

MEMORANDUM

TO: Mayor and Council
FROM: Milton Dohoney, Jr, Interim City Administrator
DATE: May 16, 2022
SUBJECT: Resolution to Adopt Ann Arbor City Budget and Related Property Tax Millage Rates for fiscal year 2023

Attached for your review and action is the proposed FY 2023 City Budget that totals \$558 million in revenue and \$525 million in expenditures and is in compliance with the City Charter. This budget resolution reflects the recommended budget delivered to you on April 18, 2022.

General Fund Activities

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

	<u>FY 2023</u>
Recurring Revenues	\$ 118,681,798
Non-recurring Revenues	<u>3,282,983</u>
Total Revenues	\$ 121,964,781
Recurring Expenditures	\$ 117,854,937
Non-recurring Expenditures	<u>4,109,844</u>
Total Expenditures	\$ 121,964,781

General Fund recurring expenditures increased by \$3,915,640 (+3.4%) compared to FY 2022's adopted budget, and recurring revenues increased by \$5,075,679 (+4.5%). Below is a summary of non-recurring expenditures:

<u>General Fund Non-recurring Expenditures</u>	<u>FY 2023</u>
City Attorney - Contract with former City Attorney	\$ 20,000
City Administrator - Contingency	387,000
City Administrator - Sustainability - Professional Services Reduction	(14,499)
City Administrator - Sustainability - Energy concierge	75,000
City Administrator - Sustainability - Software, sensors & 10,000 trees application	50,000
City Administrator - Sustainability - Training for building code & green rental efficiency	10,000
City Administrator - Sustainability - Council directed feasibility studies, rate analysis, & technical assessments	250,000
City Administrator - Clerk - Election equipment supplies for secure storage systems	35,000
City Administrator - Fleet & Facilities - Reduce temporary staff	(5,000)
City Administrator - Fleet & Facilities - Reduce contracted services for building improvements	(75,000)
City Administrator - Fleet & Facilities - Facilities Maintenance Technician - 1.0 FTE overhire	74,945
Financial & Administrative Services - MSC study	21,470
Community Services - Parks & Rec - Recreation Supervisor - 1.0 FTE overhire	105,292
Community Services - Planning - Deputy Planning Manager - 1.0 FTE overhire	113,751
Community Services - Planning - Master Plan Update	700,000
District Court - Reduction in conference, training & travel	(4,000)
District Court - Jury expenses	5,000
District Court - Reduce bailiff working hours by 5 hours per pay period	(10,842)
Public Services - WTP - Superior Dam Coating & Steel Repairs	250,000
Public Services - WTP - New US Geological Services Gauging Station upstream of Barton Pond	160,000
Public Services - Engineering - Reduce annual streetlight replacement allocation	(126,732)
Public Services - Administration - Reduce resources to support Public Art efforts	(6,332)
Public Services - Public Works - Urban Forestry Management Plan	9,000
Non-Departmental - Additional VEBA Funding	34,000
Safety Services - Fire - Fire Engine replacement	635,000
Total General Fund Non-recurring Expenditures	<u>\$ 2,693,053</u>

FTEs

The City's FTEs are proposed to increase from 785, as adopted for FY 2022, to 801 in FY 2023 (excluding transfers between Service Areas and net of incidental changes):

- 3.0 FTE increase in Community Services, Parks & Recreation
- 2.0 FTE increase in Community Services, Building & Rental
- 6.5 FTE increase in Public Services
- 0.50 FTE increase in City Attorney
- 1.0 FTE increase in Safety Services, Police
- 1.5 FTE increase in Safety Services, Fire
- 1.75 FTE increase in Downtown Development Authority

As part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 801 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 2023 the Headlee rollback multiplier is anticipated to be .9934):

	PROPOSED FY 2023	ACTUAL FY 2022	CHANGE
GENERAL OPERATING	5.7973	5.8359	(0.0386)
EMPLOYEE BENEFITS	1.9323	1.9452	(0.0129)
AAATA	1.9323	1.9452	(0.0129)
REFUSE COLLECTION	2.3184	2.3339	(0.0155)
STREET, BRIDGE & SIDEWALK MILLAGE	2.0155	2.0289	(0.0134)
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0733	1.0805	(0.0072)
OPEN SPACE & PARKLAND PRESERVATION	0.4489	0.4519	(0.0030)
SIDEWALK CONSTRUCTION MILLAGE	0.1986	0.2000	(0.0014)
AFFORDABLE HOUSING MILLAGE	0.9934	1.0000	(0.0066)
TOTAL	<u>16.7100</u>	<u>16.8215</u>	<u>(0.1115)</u>

Prepared by: Marti Praschan, Chief Financial Officer
Approved by: Martin Dohoney, Jr, Interim City Administrator

RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET
AND RELATED PROPERTY TAX MILLAGE RATES
FOR FISCAL YEAR 2023

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 2023 for the City of Ann Arbor, which was submitted on April 18, 2022 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 Council adopts the General Fund Allocations as listed in the FY 2023 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 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 City Council approve a temporary waiver of the portions of sections 1.3 and 2.2 of the Other Post-Employment Benefits (OPEB) Funding Policy for FY 2023 that provide for contributions in excess of (a) the Actuarial Determined Contribution for FY 2023, and (b) funds provided under the City of Ann Arbor Employee Benefits millage, for the purpose of providing relief to the City's operating funds due to the COVID-19 pandemic;

RESOLVED, That the proposed list of Capital Improvement projects in the amount of \$256,100,747 are approved; and that \$106,488,247 be appropriated in FY 2023 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 \$1,400,955 be appropriated without regard to fiscal year;

RESOLVED, That a total 801 full-time equivalent positions be adopted in the FY 2023 budget;

RESOLVED, That as part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 801 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 2022 Annexation Funding in the General Fund Planning service unit budget carry forward to FY 2023;

RESOLVED, That any unspent DDA Grants included in the FY 2022 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 2022 budget and approved by the DDA Board may be carried forward without regard to fiscal year;

RESOLVED, That the City Council approve the proposed FY 2023 Ann Arbor-Ypsilanti SmartZone LDFA budget, as a component unit of the City of Ann Arbor in Fiscal Year 2023 in a dedicated fund containing \$6,816,617 in revenues and \$6,816,617 in expenditures;

RESOLVED, That the following appropriations constitute the General Fund budget for FY 2023;

REVENUES

CITY ATTORNEY	\$ 282,323
CITY ADMINISTRATOR	
City Administrator	74,789
Human Resources	437,784
Safety	375,612
Clerk Services	285,495
Fleet & Facilities	1,844,426
Communications	368,665
Information Technology	4,231,153
COMMUNITY SERVICES	
Community Development	-
Ann Arbor Housing Commission	4,031,377
Building & Rental Services	1,650,442
Planning	420,350
Parks and Recreation Services	5,148,507
FINANCIAL SERVICES	
Financial and Budget Planning	20,094,947
Treasury	55,189,050
Assessing	872
PUBLIC SERVICES	
Engineering	2,381,322
Public Works	63,128
Public Services Administration	106,000
Water Treatment	425,000
SAFETY SERVICES	
Police	3,561,569
Fire	412,884
DISTRICT COURT	1,436,396
NON-DEPARTMENTAL	19,142,690
TOTAL GENERAL FUND REVENUES	\$ 121,964,781

EXPENDITURES

MAYOR AND CITY COUNCIL	\$ 518,501
CITY ATTORNEY	2,890,688
CITY ADMINISTRATOR	
City Administrator	1,902,734
Human Resources	2,390,045
Clerk Services	1,834,107
Police Commission	156,392
Safety	367,955
Sustainability & Innovation	1,684,393
Fleet & Facilities	3,503,276
Communications Office	504,628
Information Technology	4,077,015
COMMUNITY SERVICES	
Building & Rental Services	1,394,251
Planning	2,333,855
Community Development	1,598,684
Ann Arbor Housing Commission	4,484,619
Parks and Recreation	10,018,664
FINANCIAL SERVICES	
Accounting	842,493
Assessor	1,045,176
Financial and Budget Planning	1,263,346
Procurement	166,706
Risk Management	119,685
Treasury	929,891
PUBLIC SERVICES	
Public Works	71,119
Engineering	4,519,525
Public Services Administration	99,896
Systems Planning	11,946
Water Treatment Services	1,010,781
SAFETY SERVICES	
Police	31,543,612
Fire	18,206,900
DISTRICT COURT	5,166,590
NON-DEPARTMENTAL	17,307,308
TOTAL GENERAL FUND EXPENDITURES	\$ 121,964,781

RESOLVED, That the following other funds revenue and expenditure appropriations are adopted for FY 2023 budget; and

