

## MEMORANDUM

TO: Mayor and Council

FROM: Milton Dohoney, Jr, City Administrator

DATE: May 19, 2025

SUBJECT: Resolution to Adopt Ann Arbor City Budget and Related Property Tax Millage Rates for fiscal year 2026

Attached for your review and action is the proposed FY 2026 City Budget that totals \$680 million in revenue and \$638 million in expenditures and is in compliance with the City Charter. This budget resolution reflects the recommended budget delivered to you on April 21, 2025.

### **General Fund Activities**

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

	<u>FY 2026</u>
Recurring Revenues	\$ 145,843,162
Non-recurring Revenues	533,538
Use of Fund Balance	<u>276,971</u>
	\$ 146,653,671
Recurring Expenditures	\$ 144,696,772
Non-recurring Expenditures	<u>1,956,899</u>
Total Expenditures	\$ 146,653,671

General Fund recurring expenditures increased by \$10,190,943 (+7.6%) compared to FY 2025's adopted budget, and recurring revenues increased by \$9,211,538 (+6.7%). Below is a summary of non-recurring expenditures:

<u>General Fund Non-recurring Expenditures</u>	<u>FY 2026</u>
City Administrator - Reperations study	200,000
City Administrator - National Opioid Settlement	33,538
City Administrator - OOE- Mental Health/PUMP Act Alignment	25,000
City Administrator - OOE- City wide training	30,000
City Administrator - Clerk - Outside counsel	100,000
City Administrator - IT - Personal Protective Equipment	1,000
Community Services - Community Development - Throne restrooms	500,000
Community Services - Building - Outside counsel	90,000
Community Services - Building - Vehicles	151,200
Community Services - Building - Charging stations	15,000
Community Services - Parks & Rec - Contributed Capital for Vehicles	169,553
Public Services - Systems Planning - Gravel Road Study	250,000
Public Services - Water Treatment Plant - Barton Dam security improvements	38,000
Public Services - Water Treatment Plant - Superior Dam concrete repairs	100,000
Public Services - Water Treatment Plant - Barton Dam concrete repairs	10,000
Safety Services - Police - Vehicle	52,000
Safety Services - Police - Contributed Capital for Hybrid Vehicle	91,608
Safety Services - Fire - Outside counsel	100,000
Total General Fund Non-recurring Expenditures	<u>\$ 1,956,899</u>

## **FTEs**

The City's FTEs are proposed to increase from 849, as adopted for FY 2025, to 863 in FY 2026 (excluding transfers between Service Areas and net of incidental changes):

- 0.87 FTE increase in Community Services, Planning
- 4.0 FTE increase in Community Services, Building
- 4.0 FTE increase in Community Services, Ann Arbor Housing Commission
- 1.0 FTE increase in City Administrator, Sustainability
- 1.0 FTE increase in Safety Services, Police
- 3.5 FTE increase in Public Services

As part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 863 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 2026 the Headlee rollback multiplier is anticipated to be 0.9941):

	PROPOSED FY 2026	ACTUAL FY 2025	CHANGE
GENERAL OPERATING	5.7561	5.7903	(0.0342)
EMPLOYEE BENEFITS	1.9185	1.9299	(0.0114)
AATA TRANSPORTATION	1.9185	1.9299	(0.0114)
REFUSE COLLECTION	2.3019	2.3156	(0.0137)
STREET, BRIDGE & SIDEWALK MILLAGE	2.0011	2.0130	(0.0119)
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0935	1.0720	0.0215
OPEN SPACE & PARKLAND PRESERVATION	0.4456	0.4483	(0.0027)
SIDEWALK CONSTRUCTION MILLAGE	0.1971	0.1983	(0.0012)
AFFORDABLE HOUSING MILLAGE	0.9863	0.9922	(0.0059)
COMMUNITY CLIMATE ACTION MILLAGE	0.9930	0.9989	(0.0059)
TOTAL	17.6116	17.6884	(0.0768)

