

PERFORMING THROUGH UNCERTAINTY



CITY OF ANN ARBOR
CITY ADMINISTRATOR'S PROPOSED FY26-27 BUDGET
MILTON DOHONEY JR., CITY ADMINISTRATOR

State of the Environment

Policy Reversals

Supply Chain Issues

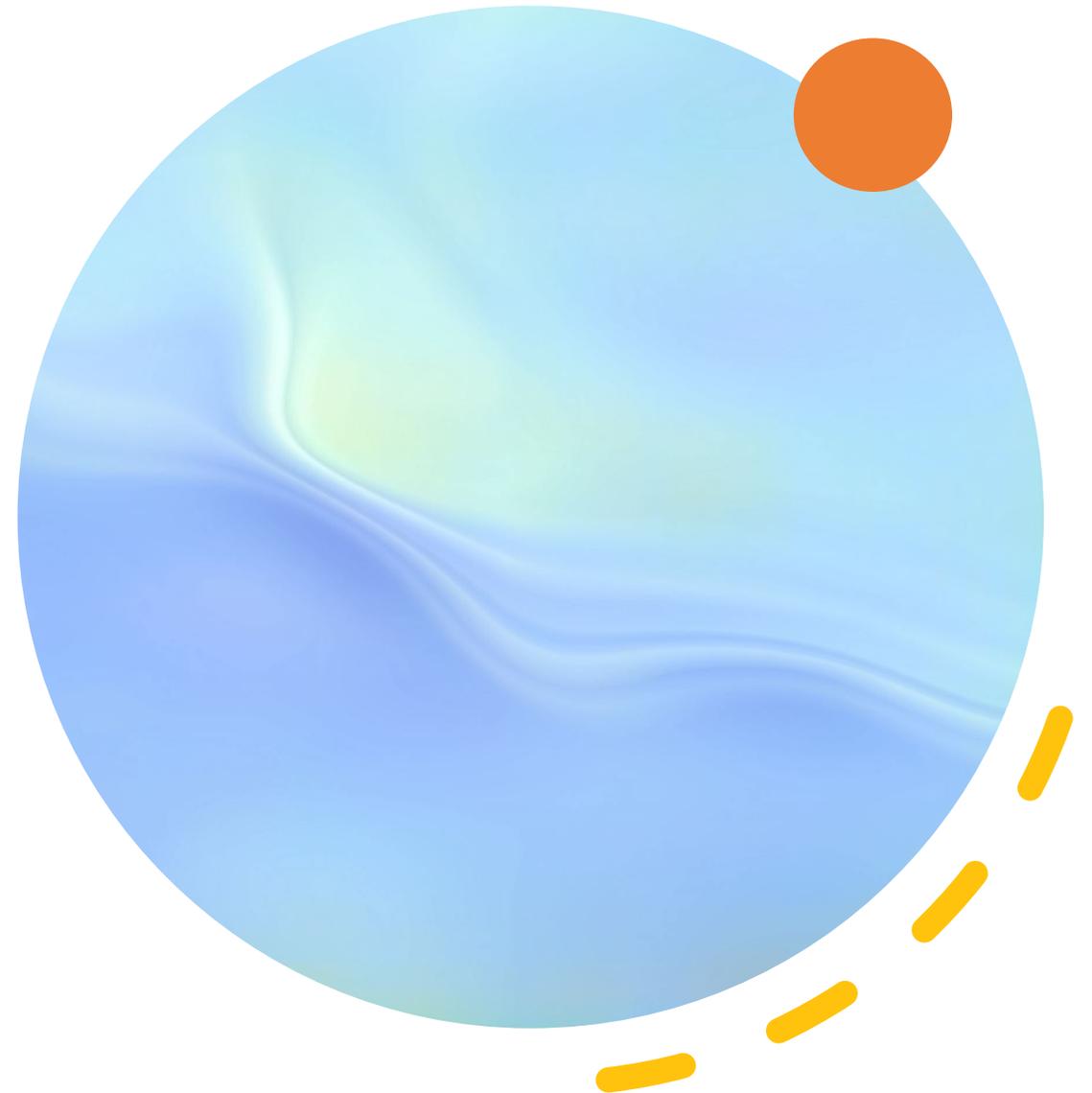
Escalating Costs

Potential Funding Loss

Divided Communities

Struggling to Determine Direction

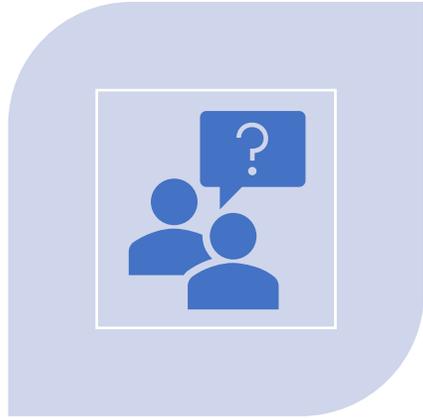
Resident Uneasiness



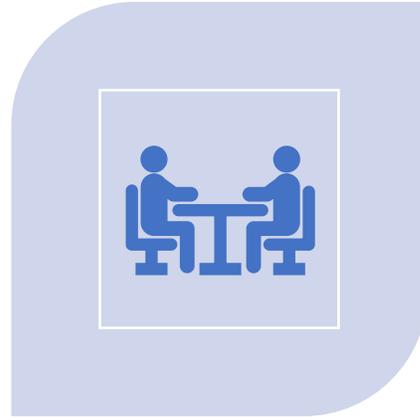
Performing through Uncertainty



Performing through Uncertainty



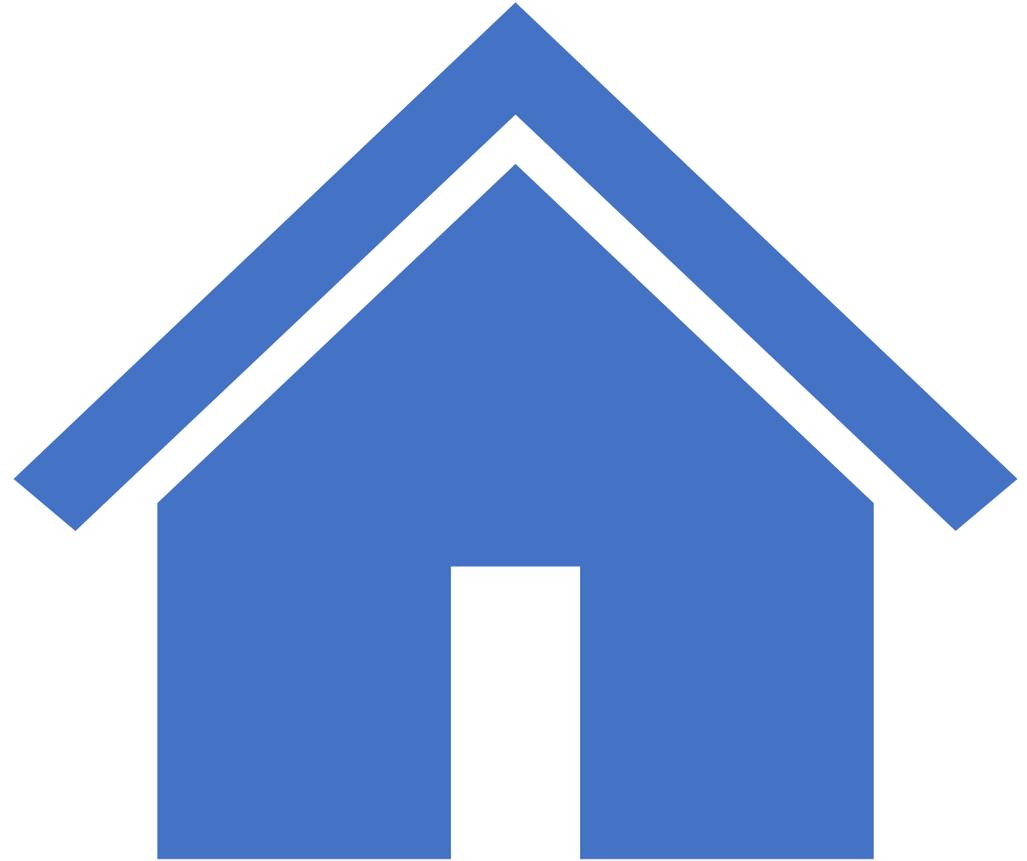
WHAT DO WE HAVE?



WHAT CAN WE DO?



Foundations of Decision Making



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Revenue Assumptions

Real & Personal Property Tax

- FY 26 –5.9% Increase (\$5M)
- FY 27-30 – 3% Increase

State Shared Revenue

- FY 26 - 1% Increase -Constitutional
- 4% -Increase Statutory

Parking

- FY 26 - 14% Increase
- FY 27 – 7% Increase

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Expenditure Assumptions

Personnel Costs

- FY 26 – 6.4% Increase
- FY 27 – 4.8% Increase

Fleet Costs

- FY 26 – 14.2% Increase
- FY 27 – 1.4% Increase

IT Costs

- FY 26 – 5.8% Increase
- FY 27 – 2.1% Increase

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AAA Bond Rating will be Maintained

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Proposed Budget

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graph TD; A[Proposed Budget] --> B[Total Funds $637,716,788]; B --> C[General Funds $146,653,671];
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Total Funds \$637,716,788

General Funds \$146,653,671

Performing through Uncertainty

- **Awaiting State Decision Making**
- **Contingency Inserts**



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Pursuing Legislatively Directed Funding

