 |
| Non-Departmental-Active transportation | 170,000 |
| Non-Departmental-Center of the City initiative | 175,000 |
| Total General Fund Non-recurring Expenditures | <u>\$ 2,760,559</u> |

FTEs

The City's FTEs are proposed to increase from 745, as amended during FY19, to 758 in FY 2020 (excluding transfers between Service Areas and net of incidental changes):

- 1.0 FTE increase in Community Services, Housing Commission (amended during FY 2019)
- 1.0 FTE increase in City Administrator, Police Commission (amended during FY 2019)
- 1.0 FTE increase in City Administrator, Human Resources
- 2.0 FTE increase in Safety Services, Police

- 1.0 FTE increase shared by City Attorney, Financial Services & Building
- 0.25 FTE increase in Mayor's Office
- 3.0 FTE increase in Community Services, Building
- 1.0 FTE increase in Community Services, Parks & Recreation
- 4.0 FTE increase in Public Services

As part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 758 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 2020 the Headlee rollback multiplier is anticipated to be 0.9912):

| | PROPOSED FY 2020 | ACTUAL FY 2019 | CHANGE |
|---|-----------------------------|---------------------------|-----------------|
| GENERAL OPERATING | 5.8884 | 5.9407 | (0.0523) |
| EMPLOYEE BENEFITS | 1.9627 | 1.9802 | (0.0175) |
| AAATA | 1.9627 | 1.9802 | (0.0175) |
| REFUSE COLLECTION | 2.3549 | 2.3759 | (0.0210) |
| STREET, BRIDGE & SIDEWALK MILLAGE | 2.0735 | 2.0920 | (0.0185) |
| PARK MAINTENANCE & CAPITAL IMPROVEMENTS | 1.0903 | 1.0594 | 0.0309 |
| OPEN SPACE & PARKLAND PRESERVATION | <u>0.4560</u> | <u>0.4601</u> | <u>(0.0041)</u> |
| TOTAL | 15.7885 | 15.8885 | (0.1000) |

Prepared by: Tom Crawford, Chief Financial Officer

Approved by: Howard Lazarus, City Administrator

RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET
AND RELATED PROPERTY TAX MILLAGE RATES
FOR FISCAL YEAR 2020

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 2020 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 2020 Consolidated Plan, to be funded out of the Community Development Budget;

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 \$250,239,125 are approved; and that \$41,300,875 be appropriated in FY 2020 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 \$636,058 be appropriated without regard to fiscal year;

RESOLVED, That a total 758 full-time equivalent positions be adopted in the FY 2020 budget;

RESOLVED, That as part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 758 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 FY19 Sustaining Ann Arbor Together grant program funds in the General Fund Planning budget carry forward to FY20 to transfer to the County millage fund Sustainability FY20 budget to be spent without regard to fiscal year;

RESOLVED, that any unspent FY19 Special Event Funding in the General Fund Building & Rental service unit budget carry forward to FY20;

RESOLVED, that any unspent FY19 Annexation Funding in the General Fund Planning service unit budget carry forward to FY20;

RESOLVED, that the Council waives the Other Postemployment Benefits Funding Policy, Section 1.3, for FY20 in order to rebate excess active healthcare funds back to all participating funds;

RESOLVED, That the City Council approve the proposed FY 2020 Ann Arbor-Ypsilanti SmartZone LDFA budget, as a component unit of the City of Ann Arbor in Fiscal Year 2020 in a dedicated fund containing \$4,894,000 in revenues and \$4,894,000 in expenditures;

RESOLVED, That the following appropriations constitute the General Fund budget for FY 2020;

| <u>REVENUES</u> | |
|------------------------------------|-----------------------|
| CITY ATTORNEY | \$ 217,366 |
| CITY ADMINISTRATOR | |
| Human Resources | 297,861 |
| Safety | 349,381 |
| Clerk Services | 335,053 |
| Fleet & Facilities | 1,728,271 |
| Communications | 328,000 |
| COMMUNITY SERVICES | |
| Community Development | 2,635,118 |
| Building & Rental Services | 1,218,700 |
| Planning | 480,010 |
| Parks and Recreation Services | 4,771,211 |
| FINANCIAL SERVICES | |
| Financial and Budget Planning | 18,378,420 |
| Treasury | 49,410,476 |
| Information Technology | 3,761,312 |
| PUBLIC SERVICES | |
| Engineering | 1,987,662 |
| Public Works | 30,374 |
| Public Services Administration | 86,648 |
| Water Treatment | 425,000 |
| SAFETY SERVICES | |
| Police | 3,917,468 |
| Fire | 679,680 |
| DISTRICT COURT | 1,874,116 |
| NON-DEPARTMENTAL | 18,427,471 |
| TOTAL GENERAL FUND REVENUES | \$ 111,339,598 |

