

M E M O R A N D U M

TO: Mayor and Council

FROM: Milton Dohoney, Jr, City Administrator

DATE: May 15, 2023

SUBJECT: Resolution to Adopt Ann Arbor City Budget and Related Property Tax Millage Rates for fiscal year 2024

Attached for your review and action is the proposed FY 2024 City Budget that totals \$600 million in revenue and \$564 million in expenditures and is in compliance with the City Charter. This budget resolution reflects the recommended budget delivered to you on April 17, 2023.

General Fund Activities

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

	<u>FY 2024</u>
Recurring Revenues	\$ 126,236,155
Non-recurring Revenues	<u>4,201,916</u>
Total Revenues	\$ 130,438,071
Recurring Expenditures	\$ 124,890,335
Non-recurring Expenditures	<u>5,547,736</u>
Total Expenditures	\$ 130,438,071

General Fund recurring expenditures increased by \$6,822,146 (+5.8%) compared to FY 2023's adopted budget, and recurring revenues increased by \$7,554,357 (+6.4%). Below is a summary of non-recurring expenditures:

<u>General Fund Non-recurring Expenditures</u>	<u>FY 2024</u>
City Attorney - Outside counsel	50,000
City Administrator - Bicentennial Celebration	200,000
City Administrator - Customer Service Consulting	50,000
City Administrator - Host Sister City Delegation	30,000
City Administrator - Deflection Program - Use of Opioid Funds Received in FY23	159,938
City Administrator - Human Resources - Compensation Study	150,000
City Administrator - Clerk - Outdoor ballot boxes	15,000
City Administrator - Clerk - Postage for Absent Voter ballot list	40,000
City Administrator - Clerk - Presidential Primary expenses	200,000
Financial & Administrative Services - Appraisals for MTT appeals	100,759
Community Services - AAHC - BIPOC Small Business Development	150,000
Community Services - AAHC - African American Cultural Community Center	325,000
Community Services - AAHC - Eviction Protection	250,000
Community Services - AAHC - Low Income Youth Services	250,000
Community Services - AAHC - Trauma Informed Supportive Services	400,000
Community Services - Community Development - Shelter Association of Washtenaw County	100,000
Community Services - Community Development - Utility Support for Barrier Busters	100,000
Community Services - Community Development - Teen Suicide Prevention	40,883
Community Services - Parks & Rec - Contributed Capital for Hybrid Vehicles	19,593
Community Services - Parks & Rec - Parks Fairness	205,420
District Court - Court recording system upgrades	260,000
Public Services - Systems Planning - Treeline Trail staff time and Phase 1 & 2 Environmental Study	75,000
Public Services - Systems Planning - Gravel roads study	250,000
Public Services - WTP - Door and handrail repairs at Barton	30,000
Public Services - WTP - FERC Part 12 Report for Barton and Superior	90,000
Public Services - WTP - Dive Inspections at Barton and Superior	52,000
Safety Services - Police - City Share of Washtenaw Metro SWAT Team supplies & training	105,331
Safety Services - Police - Mental Health Response Training	26,000
Safety Services - Police - Contributed Capital for Hybrid Vehicles	19,312
Safety Services - Fire - Station 4 Construction	1,000,000
Safety Services - Fire - Fire Engine Replacement	800,000
Mayor & Council - Sister City Visit	3,500
Total General Fund Non-recurring Expenditures	<u>\$ 5,547,736</u>

FTEs

The City's FTEs are proposed to increase from 802, as adopted for FY 2023, to 829 in FY 2024 (excluding transfers between Service Areas and net of incidental changes):

- 1.0 FTE increase in Community Services, Parks & Recreation
- 1.0 FTE increase in Community Services, Planning
- 4.0 FTE increase in Community Services, Ann Arbor Housing Commission
- 3.0 FTE increase in City Administrator
- 1.0 FTE increase in City Administrator, Human Resources
- 8.5 FTE increase in City Administrator, Sustainability
- 1.0 FTE decrease in City Administrator, Fleet and Facilities
- 6.0 FTE increase in Public Services
- 1.75 FTE increase in Safety Services, Police
- 2.0 FTE increase in Downtown Development Authority

