

**BUDGET AMENDMENTS AS PROPOSED BY ANN ARBOR CITY COUNCIL
ON MAY 20, 2019**

Amendment 1- Amendment to Increase FY20 Expenditures for Street Resurfacing, Repair and Capital Preventative Maintenance by \$3 million with Funding Provided by the Local Street Fund (\$2 million) and the Major Street Fund (\$1 million)

Whereas, the poor condition of Ann Arbor streets is a continuing source of concern for Ann Arbor residents and “fixing the roads” is a priority frequently and passionately expressed by residents; and

Whereas, the Budget Priority Survey conducted in October and November 2018 asked residents if the city should spend more, less or the same in 57 budget categories and, of the categories residents indicated the City should spend more, the “fixing the roads” categories rated #1, #2, and #4: and

Whereas, respondents to the March 2019 County Millage Usage survey rated “additional funding for street resurfacing/repair” as the 2nd highest usage category slightly behind mental health services: and

Whereas, the City has adopted the Pavement Surface Evaluation & Rating (PASER) scale to measure street condition and the City’s goal is that 80% of streets are rated at 7 (good) or higher by 2025; and

Whereas, the State of Michigan classifies streets as either “Major Streets” or “Local Streets” and roughly 2/3’s of the Ann Arbor street system are Local Streets; and

Whereas, in April of 2014 and again in June 2017, a consultant was engaged to rate all city streets; and over the three-year period from 2014 to June 2017, the ratings for Major Streets were essentially the same, but the ratings for Local Streets deteriorated; and

Whereas, for Local Streets, 43% were rated “failed, very poor or poor” in 2017 compared with 30% in 2014, and just 29% of Local Streets were achieving the target level of a 7 rating or higher; and

Whereas, for Major Streets, the ratings are higher than for Local Streets, but just half (49%) are at the target level of 7 or higher; and

Whereas, the City’s current policy regarding fund balance for Local and Major Street funds is that “a one year’s collection of the weight and gas tax revenues are held in fund balance”, and

Whereas, in an April 26th response to a budget question, Public Services staff indicated that the projected FY20 budget as proposed by the City Administrator “forecast approximately \$3 million (\$1M Major Streets; \$2M Local Streets) in excess of fund balance policy requirements;

Whereas, City Council believes “fixing the roads” and achieving the City’s Goal remain top City priorities and that the full amount of available funding in FY20 should be allocated for that purpose;

RESOLVED, that City Council re-affirms its commitment to achieving the goal of having 80% of city streets rated at 7 (good) or higher by 2025; and

RESOLVED, that the FY20 Major Street Fund (fund code 0021) expenditure budget be increased by \$1.0 million for road improvements (capital preventative maintenance, repair, or re-surfacing) funded by a corresponding use of the Major Street Fund fund balance which is consistent with the current policy on end of year fund balance equal to one year of revenue; and

RESOLVED, that the FY20 Local Street Fund (fund code 0022) expenditure budget be increased by \$2.0 million for road improvements (capital maintenance, repair, or re-surfacing) funded by a corresponding use of the Local Street Fund fund balance which is consistent with the current policy on end of year fund balance equal to one year of revenue.

Sponsor: Jane Lumm and Jack Eaton

Amendment 2- Amendment to Accelerate the Nixon Corridor Improvement Projects in the CIP and to Include \$2,020,000 for the Phase 1 Improvements (Huron Parkway to Bluett - Project ID TR-SC-20-14) in the FY21 Capital Budget

Whereas, City Council approved the Nixon Farms (North and South) residential development in December 2015 adding approximately 475 new residential units to the Nixon Corridor and in September 2016, City Council approved the Woodbury Club residential development adding an additional 275 units;

Whereas, these 750 new residential units will exacerbate the already problematic traffic flow and congestion conditions along the Nixon Corridor and the Nixon Farms traffic study projected that future turning movements at several locations along Nixon will operate at an unacceptable Level of Service (LOS) E and F during both AM and PM peak hours;

Whereas, during discussions of the residential developments, City Council acknowledged that traffic flow improvements along the corridor were necessary and the Mayor stated “This is an area that will need to be fixed” and that the new tax revenues from the development will help pay for those fixes.