Prepared by: Marti Praschan, Chief Financial Officer

Approved by: Martin Dohoney Jr., City Administrator

RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET  
AND RELATED PROPERTY TAX MILLAGE RATES  
FOR FISCAL YEAR 2026

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 2026 for the City of Ann Arbor, which was submitted on April 21, 2025 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 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 2026;

RESOLVED, That the proposed list of Capital Improvement projects in the amount of \$406,213,908 are approved; and that \$133,224,038 be appropriated in FY 2026 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 \$1,385,000 be appropriated without regard to fiscal year;

RESOLVED, That a total 863 full-time equivalent positions be adopted in the FY 2026 budget;

RESOLVED, That as part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 863 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 2025 City Administrator Contingency funding in the General Fund City Administrator service unit budget carry forward to FY 2026;

RESOLVED, That any unspent FY 2025 funding remaining in the FY 2025 Affordable Housing Millage fund carry forward to FY 2026 without regard to fiscal year;

RESOLVED, That any unspent DDA Grants included in the FY 2025 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 2025 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 2026;

RESOLVED, That any unspent Gravel Roads Study funding in the General Fund Systems Planning service unit budget carry forward to FY 2026;

RESOLVED, That any unspent Compensation Study funding in the General Fund Human Resources service unit budget carry forward to FY 2026;

RESOLVED, That any unspent funding in the County Mental Health Millage Engineering service unit budget carry forward to FY 2026;

RESOLVED, That any unspent funding in the County Mental Health Millage Sustainability and Innovation service unit budget carry forward to FY 2026;

RESOLVED, That any unspent funding in the Climate Action Millage Engineering service unit budget carry forward to FY 2026;

RESOLVED, That the City Council approve the proposed FY 2026 Ann Arbor-Ypsilanti SmartZone LDFA budget, as a component unit of the City of Ann Arbor in Fiscal Year 2026 in a dedicated fund containing \$6,749,527 in revenues and \$6,749,527 in expenditures;

RESOLVED, That the following appropriations constitute the General Fund budget for FY 2026;

**REVENUES**

CITY ATTORNEY	\$ 17,580
CITY ADMINISTRATOR	
City Administrator	-
Human Resources	542,995
Safety	455,266
Clerk Services	365,935
Fleet & Facilities	2,108,967
Communications	-
Information Technology	5,061,135
COMMUNITY SERVICES	
Community Development	500,000
Ann Arbor Housing Commission	6,257,416
Building & Rental Services	2,505,670
Planning	478,891
Parks and Recreation Services	6,114,512
FINANCIAL SERVICES	
Financial and Budget Planning	25,161,724
Treasury	66,556,241
Assessing	650
PUBLIC SERVICES	
Engineering	3,102,774
Public Works	72,815
Public Services Administration	140,000
Water Treatment	375,000
SAFETY SERVICES	
Police	3,728,959
Fire	608,640
DISTRICT COURT	1,142,301
NON-DEPARTMENTAL	21,356,200
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 146,653,671</b>

<b><u>EXPENDITURES</u></b>	
MAYOR AND CITY COUNCIL	\$ 657,572
CITY ATTORNEY	3,312,612
CITY ADMINISTRATOR	
City Administrator	3,146,963
Human Resources	2,875,325
Clerk Services	2,393,296
Police Commission	181,178
Safety	438,302
Sustainability & Innovation	1,389,811
Fleet & Facilities	3,875,509
Communications Office	617,637
Information Technology	5,039,786
COMMUNITY SERVICES	
Building & Rental Services	2,322,663
Planning	2,086,915
Community Development	2,348,752
Ann Arbor Housing Commission	6,782,828
Parks and Recreation	12,414,078
FINANCIAL SERVICES	
Accounting	1,259,416
Assessor	1,412,732
Financial and Budget Planning	1,501,501
Procurement	199,176
Risk Management	92,655
Treasury	1,152,657
PUBLIC SERVICES	
Public Works	71,988
Engineering	6,388,865
Public Services Administration	144,439
Systems Planning	274,013
Water Treatment Services	804,755
SAFETY SERVICES	
Police	35,680,263
Fire	20,497,846
DISTRICT COURT	5,612,280
NON-DEPARTMENTAL	21,677,858
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 146,653,671</b>