State

Bollards \$6M

Ballistic Protection Courts \$740K



Federal

Fire Station \$12M

Barton Security Improvements \$420K

Treeline Schematic Design \$1.3M

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Studies: Across Two Years



N. Main Street \$400K

Hazard Mitigation \$175K

Waste Characterization \$120K

Solid Waste Services \$85K

Raw Water Main Alignment \$300K

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More Studies: Across Two Years



Water Supply Cost of Service \$230K

Stormwater Cost of Service \$230K

Sanitary Sewer Cost of Service \$230K

Gravel Road \$250K

Municipal Service Charge (MSC) \$27K

\$2M+

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- Fleet Replacement \$8M+
- Affects Multiple Funds



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Throne Continuation

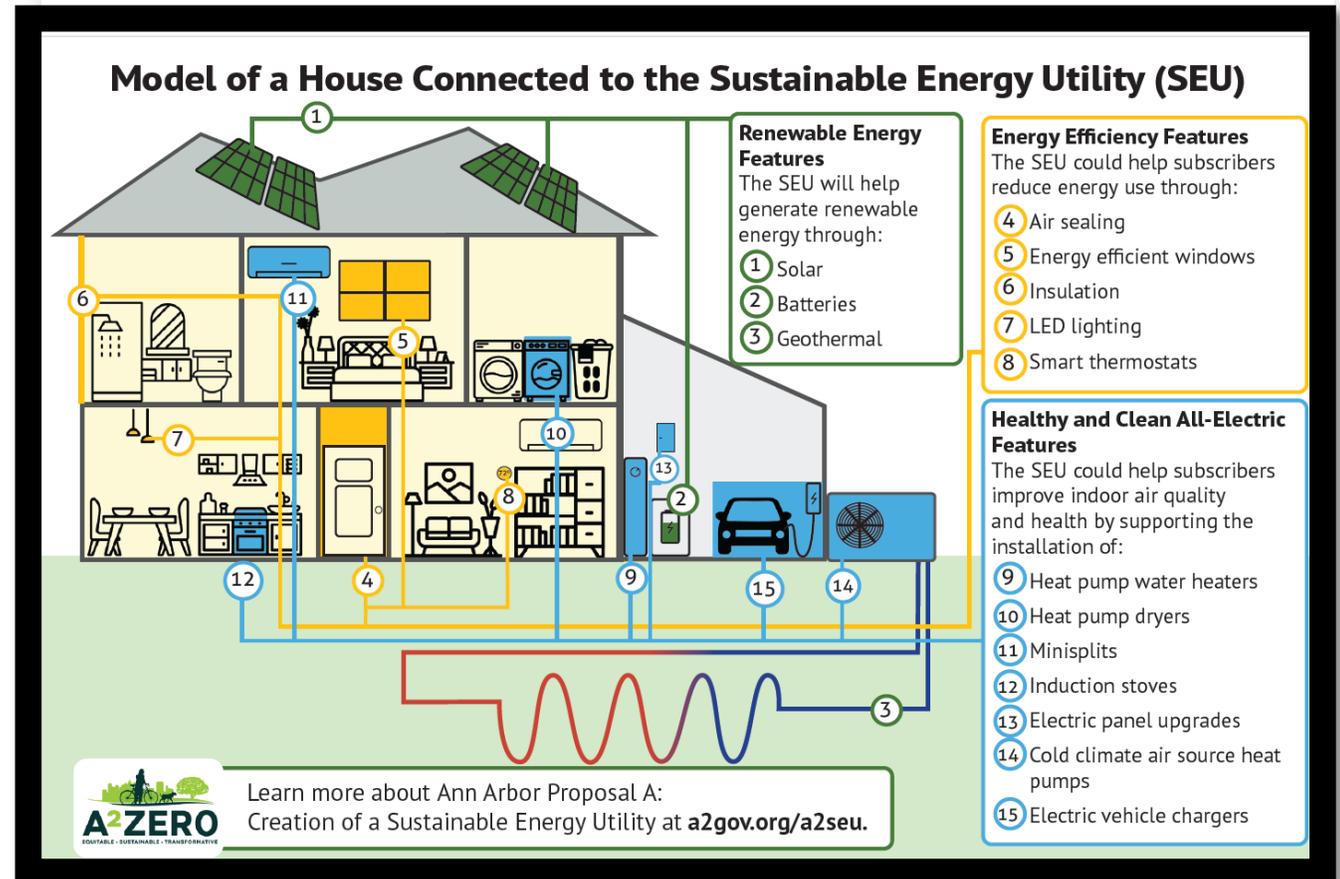
- Cannot Afford Not To
- Partnership with DDA \$500K Annually



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Sustainable Energy Utility (SEU)