Whereas, the Nixon Corridor Traffic Study was completed in early 2017 and \$1.2M was included in the FY18 budget to complete the design phase of the Nixon Corridor Improvement Project; and

Whereas, the design phase of the project is ongoing including a public engagement component (neighborhood meetings; surveys) and design completion is expected later this Summer;

Whereas, the City's FY20-FY25 Capital Improvements Plan (CIP) reflects the following schedule and costs for construction of the Nixon Corridor Improvements Project:

- FY2025 – \$2,020,000 for Phase 1 (Huron Parkway to Bluett)
- FY2026 (or later) - \$3,494,000 for Phase 2 (Bluett to DhuVarren)
- FY2026 (or later) - \$2,000,000 for Phase 3 (Dhu Varren to M14)

Whereas, the Nixon Corridor Improvement Project ranked highly in the CIP's Prioritization Model rankings of street construction projects (#12 of 39) and it is City Council's intention to proceed with Nixon Corridor improvements and Council's desire that the improvements commence as soon as possible and practical; and

Whereas, it is not expected that finalizing a consensus design and the pre-construction bidding process can be completed in time to enable construction in FY20, but there is adequate time for construction to begin in FY21;

RESOLVED, that Phase 1 of the Nixon Corridor Improvement Project (Plymouth to Bluett) be planned for FY21 and \$2,020,000 added to capital spending in the FY21 Financial Plan; and

RESOLVED, that City Council directs the City Administrator to present to Council a report on the status of the project including the final design for Phase 1, updated cost estimates, and a recommendation on the specific funding source by February 29, 2020 and the start of the FY21 budget process; and

RESOLVED, that City Council requests that city staff and the Planning Commission consider accelerating Phase 2 (Bluett to Dhu Varren) and Phase 3 (DhuVarren to M14) of the Nixon Corridor Improvement Project in the review and adoption of the FY21-FY26 Capital Improvements Plan (CIP).

Sponsor: Jane Lumm

Amendment 3- Amendment to Increase Police Staffing in the FY20 Budget by Two Officers with Consideration to Enhance Unassigned Proactive Patrolling (Free Patrol) in Neighborhoods

Whereas, public safety is a core, essential city service and 93% of respondents to the Budget Priority Survey conducted in October-November 2018 indicated that "being a safe community" was essential or very important to community quality; and

Whereas, over the last fifteen years, the number of sworn officers in the AAPD has been reduced by 47 officers, or 27%, from 171 in FY03 to 124 in FY20; and

Whereas, the Community Policing Unit had 23 FTE at its peak (lieutenant, sergeant, 14 officers, and community service assistants) and currently the Community Engagement Unit consists of 3 FTE; and

Whereas, over the last five years, the number of hours of unassigned proactive patrolling (free patrol) decreased 34% from 42,434 hours in 2013 to 27,941 hours in 2018 and over the same five-year period, the percentage of time spent on unassigned proactive patrolling has fallen from 38% to 27%; and

Whereas, the Hillard Heintz study commissioned by the City made two primary recommendations in November 2017 to improve police-community relationships/build trust (1) establish a community policing (oversight) committee and (2) re-invigorate the City's community policing effort and operationalize a community policing strategy; and

Whereas, the City has established the Independent Community Police Oversight Commission (ICPOC) and has included funding in the FY20 budget to support the Commission, but the FY20 budget proposal does not include resources to meaningfully re-invigorate the community policing effort; and

Whereas, the FY20 budget proposal for the Police Department adds two police cadet positions and their addition will free-up some time for existing officers, but additional staffing is necessary for Ann Arbor to make real, substantive progress in community policing and proactive patrolling;

Whereas, increased proactive patrolling and enhanced traffic enforcement likely would improve real and perceived neighborhood safety as well as pedestrian safety at schools,, both of which are priorities shared by many residents and neighborhoods;

Whereas, Ann Arbor voters supported the Washtenaw County "Mental Health and Public Safety Millage in November 2017, and it is reasonable to conclude many of those voters believed the millage would result in improved public safety in Ann Arbor; and

Whereas, when asked how they would allocate the new funding, respondents to the March 2019 County Millage Usage survey allocated more dollars to "additional public safety funding" than to climate action programs and pedestrian safety improvements, but allocated \$50,000 less than to affordable housing; and

Whereas, the proposed FY20 budget includes new funding of \$880,000 for climate action programs, \$880,000 for affordable housing, \$750,000 for pedestrian safety, but only \$445,000 (\$220,000 recurring) of additional police funding which is inconsistent with the community preferences indicated in the survey;

Whereas, the annual cost of two additional officers is \$191,144 (including salaries and benefits) which represents 9% of the \$2.2 million in new city revenue generated from the millage;

Whereas, in previous year discussions regarding adding to AAPD staffing, the challenges of hiring new officers and the timing for on-boarding, coupled with the large number of AAPD officers eligible for retirement (currently 45), have been cited as reasons for not increasing budgeted staffing levels; and