EXPENDITURES

| | |
|--|-----------------------|
| MAYOR AND CITY COUNCIL | \$ 438,005 |
| CITY ATTORNEY | 2,496,208 |
| CITY ADMINISTRATOR | |
| City Administrator | 1,124,400 |
| Human Resources | 2,170,619 |
| Clerk Services | 1,295,559 |
| Police Commission | 150,000 |
| Safety | 342,533 |
| Sustainability & Innovation | 408,924 |
| Fleet & Facilities | 3,481,700 |
| Communications Office | 444,398 |
| COMMUNITY SERVICES | |
| Building & Rental Services | 1,519,913 |
| Planning | 1,867,973 |
| Community Development | 4,987,754 |
| Parks and Recreation | 8,790,320 |
| FINANCIAL SERVICES | |
| Accounting | 887,072 |
| Assessor | 1,193,551 |
| Financial and Budget Planning | 1,133,114 |
| Information Technology | 3,688,287 |
| Procurement | 206,922 |
| Risk Management | 121,076 |
| Treasury | 965,625 |
| PUBLIC SERVICES | |
| Public Works | 30,238 |
| Engineering | 4,221,651 |
| Public Services Administration | 1,186,564 |
| Systems Planning | 40,000 |
| Water Treatment Services | 1,007,970 |
| SAFETY SERVICES | |
| Police | 29,460,438 |
| Fire | 16,880,562 |
| DISTRICT COURT | 4,881,186 |
| NON-DEPARTMENTAL | 15,917,036 |
| TOTAL GENERAL FUND EXPENDITURES | \$ 111,339,598 |

RESOLVED, That the following other funds revenue and expenditure appropriations are adopted for FY 2020 budget; and

REVENUES

| Fund # | Fund Name | Amount |
|--------|---|------------------------------|
| 0001 | DDA/HOUSING FUND | \$ 720,880 |
| 0002 | ENERGY PROJECTS | 312,071 |
| 0003 | DOWNTOWN DEVELOPMENT AUTHORITY | 8,836,572 |
| 0009 | SMART ZONE LDFA | 4,894,000 |
| 0010 | GENERAL | 111,339,598 |
| 0011 | CENTRAL STORES | 1,237,789 |
| 0012 | FLEET SERVICES | 10,392,385 |
| 0014 | INFORMATION TECHNOLOGY | 8,877,583 |
| 0016 | COMMUNITY TELEVISION NETWORK | 2,199,958 |
| 0021 | MAJOR STREET | 12,045,242 |
| 0022 | LOCAL STREET | 3,595,839 |
| 0023 | COURT FACILITIES | 225,000 |
| 0024 | OPEN SPACE & PARKLAND PRESERVATION | 2,870,994 |
| 0025 | BANDEMER PROPERTY | 9,056 |
| 0026 | CONSTRUCTION CODE FUND | 4,844,328 |
| 0027 | DRUG ENFORCEMENT | 25,839 |
| 0028 | FEDERAL EQUITABLE SHARING | 77,396 |
| 0033 | DDA PARKING MAINTENANCE | 3,575,000 |
| 0034 | PARKS MEMORIALS & CONTRIBUTIONS | 218,952 |
| 0035 | GENERAL DEBT SERVICE | 10,603,827 |
| 0036 | METRO EXPANSION | 439,382 |
| 0038 | ANN ARBOR ASSISTANCE | 16,204 |
| 0041 | OPEN SPACE ENDOWMENT | 31,026 |
| 0042 | WATER SUPPLY SYSTEM | 30,625,949 |
| 0043 | SEWAGE DISPOSAL SYSTEM | 30,985,531 |
| 0048 | AIRPORT | 979,534 |
| 0049 | PROJECT MANAGEMENT | 5,092,213 |
| 0052 | VEBA TRUST | 12,909,555 |
| 0053 | POLICE AND FIRE RELIEF | 14,464 |
| 0054 | CEMETERY PERPETUAL CARE | 5,106 |
| 0055 | ELIZABETH R DEAN TRUST | 28,620 |
| 0056 | ART IN PUBLIC PLACES | 130,000 |
| 0057 | RISK FUND | 37,368,988 |
| 0058 | WHEELER CENTER | 607,214 |
| 0059 | EMPLOYEES RETIREMENT SYSTEM | 49,362,507 |
| 0061 | ALTERNATIVE TRANSPORTATION | 948,179 |
| 0062 | STREET, BRIDGE & SIDEWALK MILLAGE | 15,511,185 |
| 0063 | DDA PARKING SYSTEM | 23,387,772 |
| 0064 | MICHIGAN JUSTICE TRAINING | 21,268 |
| 0069 | STORMWATER SEWER SYSTEM | 12,703,444 |
| 0070 | AFFORDABLE HOUSING | 675,543 |
| 0071 | PARK MAINTENANCE & CAPITAL IMPROVEMENTS | 6,677,743 |
| 0072 | SOLID WASTE FUND | 18,103,464 |
| 0082 | STORMWATER BOND | 3,709,135 |
| 0088 | SEWER BOND | 7,882,600 |
| 0089 | WATER BOND | 12,375,140 |
| 0100 | COUNTY MENTAL HEALTH MILLAGE | 2,200,000 |
| 0101 | CAPITAL SINKING FUND | 700,000 |
| 0260 | INDIGENT DEFENSE FUND | 197,123 |
| 00CP | GENERAL CAPITAL FUND | 1,576,000 |
| | | <u><u>\$ 462,167,198</u></u> |