- Funding Executive Director hire
- Administration will provide back office support.
- OSI will provide day to day operational support
- Initial charge: Develop ramp up strategy
- Determine first hires
- Develop pricing and billing





Community Safety

Community Safety

Winter Operations Plan Continuation



\$2.44M Spent to Date

\$1M Fleet & Equipment Purchase

49% Local Roads (\$500K)

38% Major Roads (\$388K)

9% Sidewalks & Curb Ramps (\$94K)

5% Trunklines (\$49K)

Community Safety



Allows for Coordinated Work



Community Safety

Active Projects with Transportation and Safety Components

Project	Crosswalks	Bike Lanes	Speed Management
Nixon Road Reconstruction	X	X	X
Pauline Resurfacing	X	X	X
State Street Improvements	X	X	X
Miller Ave Rehabilitation	X	X	X
Packard Resurfacing			X
Maple Road Resurfacing	X	X	X
2025 Street Resurfacing	X		X
Pittsfield Village Improvements	X		X
2025 Miscellaneous Utilities	X		



*These are examples; not a comprehensive list.



Community Safety

Multiple Calls for More Enforcement

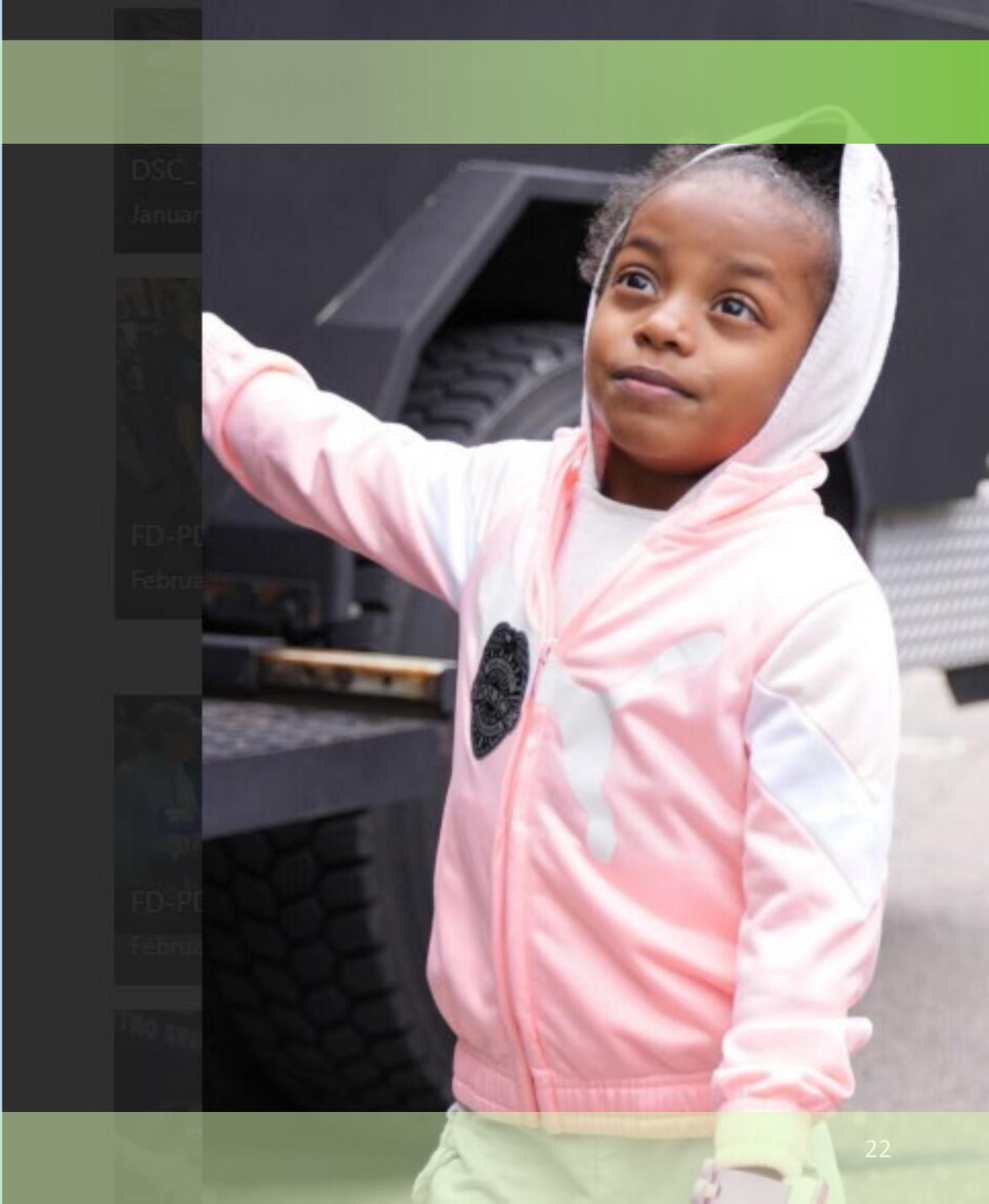
- Parks
- Downtown Parking
- Bike Lanes
- Winter Operations
- Weekend Support
- **Simply Not Enough Staff**



