



## Legislation Details (With Text)

|                        |  |                      |              |              |   |
|------------------------|--|----------------------|--------------|--------------|---|
| <b>File #:</b>         | 20-0665  | <b>Version:</b>      | 3            | <b>Name:</b> | 5/18/20 - FY21 Budget and Financial Recovery Plan |
| <b>Type:</b>           | Resolution   | <b>Status:</b>       | Passed       |              |   |
| <b>File created:</b>   | 5/18/2020  | <b>In control:</b>   | City Council |              |   |
| <b>On agenda:</b>      | 5/18/2020  | <b>Final action:</b> | 5/22/2020    |              |   |
| <b>Enactment date:</b> | 5/22/2020  | <b>Enactment #:</b>  | R-20-177     |              |   |
| <b>Title:</b>          | Resolution Regarding FY21 Budget and Financial Recovery Plan |                      |              |              |   |
| <b>Sponsors:</b>       | Jane Lumm, Kathy Griswold                                    |                      |              |              |   |
| <b>Indexes:</b>        |  |                      |              |              |   |
| <b>Code sections:</b>  |  |                      |              |              |   |
| <b>Attachments:</b>    |  |                      |              |              |   |

| Date      | Ver. | Action By      | Action              | Result |
|-----------|------|----------------|---------------------|--------|
| 5/22/2020 | 3    | City Council   | Approved as Amended | Pass   |
| 5/22/2020 | 3    | Mayor's Office | Vetoed              |        |
| 5/18/2020 | 1    | City Council   |                     |        |
| 5/18/2020 | 2    | City Council   | Amended             |        |
| 5/18/2020 | 2    | City Council   | Amended             |        |
| 5/18/2020 | 2    | City Council   | Withdrawn           |        |
| 5/18/2020 | 2    | City Council   | Amended             | Fail   |
| 5/18/2020 | 2    | City Council   | Amended             |        |
| 5/18/2020 | 2    | City Council   | Approved as Amended | Pass   |
| 5/18/2020 | 2    | City Council   | Amended             |        |
| 5/18/2020 | 2    | City Council   | Amended             | Pass   |

### Resolution Regarding FY21 Budget and Financial Recovery Plan

Whereas, The Interim City Administrator presented to City Council an appropriately balanced FY21 City budget proposal on April 16 that because of the adverse revenue impacts of the COVID-19 pandemic is now outdated and no longer viable;

Whereas, The adverse impacts are not known, but preliminary estimates indicate the FY21 revenue reductions could be \$10 million in the City's general fund and \$10M in other major city funds including water, sewer, and major & local street funds;

Whereas, The Ann Arbor City Charter requires the annual city budget for the fiscal year beginning July 1 be established by the end of May;

Whereas, City staff developed and presented to City Council on May 11 a financial recovery framework focusing on the general fund and other major city funds;

Whereas, City Council recognizes that because of the uncertainty of the COVID-19 related impacts and the time required to prepare the city budget, it is not possible to develop a line-item FY21 budget that reflects the reduced revenues and necessary reductions to expenditures;

Whereas, The Interim City Administrator has indicated that policy-level direction from City Council on the financial recovery plan in conjunction with adoption of the FY21 budget would be appropriate and helpful and City Council believes providing such direction is consistent with its responsibilities and fiduciary obligation;

Whereas, City Council further believes that such policy-direction is best provided in the form of guiding principles and expectations regarding the objectives of the Recovery Plan and its implementation;

Whereas, City Council's guiding principles are fiscal responsibility, shared sacrifice, and ensuring that continued delivery of quality basic/essential services are protected and prioritized; and

Whereas, City Council recognizes that its expectations must be accompanied by a degree of flexibility granted to the Interim City Administrator in implementation of specific recovery actions and policies;

RESOLVED, That City Council generally endorses the Recovery Plan as presented on May 11 and affirms the necessity of implementing it;

RESOLVED, That City Council endorses the strategic approach of identifying and implementing cost saving actions rather than depleting reserves given the financial uncertainty and likelihood that adverse revenue impacts will continue beyond FY21 as well as the need to protect the City's currently strong credit rating;

RESOLVED, That it is City Council's expectation that:

- Involuntary employee layoffs or furloughs are utilized very selectively or as a last resort.
- The entire organization adopts a hiring freeze subject to the Interim City Administrator's discretion.
- Employee sacrifice in terms of compensation is shared by all - there are not salary freezes or pay reductions for some but not others simply because of the fund they are paid out of. Represented employees are asked to share in the sacrifice consistent with non-represented employees. Other employee-related actions like restricting travel or training are applied consistently across the organization.
- City Council and senior leadership take the lead in compensation sacrifice through voluntary, temporary pay reductions.
- The City minimizes the use of consulting contracts to essential services until such time as the financial impacts and impacts on city employees (if any) are better understood.
- Funding is ensured for the actions necessary to support residents most impacted by the crisis.
- Allocation and prioritization of recovery actions should reflect a priority on ensuring continued delivery of high quality basic, essential services and be generally consistent with our practice of priority-based budgeting;

RESOLVED, That City Council recognizes that maintaining flexibility during the crisis is necessary and that Administrator discretion in meeting City Council's expectations will be required;

RESOLVED, That City Council requests the Interim City Administrator update City Council with a quarterly report on the actions implemented and financial forecast;

RESOLVED, That the base level of affordable housing funding is set at 40% of the Mental Health and Public Safety Millage rebate funds; and

RESOLVED, That the base level of affordable housing funding is set at \$880,000.00 and climate action funding is also set at \$880,000.00.

Sponsored by: Councilmembers Lumm and Griswold

**As Amended and Approved by Ann Arbor City Council on May 18, 2020**

**As Vetoed-in Part by Mayor Taylor on May 22, 2020**