EXPENDITURES

| Fund # | Fund Name | Amount |
|--------|---|------------------------------|
| 0001 | DDA/HOUSING FUND | \$ 720,880 |
| 0002 | ENERGY PROJECTS | 312,071 |
| 0003 | DOWNTOWN DEVELOPMENT AUTHORITY | 8,836,572 |
| 0009 | SMART ZONE LDFA | 4,894,000 |
| 0010 | GENERAL | 111,339,598 |
| 0011 | CENTRAL STORES | 1,225,154 |
| 0012 | FLEET SERVICES | 10,392,385 |
| 0014 | INFORMATION TECHNOLOGY | 8,214,723 |
| 0016 | COMMUNITY TELEVISION NETWORK | 2,127,793 |
| 0021 | MAJOR STREET | 12,045,242 |
| 0022 | LOCAL STREET | 3,595,839 |
| 0023 | COURT FACILITIES | 225,000 |
| 0024 | OPEN SPACE & PARKLAND PRESERVATION | 1,427,219 |
| 0025 | BANDEMER PROPERTY | 6,131 |
| 0026 | CONSTRUCTION CODE FUND | 4,844,328 |
| 0027 | DRUG ENFORCEMENT | 24,225 |
| 0028 | FEDERAL EQUITABLE SHARING | 75,003 |
| 0033 | DDA PARKING MAINTENANCE | 3,267,536 |
| 0034 | PARKS MEMORIALS & CONTRIBUTIONS | 148,931 |
| 0035 | GENERAL DEBT SERVICE | 10,603,827 |
| 0036 | METRO EXPANSION | 436,495 |
| 0038 | ANN ARBOR ASSISTANCE | 16,000 |
| 0041 | OPEN SPACE ENDOWMENT | 15,000 |
| 0042 | WATER SUPPLY SYSTEM | 24,287,195 |
| 0043 | SEWAGE DISPOSAL SYSTEM | 25,840,864 |
| 0048 | AIRPORT | 783,170 |
| 0049 | PROJECT MANAGEMENT | 5,092,213 |
| 0052 | VEBA TRUST | 699,819 |
| 0055 | ELIZABETH R DEAN TRUST | 28,620 |
| 0056 | ART IN PUBLIC PLACES | 130,000 |
| 0057 | RISK FUND | 36,600,918 |
| 0058 | WHEELER CENTER | 564,224 |
| 0059 | EMPLOYEES RETIREMENT SYSTEM | 48,994,430 |
| 0061 | ALTERNATIVE TRANSPORTATION | 948,179 |
| 0062 | STREET, BRIDGE & SIDEWALK MILLAGE | 13,986,356 |
| 0063 | DDA PARKING SYSTEM | 23,387,772 |
| 0064 | MICHIGAN JUSTICE TRAINING | 21,000 |
| 0069 | STORMWATER SEWER SYSTEM | 9,931,351 |
| 0070 | AFFORDABLE HOUSING | 660,000 |
| 0071 | PARK MAINTENANCE & CAPITAL IMPROVEMENTS | 6,592,771 |
| 0072 | SOLID WASTE FUND | 18,103,464 |
| 0082 | STORMWATER BOND | 3,709,135 |
| 0088 | SEWER BOND | 7,882,600 |
| 0089 | WATER BOND | 12,375,140 |
| 0100 | COUNTY MENTAL HEALTH MILLAGE | 2,200,000 |
| 0101 | CAPITAL SINKING FUND | 700,000 |
| 0260 | INDIGENT DEFENSE FUND | 197,123 |
| 00CP | GENERAL CAPITAL FUND | 1,576,000 |
| | | <u>\$ 430,086,296</u> |

RESOLVED, That the following millages shall be levied for the City of Ann Arbor for FY 2020:

| | PROPOSED |
|---|-----------------|
| GENERAL OPERATING | 5.8884 |
| EMPLOYEE BENEFITS | 1.9627 |
| AAATA | 1.9627 |
| REFUSE COLLECTION | 2.3549 |
| STREET, BRIDGE & SIDEWALK MILLAGE | 2.0735 |
| PARK MAINTENANCE & CAPITAL IMPROVEMENTS | 1.0903 |
| OPEN SPACE & PARKLAND PRESERVATION | 0.4560 |
| TOTAL | <u>15.7885</u> |

Prepared by: Tom Crawford, Chief Financial Office
Approved by: Howard Lazarus, City Administrator