Community Safety

Adding 1 Community Standards Officer

- *Contingency Insert
- Adds 1 Additional



Catching Up With Demand



Catching Up with Demand: Ann Arbor Housing Commission

Adding Properties = More Staff (millage)

Budget Financial Supervisor

Facilities Maintenance Manager

Occupancy Specialist

Events Manager

Office Manager

Waitlist Manager

Residency Affordable Manager

Across Two Years



Catching Up with Demand: Administration Additions

Across Two Years

Zoning Coordinator ½ - ¾ Time

Parks Coordinator

Planning Coordinator Parks

Water Utility Supervisor

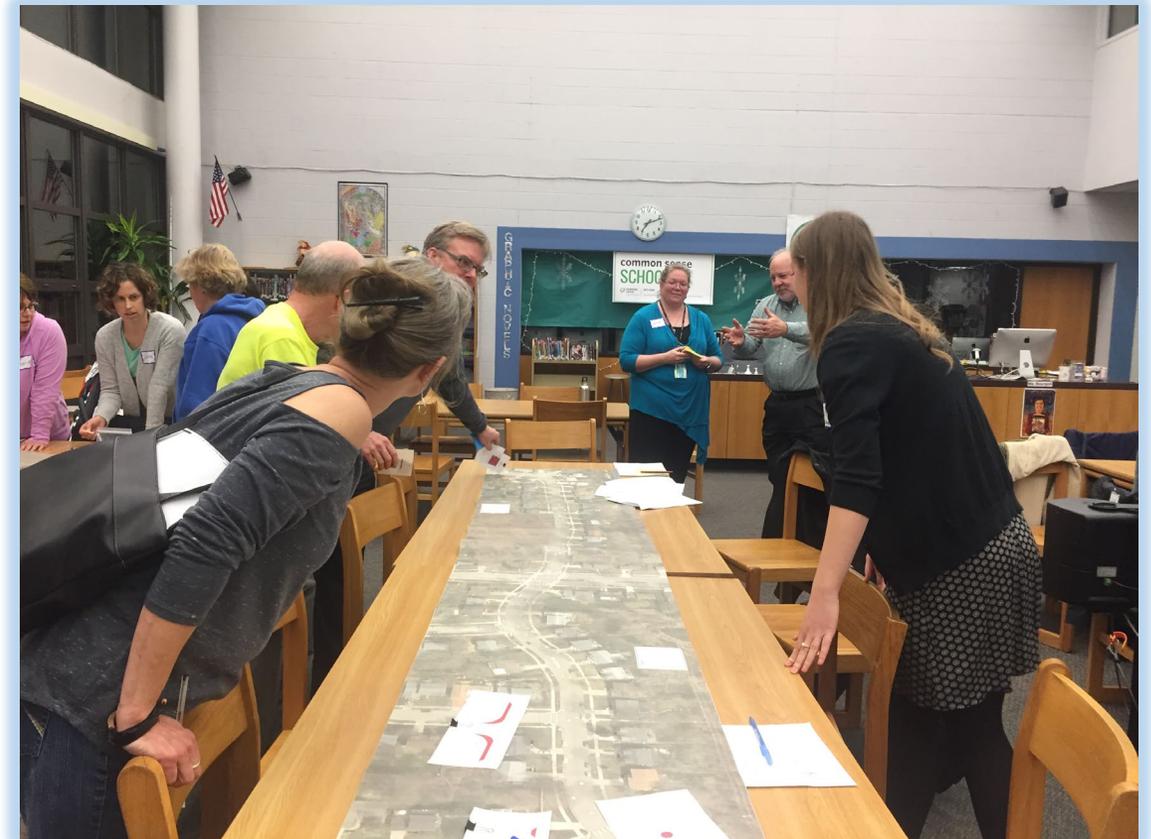
Zoning Coordinator

Solid Waste Supervisor

Payroll Backup

Compost Coordinator

Several Funds Used



Strengthening the Organization



Strengthening the Organization

*With Council Support Parking Equity Levelled at \$30

*With Council Support Compensation Study

Recruitment & Retention

Overcoming Credibility Issue

Inserted \$\$ to Begin to Address

Strengthening the Organization

Where is the Market?

Where are We?

Where Should We Be?