As part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 829 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 2024 the Headlee rollback multiplier is anticipated to be 1.0):

	PROPOSED FY 2024	ACTUAL FY 2023	CHANGE
GENERAL OPERATING	5.7967	5.7967	-
EMPLOYEE BENEFITS	1.9321	1.9321	-
AAATA	1.9321	1.9321	-
REFUSE COLLECTION	2.3182	2.3182	-
STREET, BRIDGE & SIDEWALK MILLAGE	2.0153	2.0153	-
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0732	1.0732	-
OPEN SPACE & PARKLAND PRESERVATION	0.4488	0.4488	-
SIDEWALK CONSTRUCTION MILLAGE	0.1986	0.1986	-
AFFORDABLE HOUSING MILLAGE	0.9933	0.9933	-
CLIMATE ACTION MILLAGE	1.0000	-	1.0000
TOTAL	<u>17.7083</u>	<u>16.7083</u>	<u>1.0000</u>

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 2024

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 2024 for the City of Ann Arbor, which was submitted on April 17, 2023 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 2024 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 the proposed list of Capital Improvement projects in the amount of \$239,819,695 are approved; and that \$118,013,606 be appropriated in FY 2024 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 \$1,111,500 be appropriated without regard to fiscal year;

RESOLVED, That a total 829 full-time equivalent positions be adopted in the FY 2024 budget;

RESOLVED, That as part of the workforce planning initiative, Council is authorizing staff to exceed the authorized 829 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 2023 Annexation Funding in the General Fund Planning service unit budget carry forward to FY 2024;

RESOLVED, That any unspent FY 2023 Public Works Apprenticeship Program Funding in the General Fund Public Works service unit budget carry forward to FY 2024;

RESOLVED, That any unspent FY 2023 City Administrator Contingency funding in the General Fund City Administrator service unit budget carry forward to FY 2024;

RESOLVED, That any unspent FY 2023 funding remaining in the FY 2023 Affordable Housing Millage fund carry forward to FY 2024 without regard to fiscal year;

RESOLVED, That any unspent DDA Grants included in the FY 2023 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 2023 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 2024 Ann Arbor-Ypsilanti SmartZone LDFA budget, as a component unit of the City of Ann Arbor in Fiscal Year 2024 in a dedicated fund containing \$5,358,941 in revenues and \$5,358,941 in expenditures;

RESOLVED, That the following appropriations constitute the General Fund budget for FY 2024;

REVENUES

CITY ATTORNEY	\$ 281,026
CITY ADMINISTRATOR	
City Administrator	-
Human Resources	486,164
Safety	391,136
Clerk Services	500,372
Fleet & Facilities	1,882,893
Communications	277,001
Information Technology	4,352,318
COMMUNITY SERVICES	
Community Development	-
Ann Arbor Housing Commission	4,826,233
Building & Rental Services	2,135,110
Planning	409,304
Parks and Recreation Services	5,377,005
FINANCIAL SERVICES	
Financial and Budget Planning	20,664,826
Treasury	59,070,501
Assessing	816
PUBLIC SERVICES	
Engineering	2,373,770
Public Works	65,032
Public Services Administration	110,000
Water Treatment	425,000
SAFETY SERVICES	
Police	3,605,623
Fire	420,399
DISTRICT COURT	1,303,480
NON-DEPARTMENTAL	21,480,062
TOTAL GENERAL FUND REVENUES	\$ 130,438,071