REVENUES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 392,800
0002	ENERGY PROJECTS	95,422
0003	DOWNTOWN DEVELOPMENT AUTHORITY	8,267,573
0009	SMART ZONE LDFA	6,816,617
0010	GENERAL	121,964,781
0011	CENTRAL STORES	1,420,136
0012	FLEET SERVICES	11,755,729
0014	INFORMATION TECHNOLOGY	10,960,981
0016	COMMUNITY TELEVISION NETWORK	1,998,281
0021	MAJOR STREET	22,950,632
0022	LOCAL STREET	7,266,497
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	3,051,016
0025	BANDEMER PROPERTY	8,344
0026	CONSTRUCTION CODE FUND	5,193,280
0027	DRUG ENFORCEMENT	872
0028	FEDERAL EQUITABLE SHARING	11,154
0033	DDA PARKING MAINTENANCE	2,903,000
0034	PARKS MEMORIALS & CONTRIBUTIONS	820,385
0035	GENERAL DEBT SERVICE	11,935,471
0036	METRO EXPANSION	481,713
0038	ANN ARBOR ASSISTANCE	20,147
0041	OPEN SPACE ENDOWMENT	21,967
0042	WATER SUPPLY SYSTEM	33,054,709
0043	SEWAGE DISPOSAL SYSTEM	32,376,315
0048	AIRPORT	967,537
0049	PROJECT MANAGEMENT	5,856,509
0052	VEBA TRUST	12,591,358
0053	POLICE AND FIRE RELIEF	50,004
0054	CEMETERY PERPETUAL CARE	3,899
0055	ELIZABETH R DEAN TRUST	61,442
0057	RISK FUND	36,098,509
0058	WHEELER CENTER	689,477
0059	EMPLOYEES RETIREMENT SYSTEM	53,687,666
0061	ALTERNATIVE TRANSPORTATION	802,839
0062	STREET, BRIDGE & SIDEWALK MILLAGE	30,304,337
0063	DDA PARKING SYSTEM	19,944,567
0064	MICHIGAN JUSTICE TRAINING	15,136
0069	STORMWATER SEWER SYSTEM	13,999,525
0070	AFFORDABLE HOUSING	1,629
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	7,803,630
0072	SOLID WASTE FUND	23,225,119
0082	STORMWATER BOND	6,982,000
0084	DEVELOPER OFFSET MITIGATION	856,135
0088	SEWER BOND	18,220,000
0089	WATER BOND	26,530,000
0100	COUNTY MENTAL HEALTH MILLAGE	2,709,375
0101	CAPITAL SINKING FUND	404,042
00CP	GENERAL CAPITAL FUND	2,455,728
00MG	MAJOR GRANTS PROGRAMS	500
0102	SIDEWALK CONSTRUCTION MILLAGE	2,800,402
0103	AFFORDABLE HOUSING MILLAGE	6,539,006
		\$ 557,593,193

EXPENDITURES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 392,800
0002	ENERGY PROJECTS	95,422
0003	DOWNTOWN DEVELOPMENT AUTHORITY	8,267,573
0009	SMART ZONE LDFA	6,816,617
0010	GENERAL	121,964,781
0011	CENTRAL STORES	1,410,100
0012	FLEET SERVICES	11,697,504
0014	INFORMATION TECHNOLOGY	10,960,981
0016	COMMUNITY TELEVISION NETWORK	1,948,402
0021	MAJOR STREET	22,950,632
0022	LOCAL STREET	7,266,497
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	1,428,165
0025	BANDEMER PROPERTY	7,000
0026	CONSTRUCTION CODE FUND	5,193,280
0027	DRUG ENFORCEMENT	500
0028	FEDERAL EQUITABLE SHARING	10,000
0033	DDA PARKING MAINTENANCE	2,903,000
0034	PARKS MEMORIALS & CONTRIBUTIONS	750,000
0035	GENERAL DEBT SERVICE	11,935,470
0036	METRO EXPANSION	481,713
0038	ANN ARBOR ASSISTANCE	20,000
0041	OPEN SPACE ENDOWMENT	15,000
0042	WATER SUPPLY SYSTEM	26,324,055
0043	SEWAGE DISPOSAL SYSTEM	28,032,972
0048	AIRPORT	966,254
0049	PROJECT MANAGEMENT	5,856,509
0052	VEBA TRUST	1,402,519
0053	POLICE & FIRE RELIEF	50,000
0055	ELIZABETH R DEAN TRUST	61,442
0057	RISK FUND	36,058,429
0058	WHEELER CENTER	497,241
0059	EMPLOYEES RETIREMENT SYSTEM	49,092,403
0061	ALTERNATIVE TRANSPORTATION	724,798
0062	STREET, BRIDGE & SIDEWALK MILLAGE	30,304,337
0063	DDA PARKING SYSTEM	19,944,567
0064	MICHIGAN JUSTICE TRAINING	15,000
0069	STORMWATER SEWER SYSTEM	11,050,843
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	7,803,630
0072	SOLID WASTE FUND	23,225,119
0082	STORMWATER BOND	6,982,000
0088	SEWER BOND	18,220,000
0089	WATER BOND	26,530,000
0100	COUNTY MENTAL HEALTH MILLAGE	2,705,740
0101	CAPITAL SINKING FUND	400,000
00CP	GENERAL CAPITAL FUND	2,440,000
00MG	MAJOR GRANTS PROGRAMS	500
0102	SIDEWALK CONSTRUCTION MILLAGE	2,800,402
0103	AFFORDABLE HOUSING MILLAGE	6,539,006
		<u>\$ 524,768,203</u>

RESOLVED, That the following millages shall be levied for the City of Ann Arbor for FY 2023:

	PROPOSED
GENERAL OPERATING	5.7973
EMPLOYEE BENEFITS	1.9323
AAATA	1.9323
REFUSE COLLECTION	2.3184
STREET, BRIDGE & SIDEWALK MILLAGE	2.0155
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0733
OPEN SPACE & PARKLAND PRESERVATION	0.4489
SIDEWALK CONSTRUCTION MILLAGE	0.1986
AFFORDABLE HOUSING MILLAGE	<u>0.9934</u>
TOTAL	16.7100

This page intentionally left blank