Strengthening the Organization

Enter With Dignity



Create Mental Health Spaces in Various City Facilities



Expressing Room Accommodations



Space to Decompress

Strengthening the Organization



New Fire Station 4

Solar

Geothermal

Gender Inclusive

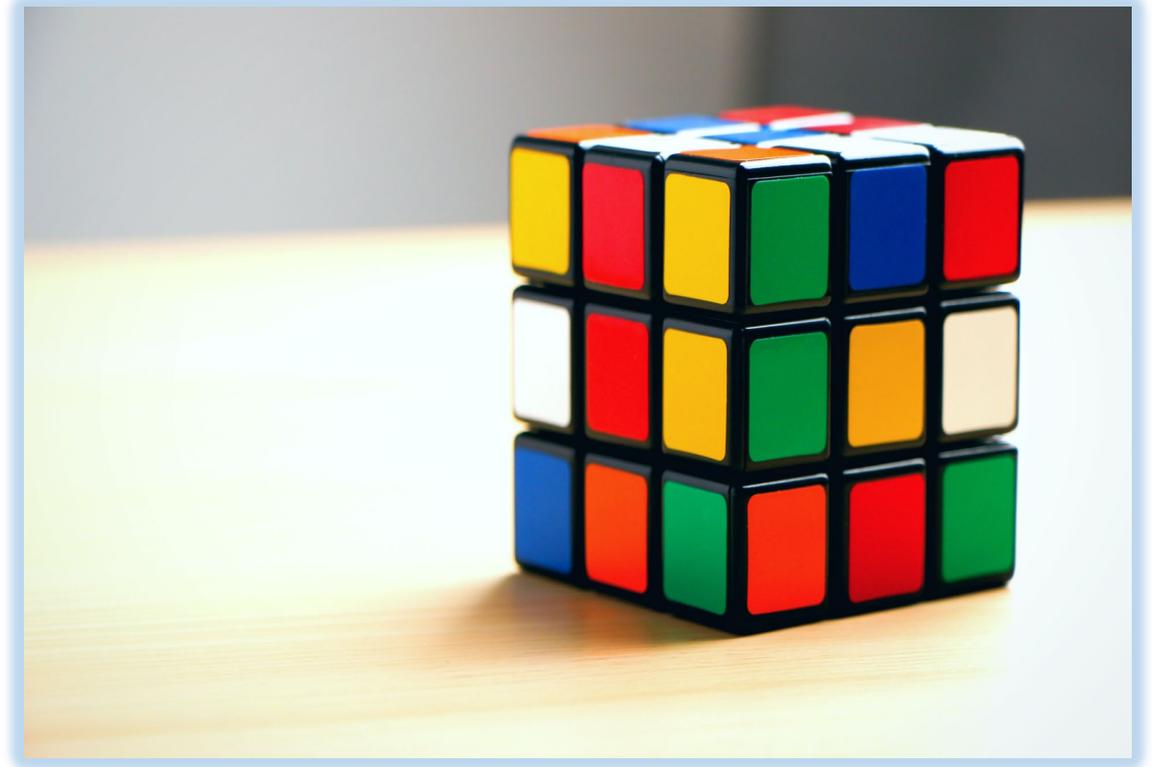
Strengthening the Organization



Strengthening the Organization

Must Solve

- Human Resources Performance Management
- Police Records Management System
- Unarmed Response



Strengthening the Organization: Human Resources Performance Management 33

Human Resources Performance Management



What is the product for us?



What is the up front cost?



What is the ongoing cost?

Police Records Management System (RMS)



What is the product for us?



What is the up front cost?



What is the ongoing cost?