RESOLVED, That the following other funds revenue and expenditure appropriations are adopted for FY 2026 budget; and

## REVENUES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 489,100
0002	ENERGY PROJECTS	9,204
0003	DOWNTOWN DEVELOPMENT AUTHORITY	14,727,500
0009	SMART ZONE LDFA	6,749,527
0010	GENERAL	146,653,671
0011	CENTRAL STORES	1,617,868
0012	FLEET SERVICES	16,704,178
0014	INFORMATION TECHNOLOGY	12,916,145
0016	COMMUNITY TELEVISION NETWORK	1,822,907
0021	MAJOR STREET	21,364,279
0022	LOCAL STREET	4,641,416
0023	COURT FACILITIES	225,335
0024	OPEN SPACE & PARKLAND PRESERVATION	4,001,896
0025	BANDEMER PROPERTY	13,031
0026	CONSTRUCTION CODE FUND	7,662,306
0027	DRUG ENFORCEMENT	19,063
0028	FEDERAL EQUITABLE SHARING	34,844
0033	DDA PARKING MAINTENANCE	5,510,000
0034	PARKS MEMORIALS & CONTRIBUTIONS	294,327
0035	GENERAL DEBT SERVICE	13,115,115
0036	METRO EXPANSION	715,949
0038	ANN ARBOR ASSISTANCE	18,807
0041	OPEN SPACE ENDOWMENT	117,585
0042	WATER SUPPLY SYSTEM	39,075,710
0043	SEWAGE DISPOSAL SYSTEM	36,689,718
0048	AIRPORT	1,248,455
0049	PROJECT MANAGEMENT	7,177,258
0052	VEBA TRUST	12,991,666
0053	POLICE AND FIRE RELIEF	82,817
0054	CEMETERY PERPETUAL CARE	5,461
0055	ELIZABETH R DEAN TRUST	91,478
0057	RISK FUND	42,643,930
0058	WHEELER CENTER	999,446
0059	EMPLOYEES RETIREMENT SYSTEM	53,304,842
0061	ALTERNATIVE TRANSPORTATION	1,115,214
0062	STREET, BRIDGE & SIDEWALK MILLAGE	28,171,000
0063	DDA PARKING SYSTEM	29,317,300
0064	MICHIGAN JUSTICE TRAINING	120,491
0069	STORMWATER SEWER SYSTEM	16,549,333
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	8,910,410
0072	SOLID WASTE FUND	26,155,006
0082	STORMWATER BOND	18,665,000
0084	DEVELOPER OFFSET MITIGATION	1,500,000
0088	SEWER BOND	24,650,000
0089	WATER BOND	40,941,000
0100	COUNTY MENTAL HEALTH MILLAGE	3,038,310
0101	CAPITAL SINKING FUND	489,609
00CP	GENERAL CAPITAL FUND	873,462
00MG	MAJOR GRANTS PROGRAMS	479,652
0102	SIDEWALK CONSTRUCTION MILLAGE	2,853,885
0103	AFFORDABLE HOUSING MILLAGE	8,133,396
0108	TECHNOLOGY FIBER	404,363
0109	CLIMATE ACTION MILLAGE	7,979,814
0111	SECTION 401(A) DUAL HYBRID PLAN	2,687,400
0112	SECTION 457(B) PLAN	50,800
0113	SECTION 401(A) EXECUTIVE PLAN	3,088,000
0116	DDA PUBLIC ART	429,300
		<b><u>\$ 680,337,579</u></b>