EXPENDITURES

MAYOR AND CITY COUNCIL	\$ 563,216
CITY ATTORNEY	3,140,510
CITY ADMINISTRATOR	
City Administrator	2,799,455
Human Resources	2,790,958
Clerk Services	2,264,134
Police Commission	159,649
Safety	383,314
Sustainability & Innovation	1,349,989
Fleet & Facilities	3,612,321
Communications Office	536,166
Information Technology	4,348,971
COMMUNITY SERVICES	
Building & Rental Services	1,381,063
Planning	1,761,053
Community Development	1,842,216
Ann Arbor Housing Commission	6,736,545
Parks and Recreation	10,537,322
FINANCIAL SERVICES	
Accounting	977,980
Assessor	1,276,153
Financial and Budget Planning	1,235,278
Procurement	173,445
Risk Management	101,773
Treasury	1,050,501
PUBLIC SERVICES	
Public Works	64,874
Engineering	5,071,955
Public Services Administration	116,589
Systems Planning	354,380
Water Treatment Services	820,810
SAFETY SERVICES	
Police	31,526,398
Fire	18,724,017
DISTRICT COURT	5,599,252
NON-DEPARTMENTAL	19,137,784
TOTAL GENERAL FUND EXPENDITURES	\$ 130,438,071

RESOLVED, That the following other funds revenue and expenditure appropriations are adopted for FY 2024 budget; and

REVENUES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 404,600
0002	ENERGY PROJECTS	68,289
0003	DOWNTOWN DEVELOPMENT AUTHORITY	11,292,800
0009	SMART ZONE LDFA	5,358,941
0010	GENERAL	130,438,071
0011	CENTRAL STORES	1,534,463
0012	FLEET SERVICES	13,112,473
0014	INFORMATION TECHNOLOGY	11,714,761
0016	COMMUNITY TELEVISION NETWORK	1,959,796
0021	MAJOR STREET	16,746,599
0022	LOCAL STREET	4,308,165
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	3,473,056
0025	BANDEMER PROPERTY	10,949
0026	CONSTRUCTION CODE FUND	5,609,839
0027	DRUG ENFORCEMENT	21,800
0028	FEDERAL EQUITABLE SHARING	61,025
0033	DDA PARKING MAINTENANCE	6,347,500
0034	PARKS MEMORIALS & CONTRIBUTIONS	174,842
0035	GENERAL DEBT SERVICE	11,974,333
0036	METRO EXPANSION	539,102
0038	ANN ARBOR ASSISTANCE	120,537
0041	OPEN SPACE ENDOWMENT	40,939
0042	WATER SUPPLY SYSTEM	35,652,217
0043	SEWAGE DISPOSAL SYSTEM	33,355,989
0048	AIRPORT	1,094,982
0049	PROJECT MANAGEMENT	6,203,498
0052	VEBA TRUST	13,014,674
0053	POLICE AND FIRE RELIEF	50,025
0054	CEMETERY PERPETUAL CARE	6,261
0055	ELIZABETH R DEAN TRUST	61,400
0057	RISK FUND	37,987,173
0058	WHEELER CENTER	906,228
0059	EMPLOYEES RETIREMENT SYSTEM	52,852,222
0061	ALTERNATIVE TRANSPORTATION	912,309
0062	STREET, BRIDGE & SIDEWALK MILLAGE	26,560,698
0063	DDA PARKING SYSTEM	26,621,100
0064	MICHIGAN JUSTICE TRAINING	14,326
0069	STORMWATER SEWER SYSTEM	15,205,116
0070	AFFORDABLE HOUSING	4,602
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	7,828,902
0072	SOLID WASTE FUND	18,146,192
0082	STORMWATER BOND	8,127,000
0084	DEVELOPER OFFSET MITIGATION	1,522,045
0088	SEWER BOND	18,854,000
0089	WATER BOND	36,694,000
0100	COUNTY MENTAL HEALTH MILLAGE	2,870,766
0101	CAPITAL SINKING FUND	419,128
00CP	GENERAL CAPITAL FUND	1,742,464
00MG	MAJOR GRANTS PROGRAMS	500
0102	SIDEWALK CONSTRUCTION MILLAGE	1,768,359
0103	AFFORDABLE HOUSING MILLAGE	7,156,963
0105	MAJOR STREET ROAD BOND	6,000,000
0106	LOCAL STREET ROAD BOND	3,000,000
0107	STREET, BRIDGE, & SIDEWALK BONDS	6,000,000
0108	TECHNOLOGY FIBER	782,905
0109	CLIMATE ACTION MILLAGE	7,060,574
		<u>\$ 604,014,498</u>