Whereas, the City's enhanced recruitment efforts and new Cadet Program are intended to help address these challenges, and other cities have adopted programs such as Deferred Retirement Option Plans (DROP) which, by allowing an employee to "retire" from the Pension Plan, but remain employed, have been effective tools in keeping employees from retiring early and mitigating the challenges of maintaining and/or increasing police officer staffing levels;

RESOLVED, that the recommended FY20 budget be amended to increase the budgeted FTE in the Police Department by two (152 FTE to 154 FTE) and that FY20 Police General Fund expenditures be increased by \$191,144 funded with a transfer from the County Millage fund (fund 0100), to reflect the two additional officers; and

RESOLVED, that the FY20 expenditures for climate action programs and affordable housing funded by the County Millage Fund (fund 0100) both be reduced by \$95,572 (from \$880,000 to \$784,428) to offset the \$191,144 transfer from the Millage Fund to the General Fund for the two added officers, thereby maintaining the FY20 total County Millage expenditures at \$2.2 million; and

RESOLVED, that City Council requests AAPD to consider adding the officers to the Community Engagement Unit and deploying the additional officers and resources in unassigned proactive patrol (free patrol) to improve neighborhood/school safety; and

RESOLVED, that City Council directs the City Administrator to evaluate alternatives and tools (such as the DROP program) and deliver to Council by November 30, 2019 recommendations on programs/tools to improve the City's hiring, on-boarding, and retention processes for Police Officers.

Sponsor: Jane Lumm and Jack Eaton

Amendment 4-Amendment to Restore Fall Leaf and Holiday Tree Pickup Services

Whereas, the City provided Fall leaf pickup and Holiday Tree pickup services to residents until 2011 and leaf pickup is a basic service residents and taxpayers reasonably expect their taxes would pay for;

Whereas, in lieu of city bulk pickups, the city now requires that residents place leaves in bags or compost carts, options which are simply not practical for many residents considering the volume of their leaves and for those residents, the elimination of the city's twice a year leaf pickup service simply shifted the costs of disposal from the city to those residents who now pay twice – through their taxes and to hire private haulers; and

Whereas, holiday tree pickup offers a convenience to residents that can be provided for the minimal cost of \$30,000 annually. Further, restoring holiday tree pickup would eliminate the need for residents to drive to the drop-off locations individually resulting in an environmental benefit as well as the convenience; and

Whereas, the costs to restore two Fall leaf pickups would be a one-time capital cost of \$470,000 for equipment and annual operating costs of \$340,000. Including holiday tree pickup, the annual operating cost increase to restore both services for residents would be \$370,000 annually; and

Whereas, the Solid Waste Fund minimum fund balance requirement is \$4.3 million (equivalent to 25% of annual operating expense as with all Enterprise Funds) and the projected year-end unrestricted fund balance for FY20 is \$8.9 million, \$4.6 million above the minimum requirement: and

Whereas, utilizing \$470,000 (5%) of Solid Waste fund balance for the purpose of funding the one-time costs to restore leaf pickup services would still leave an excess fund balance of \$4.1 million: and

Whereas, although Solid Waste fund reserves are more than adequate to fund the necessary one-time costs to restore leaf pickup, the Solid Waste ongoing operational profit & loss does not readily support the additional \$370,000 in ongoing costs for the service; and

Whereas, the strong taxable value growth in the city and resulting increases in city General Fund tax revenue, coupled with the new pass-back revenue from the County Millage – which, like the General Fund is not designated or restricted in any way - are together generating over \$5 million in new annual unrestricted revenue that can be utilized to provide new programs/services to residents or restore services like leaf and holiday tree pickup that are highly valued by many in the community; and

Whereas, the proposed FY20 budget increases General Fund recurring expenditures by \$5 million over the FY19 adopted budget and the year-to-year increase reflects in part over \$1.7 million in new recurring expenditures that are largely internally focused on City government/administration (rather than providing enhanced services to residents) including \$500,000 supplemental pension fund contributions, \$400,000 in annual contributions to a new capital sinking fund for city-owned assets, \$300,000 for fire station Master Plan projects, \$150,000 for the Police Commission support, \$167,000 for two new FTE's (Contract Administrator, HR Benefit Analyst), \$117,000 increase for training / Inclusionary Contract, and \$100,000 increase for Outside Legal Counsel; and

Whereas, City Council recognizes that these new expenditures are of value, but council also believes that allocating a relatively small portion of the significantly increased revenue to restore a valued direct service to residents is appropriate;