Strengthening the Organization: Police RMS

CURRENT

CLEMIS – one of many users, we don't control

We can't customize reports

We are limited on what data we can collect

We have thousands of pieces of evidence dating 20 years on microfiche

Places undue burden on single employee



Strengthening the Organization: Police RMS

DESIRED

Customize reporting templates

Streamline administrative functions

Better property records tracking

Building police trust

Strengthening the Organization: Unarmed Response



Same goal: Do it right vs Do it fast



This budget continues to set aside \$250K from Marijuana Excise Tax



On the ground: Albuquerque, Atlanta, Denver, Durham

Strengthening the Organization: Lessons

Visiting cities in person is what they all recommend

Best used for very narrow range of situations

24/7 is not attainable

Starting with a pilot is the best way forward

Having a system to track all data is a must

Having zero contact with police does not work

Very expensive

Multiple funding sources

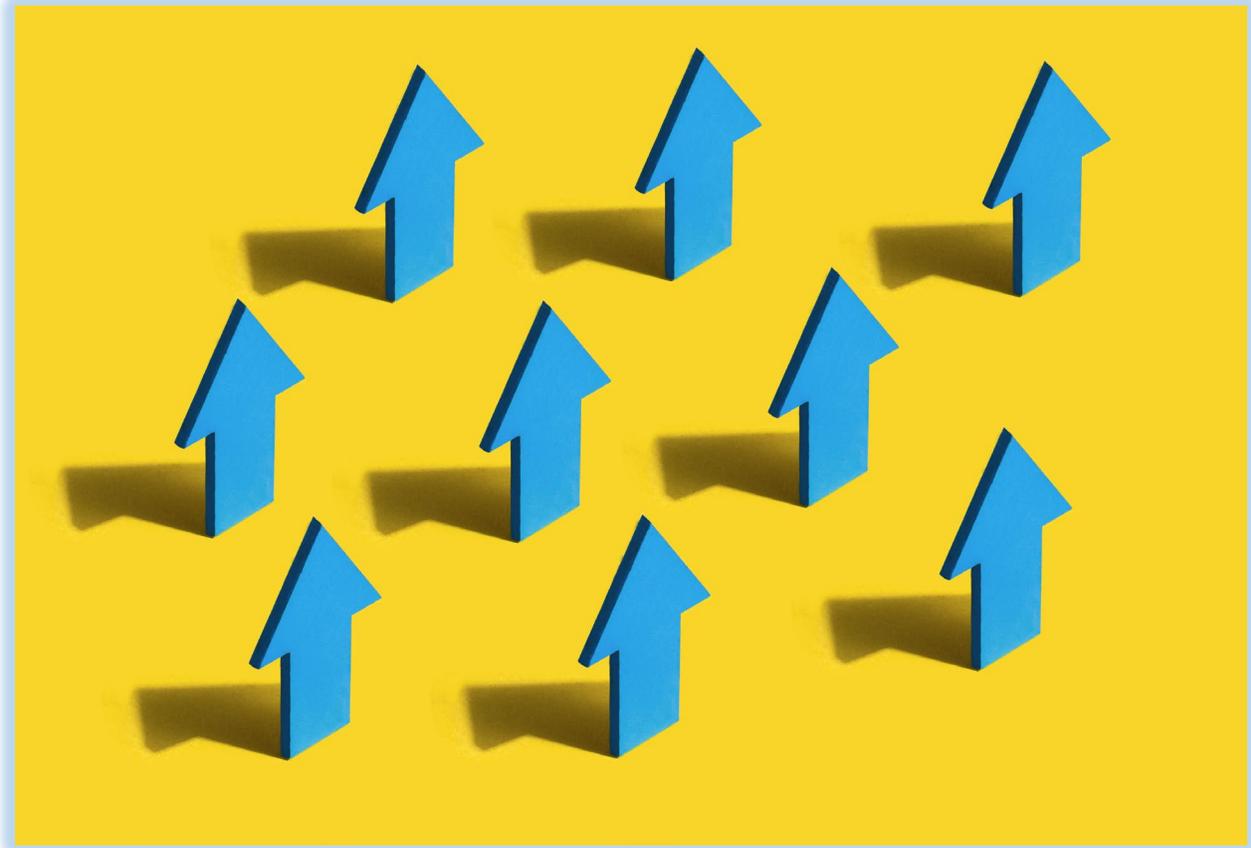
Person in charge is not a clinician



An aerial photograph of a university campus during autumn. The scene is dominated by a tall, white, cylindrical tower with a green roof, which stands out among other brick buildings. The trees are in various stages of fall color, ranging from bright yellow to deep red. The campus layout includes several large, multi-story buildings with flat roofs and courtyards. A blue banner with white text is overlaid on the center of the image.

Facilitating Growth

Can growth occur equally in all parts of the city?



Facilitating Growth: Sanitary Sewer Comprehensive Plan



- **Sanitary Sewer Comp Plan Underway**
- **\$490K FY26**
- **Capacity Analysis**

Facilitating Growth: Sanitary Sewer Comprehensive Plan



- **Sanitary Capacity = Work Product of Study**
- **Transparency = Outward Facing**
- **Strategic Decision-Making Follows**

Facilitating Growth: Drinking Water Distribution Plan



- **Drinking Water Distribution Plan Underway**
- **\$150K FY26**
- **Less Capacity Constrained than Sanitary**