EXPENDITURES

Fund #	Fund Name	Amount
0001	DDA/HOUSING FUND	\$ 404,600
0002	ENERGY PROJECTS	68,289
0003	DOWNTOWN DEVELOPMENT AUTHORITY	11,292,800
0009	SMART ZONE LDFA	5,358,941
0010	GENERAL	130,438,071
0011	CENTRAL STORES	1,492,742
0012	FLEET SERVICES	13,112,473
0014	INFORMATION TECHNOLOGY	11,423,725
0016	COMMUNITY TELEVISION NETWORK	1,959,796
0021	MAJOR STREET	16,746,599
0022	LOCAL STREET	4,308,165
0023	COURT FACILITIES	225,000
0024	OPEN SPACE & PARKLAND PRESERVATION	2,210,783
0025	BANDEMER PROPERTY	8,350
0026	CONSTRUCTION CODE FUND	5,609,839
0027	DRUG ENFORCEMENT	21,300
0028	FEDERAL EQUITABLE SHARING	60,000
0033	DDA PARKING MAINTENANCE	4,753,000
0034	PARKS MEMORIALS & CONTRIBUTIONS	75,000
0035	GENERAL DEBT SERVICE	11,974,333
0036	METRO EXPANSION	435,261
0038	ANN ARBOR ASSISTANCE	120,000
0041	OPEN SPACE ENDOWMENT	15,000
0042	WATER SUPPLY SYSTEM	27,412,476
0043	SEWAGE DISPOSAL SYSTEM	27,219,594
0048	AIRPORT	1,051,085
0049	PROJECT MANAGEMENT	6,203,498
0052	VEBA TRUST	1,347,419
0053	POLICE & FIRE RELIEF	50,000
0055	ELIZABETH R DEAN TRUST	61,400
0057	RISK FUND	37,987,173
0058	WHEELER CENTER	769,825
0059	EMPLOYEES RETIREMENT SYSTEM	49,545,895
0061	ALTERNATIVE TRANSPORTATION	912,309
0062	STREET, BRIDGE & SIDEWALK MILLAGE	26,560,698
0063	DDA PARKING SYSTEM	26,621,100
0064	MICHIGAN JUSTICE TRAINING	14,000
0069	STORMWATER SEWER SYSTEM	12,372,295
0071	PARK MAINTENANCE & CAPITAL IMPROVEMENTS	7,828,902
0072	SOLID WASTE FUND	17,308,365
0082	STORMWATER BOND	8,127,000
0088	SEWER BOND	18,854,000
0089	WATER BOND	36,694,000
0100	COUNTY MENTAL HEALTH MILLAGE	2,840,271
0101	CAPITAL SINKING FUND	400,000
00CP	GENERAL CAPITAL FUND	1,605,000
00MG	MAJOR GRANTS PROGRAMS	500
0102	SIDEWALK CONSTRUCTION MILLAGE	1,477,230
0103	AFFORDABLE HOUSING MILLAGE	7,156,963
0105	MAJOR STREET ROAD BOND	6,000,000
0106	LOCAL STREET ROAD BOND	3,000,000
0107	STREET, BRIDGE, & SIDEWALK BONDS	6,000,000
0108	TECHNOLOGY FIBER	351,099
0109	CLIMATE ACTION MILLAGE	7,060,574
		<u><u>\$ 564,946,738</u></u>

RESOLVED, That the following millages shall be levied for the City of Ann Arbor for FY 2024:

	PROPOSED
GENERAL OPERATING	5.7967
EMPLOYEE BENEFITS	1.9321
AAATA	1.9321
REFUSE COLLECTION	2.3182
STREET, BRIDGE & SIDEWALK MILLAGE	2.0153
PARK MAINTENANCE & CAPITAL IMPROVEMENTS	1.0732
OPEN SPACE & PARKLAND PRESERVATION	0.4488
SIDEWALK CONSTRUCTION MILLAGE	0.1986
AFFORDABLE HOUSING MILLAGE	0.9933
CLIMATE ACTION MILLAGE	1.0000
TOTAL	<hr/> 17.7083

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