RESOLVED, that City Council directs the City Administrator to restore two Fall leaf pickups and Holiday tree pickup beginning Fall 2019; and

RESOLVED, that the \$470,000 in one-time costs for restoring these services to residents is funded by one-time use of Solid Waste Fund fund balance; and

RESOLVED, that the \$370,000 in ongoing operating costs of restoring leaf and Holiday tree pickup services are funded by the following reductions to General Fund expenditures in the proposed FY20 budget (and a corresponding \$370,000 transfer from the General Fund to the Solid Waste Fund so total General Fund expenditures are unchanged from the Administrator's proposal):

- \$200,000 – reduce new capital sinking fund contribution from \$400,000 to \$200,000
- \$99,000 – eliminate new FTE for Contract Administrator
- \$46,000 – reduce increase in training/inclusion contract from \$117,000 to \$71,000
- \$25,000 – reduce \$100,000 increase for outside legal counsel to \$75,000

RESOLVED, that the Administrator may present to Council alternative funding sources to consider for the one-time and recurring expenditures to substitute for those identified above.

Sponsor: Jane Lumm and Jack Eaton

Amendment 5- Amendment to Include \$100,000 in One-Time Funding in FY20 for Potential New Streetlights at Locations other than Crosswalks

Whereas, neighborhood safety is priority of many community residents and adequate street lighting is a significant contributor to safety and the perception of safety both in our neighborhoods and at or near Ann Arbor schools; and

Whereas, in February 2015, City Council lifted the moratorium on new streetlights in place since 2006 and in May 2015, Council adopted a FY16 budget amendment that established a new, dedicated General Fund account/fund for the purpose of funding new streetlights and directed the City Administrator to develop a process to evaluate new streetlight requests; and

Whereas, the FY16 through FY19 Budgets have included the following funding amounts for new streetlights:

- FY16 \$100,000
- FY17 \$100,000
- FY18 \$150,000
- FY19 \$115,000

Whereas, the March 22nd staff response to a budget question indicated that at June 30, 2019, all previous funding for new streetlights will have been spent or designated for specific locations; and

Whereas, the Administrator's proposed FY20 budget includes \$135,000 in funding for new streetlights but it was indicated in an April 26th staff response to a budget question that the \$135,000 is earmarked for lighting upgrades and additions at crosswalks and that "no funding is proposed for new street light installations that are not associated with crosswalk improvements."

Whereas, the April 26th staff response also indicated that it likely will take 3-4 years to complete the identified lighting upgrades at crosswalks; and

Whereas, City Council believes the lighting upgrades/additions at crosswalks must continue unimpeded, but Council also believes the experience over the last four years has demonstrated that there is a need for funding for new streetlights other than at crosswalk locations; and

Whereas, an additional \$65,000 in funding for streetlight replacement (not new streetlights) was added to the General Fund in the proposed FY20 budget bringing the General Fund total for streetlight replacement to \$425,000;

RESOLVED, that in FY20 only, \$100,000 of the \$425,000 in the FY20 General Fund recurring expenditure budget for streetlight replacement be allocated to fund new streetlights at locations other than crosswalks;

RESOLVED, that the Administrator may present to Council for consideration other sources of one-time funding to substitute for the source identified above;

RESOLVED, that by December 31, 2019 and the start of the FY21 budget process, the City Administrator will present to Council recommendations for ongoing, recurring funding (amounts and sources) that would complete the crosswalk lighting upgrades/additions and establish adequate provisions for new streetlights at non-crosswalk locations as well as streetlight replacement.

Sponsor: Jane Lumm and Jack Eaton

Amendment 6- Amendment to end Deer Culling operations in FY 2020

Whereas, Activities surrounding Deer Culling operations remain controversial to large segments of the community, who oppose these operations based on cost, denial of access to public parks, use of firearms within city limits and in proximity to residential dwellings, and other moral dilemmas presented by the act; and

Whereas, It remains difficult to quantify and justify the success of such activities; therefore,

RESOLVED, the amount budgeted for Deer Cull activities in the General Fund Building and Rental Services in FY 2020 (\$150,000) be reduced and returned to the general fund balance with direction to the City Administrator to eliminate the planned amount for FY21 (\$100,000).