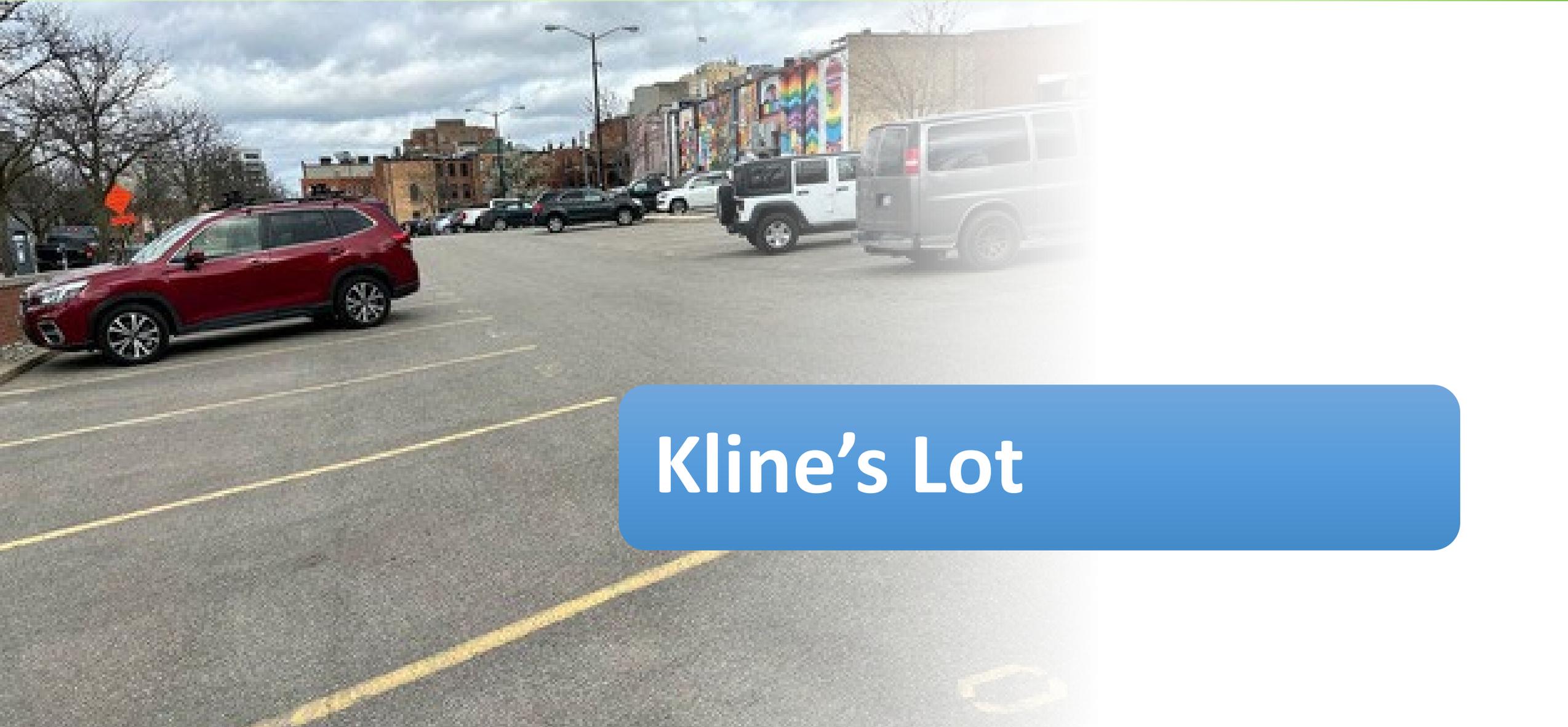
Facilitating Growth



Resolution R-24-108

- Economic Development Director to Hire Consultant
- Funds Inserted

Facilitating Growth



Kline's Lot

Facilitating Growth



**CBRE Process Underway
(RFP Used)**

Facilitating Growth



Administration will make recommendation on proceeds from sale

Early Preview



**Strategic Acquisition
Fund \$5M**

Facilitating Growth

Add to the fund over time

Seek partners

Strategic Acquisition Fund Committee

Economic Development Director – Chair

Deputy City Administrator Co-Chair

CFO

Economic Development Corporation (EDC) Representative

Assistant City Attorney



Facilitating Growth

Focus:

- Tax Base Stability
- Housing
- Placemaking
- Leveraging



Marijuana Excise Tax Remains Relatively Flat

FY25 Budgeted Revenue \$1.4M / FY26 Proposed \$1,455,594

Ongoing Commitments:

Unarmed Response \$250K

Shelter Association \$150K

Deflection Program \$657,926

Catherine Street Community Space \$75K

Ambulatory Nursing Care Michigan Medicine \$75K

City Diversion \$137,833

City Expungement \$59,835



New One-Time \$84K:

New Vision Engagement Center via Supportive Connections

Supervised Crisis Intervention

Available for Council Direction \$616K



Performing through Uncertainty

THANK YOU!



Customer Satisfaction Survey



Budget Public Process Website:

<https://www.a2gov.org/finance-and-administrative-services/guide-to-finance-and-budget/budget-public-process/>

Special Thanks to CFO Marti Praschan, Finance Manager Kimberly Buselmeier, Director of Operations Sara Higgins, Executive Team and A2 Staff.

Please send any FY26-27 budget questions through our established process to shiggins@a2gov.org, mdohoney@a2gov.org; mpraschan@a2gov.org & kbuselmeier@a2gov.org.