## EXPENDITURES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 489,100
0003	DOWNTOWN DEVELOPMENT AUTHORITY	14,727,500
0009	SMART ZONE LDFA	6,749,527
0010	GENERAL	146,653,671
0011	CENTRAL STORES	1,583,957
0012	FLEET SERVICES	16,704,178
0014	INFORMATION TECHNOLOGY	12,737,674
0016	COMMUNITY TELEVISION NETWORK	1,822,907
0021	MAJOR STREET	21,364,279
0022	LOCAL STREET	4,641,416
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	2,283,954
0025	BANDEMER PROPERTY	3,693
0026	CONSTRUCTION CODE FUND	7,662,306
0027	DRUG ENFORCEMENT	18,000
0028	FEDERAL EQUITABLE SHARING	28,000
0033	DDA PARKING MAINTENANCE	4,525,600
0034	PARKS MEMORIALS & CONTRIBUTIONS	75,000
0035	GENERAL DEBT SERVICE	13,115,115
0036	METRO EXPANSION	715,949
0038	ANN ARBOR ASSISTANCE	18,075
0041	OPEN SPACE ENDOWMENT	75,000
0042	WATER SUPPLY SYSTEM	33,709,126
0043	SEWAGE DISPOSAL SYSTEM	28,324,229
0048	AIRPORT	1,239,547
0049	PROJECT MANAGEMENT	7,177,256
0052	VEBA TRUST	1,916,119
0053	POLICE & FIRE RELIEF	50,000
0055	ELIZABETH R DEAN TRUST	91,478
0057	RISK FUND	42,643,930
0058	WHEELER CENTER	696,923
0059	EMPLOYEES RETIREMENT SYSTEM	52,878,958
0061	ALTERNATIVE TRANSPORTATION	1,115,214
0062	STREET, BRIDGE & SIDEWALK MILLAGE	28,171,000
0063	DDA PARKING SYSTEM	29,317,300
0064	MICHIGAN JUSTICE TRAINING	120,000
0069	STORMWATER SEWER SYSTEM	11,928,988
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	8,910,410
0072	SOLID WASTE FUND	24,788,673
0082	STORMWATER BOND	18,665,000
0084	DEVELOPER OFFSET MITIGATION	200
0088	SEWER BOND	24,650,000
0089	WATER BOND	40,941,000
0100	COUNTY MENTAL HEALTH MILLAGE	2,981,622
0101	CAPITAL SINKING FUND	450,000
00CP	GENERAL CAPITAL FUND	678,000
00MG	MAJOR GRANTS PROGRAMS	2,181
0102	SIDEWALK CONSTRUCTION MILLAGE	2,853,885
0103	AFFORDABLE HOUSING MILLAGE	8,133,396
0108	TECHNOLOGY FIBER	400,138
0109	CLIMATE ACTION MILLAGE	7,979,814
0111	SECTION 401(A) DUAL HYBRID PLAN	217,000
0112	SECTION 457(B) PLAN	50,800
0113	SECTION 401(A) EXECUTIVE PLAN	2,900
0116	DDA PUBLIC ART	411,800
		<b>\$ 637,716,788</b>

RESOLVED, That the following millages shall be levied for the City of Ann Arbor for FY 2026:

	<b>PROPOSED</b>
GENERAL OPERATING	5.7561
EMPLOYEE BENEFITS	1.9185
AATA TRANSPORTATION	1.9185
REFUSE COLLECTION	2.3019
STREET, BRIDGE & SIDEWALK MILLAGE	2.0011
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0935
OPEN SPACE & PARKLAND PRESERVATION	0.4456
SIDEWALK CONSTRUCTION MILLAGE	0.1971
AFFORDABLE HOUSING MILLAGE	0.9863
COMMUNITY CLIMATE ACTION MILLAGE	0.9930
TOTAL	<hr/> 17.6116

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