Sponsor: Hayner

Amendment 7- Amendment to increase recurring annual contributions to fund the pension liability for FY 2020 from all new sources of revenue

Whereas, It is customary that new sources of unrestricted revenue and increases in unrestricted revenue from existing sources contribute towards reducing pension fund liability; and

Whereas, The County Mental Health Millage revenue is new, recurring revenue designated for new programs and supported by personnel in the General Fund in the amount of (\$2,200,000) for FY 2020 and FY 2021; and

Whereas, It is fiscally responsible to give first call to new revenue to increase contributions to pension liabilities in years with positive economic conditions; thereby creating long-term financial stability and reducing structural deficit; therefore

RESOLVED, That 10% of the total County Mental Health Millage Fund Revenue (\$220,000) shall be used to establish an annual pension contribution expense budget in the County Mental Health Millage Fund for FY2020 toward reduction of the pension fund liability with direction to the City Administrator to continue this contribution on a recurring basis for future years; and

RESOLVED, That each service unit in the County Mental Health Millage Fund reduces their expense budgets proportionately to account for this 10% reduction in revenue for FY 2020, and future years over the life of the millage, resulting in \$88,000 reduction in Sustainability, \$88,000 in Affordable Housing and \$44,000 in Pedestrian Safety.

Sponsors: Hayner, Eaton

Amendment 8-Prioritization of Oakbrook Asphalt path

WHEREAS the multi-modal asphalt paths on West Oakbrook Drive have been in very poor repair for some years and are currently on schedule for repair in 2021; and

WHEREAS, the multi-unit developments on West Oakbrook such as Cranbrook Towers and Brookhaven Manor include many elderly residents in immediate need of safe, pedestrian access to bus stops and area retail businesses; and

WHEREAS, the multi-unit developments on West Oakbrook will soon grow by 146 units at Balfour, defining an area of high population with relatively few driveways; and

WHEREAS, multi-modal asphalt paths are the most effective means of maintaining safety for both pedestrians and cyclists in areas like West Oakbrook, with relatively few driveways; and

WHEREAS, the planned FY20 asphalt path project is S. Main and the FY21 project is Oakbrook;

WHEREAS, the FY20/FY21 City Administrator's recommended budget/fiscal plan includes \$300,000 in each year for asphalt path repair in the Streets, Bridges and Sidewalks millage fund; and

WHEREAS, both projects could be completed in FY20 if FY21 funding is moved forward into FY20;

RESOLVED, that the Council directs the south side of the Oakbrook asphalt path project be moved from the FY21 plan to the FY20 plan;

RESOLVED, that the FY20 Streets, Bridges and Sidewalks Millage fund budget be increased by \$300,000 funded with a use of fund balance for the purpose of these two projects.

Sponsor: Nelson and Eaton

Amendment 9-Amendment to change the millage rate for the Streets, Bridges and Sidewalks Millage

Whereas, the voters approved a millage rate of 2.125 mills in November of 2016 for the Streets, Bridges and Sidewalks Millage;

Whereas, the July 2017 levy did not accurately reflect the millage reduction fraction due to Headlee;

Whereas, State law provides for corrective action under MCL 211.34(d)(13) which is to reflect the corrected millage rate for the July 2019 levy;

Whereas, the FY20 revenue reduction to the Streets, Bridges and Sidewalks Millage is approximately \$300,000;

Whereas, the FY20 City Administrator recommended budget included \$345,400 from the General Fund to address the results of the citizen survey;

RESOLVED, That the Streets, Bridges and Sidewalks Millage be decreased to 1.9981.

RESOLVED, That the dollar impact of the millage rate reduction is offset by additional revenue expected from the General Fund in the amount of \$300,000.

Sponsor: Mayor Taylor

Amendment XX-Recognition of Parks Fairness Resolution with Budget Amendments

Must be calculated after all amendments are considered

Whereas, On May 17, 2010, Council passed a resolution (R-10-150) adopting policy guidance for the administration of the Parks Maintenance and Capital Improvements Millage that, among other things, that the General Fund Parks & Recreation budget be increased at the same percentage as the average General Fund overall budget percentage increase;

Whereas, On May 16, 2011, Council passed resolution R-11-186 amending the policy guidance;

Whereas, On August 9, 2012, Council reaffirmed via resolution R-12-382, their intent to administer the Parks Maintenance and Capital Improvements Millage policy adopted per resolution R-11-186 for the duration of the current millage;

Whereas, The budget amendments adopted by Council for the FY20 budget increase the General Fund expenditure budget by \$XX,000; and

Whereas, The Parks General Fund budget did not increase for budget amendments for FY19 approved by City Council;

Whereas, The Parks General Fund budget should be increased \$XX to ensure compliance with the 2010, 2011 and 2012 resolutions;

RESOLVED, That the General Fund Parks FY19 expenditure budget be amended to increase \$XX to be funded as a one-time expenditure from the General Fund fund balance.

Sponsors: