



Legislation Text

File #: 22-0699, Version: 2

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 \$559 million in revenue and \$526 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 | 1,000,000 |
| Use of Fund Balance | <u>3,691,571</u> |
| | \$123,373,369 |
| | |
| Recurring Expenditures | \$118,068,188 |
| Non-recurring Expenditures | <u>5,305,180</u> |
| Total Expenditures | \$123,373,368 |

General Fund recurring expenditures increased by \$4,128,892 (+3.6%) 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:

| General Fund Non-recurring Expenditures | FY 202: |
|---|---------------------|
| City Attorney - Contract with former City Attorney | \$ 20,000 |
| City Attorney - Replacment of existing CityLaw software | 20,000 |
| City Administrator - Contingency | 387,000 |
| City Administrator - Sustainability - Professional Services Reduction | (14,400) |
| City Administrator - Sustainability - Energy concierge | 75,000 |
| City Administrator - Sustainability - Software, sensors & 10,000 trees | 500,000 |
| City Administrator - Sustainability - Training for building code & green | 10,000 |
| City Administrator - Sustainability - Council directed feasibility studies | 250,000 |
| City Administrator - Sustainability - Low income sustainability grants | 300,000 |
| City Administrator - Clerk - Election equipment supplies for secure storage | 85,000 |
| City Administrator - Fleet & Facilities - Reduce temporary staff | (5,000) |
| City Administrator - Fleet & Facilities - Reduce contracted services for | (50,000) |
| City Administrator - Fleet & Facilities - Facilities Maintenance Technician | 74,940 |
| Financial & Administrative Services - MSC study | 21,400 |
| Community Services - Parks & Rec - Recreation Supervisor - 1.0 FTE | 65,200 |
| Community Services - Planning - Deputy Planning Manager - 1.0 FTE | 68,000 |
| Community Services - Planning - Master Plan Update | 700,000 |
| Community Services - Community Development - Utility support for resident | 100,000 |
| Community Services - Community Development - Washtenaw County | 28,000 |
| Community Services - Ann Arbor Housing Commission - BIPOC small | 75,000 |
| 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 | 10,800 |
| District Court - Deflection program | 572,000 |
| Public Services - WTP - Superior Dam Coating & Steel Repairs | 250,000 |
| Public Services - WTP - New US Geological Services Gauging Station | 100,000 |
| Public Services - Engineering - Reduce annual streetlight replacement | 20,000 |
| Public Services - Administration - Reduce resources to support Public | (5,000) |
| Public Services - Public Works - Urban Forestry Management Plan | 9,000 |
| Public Services - Public Works - Apprenticeship program | 100,000 |
| Non-Departmental - Additional VEBA Funding | 34,000 |
| Safety Services - Fire - Fire Engine replacement | 635,000 |
| Total General Fund Non-recurring Expenditures | \$ 3,888,000 |

FTEs

The City’s FTEs are proposed to increase from 785, as adopted for FY 2022, to 802 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
- 1.50 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 802 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 | 16.7100 | 16.8215 | (0.1115) |

Prepared by: Marti Praschan, Chief Financial Officer

Approved by: Martin Dohoney Jr, Interim City Administrator

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 802 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 802 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 | <u>20,551,278</u> |
| TOTAL GENERAL FUND REVENUES | \$123,373,369 |

EXPENDITURES

| | |
|--|-------------------|
| MAYOR AND CITY COUNCIL | \$ 518,501 |
| CITY ATTORNEY | 3,123,940 |
| 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 | 1,984,393 |
| 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 | 1,727,020 |
| Ann Arbor Housing Commission | 4,559,619 |
| 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 | 171,119 |
| 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 | 5,738,590 |
| NON-DEPARTMENTAL | 17,307,308 |
| TOTAL GENERAL FUND EXPENDITURES | 23,373,361 |

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 | \$ 392,80 |
| 0002 | ENERGY PROJECTS | 95,42 |
| 0003 | DOWNTOWN DEVELOPMENT AUTHORITY | 8,267,57 |
| 0009 | SMART ZONE LDFA | 6,816,61 |
| 0010 | GENERAL | 123,373,3 |
| 0011 | CENTRAL STORES | 1,420,13 |
| 0012 | FLEET SERVICES | 11,755,71 |
| 0014 | INFORMATION TECHNOLOGY | 10,960,91 |
| 0016 | COMMUNITY TELEVISION NETWORK | 1,998,28 |
| 0021 | MAJOR STREET | 22,950,61 |
| 0022 | LOCAL STREET | 7,266,49 |
| 0023 | COURT FACILITIES | 225,00 |
| 0024 | OPEN SPACE & PARKLAND PRESERVATION | 3,051,01 |
| 0025 | BANDEMER PROPERTY | 8,344 |
| 0026 | CONSTRUCTION CODE FUND | 5,193,28 |
| 0027 | DRUG ENFORCEMENT | 872 |
| 0028 | FEDERAL EQUITABLE SHARING | 11,151 |
| 0033 | DDA PARKING MAINTENANCE | 2,903,00 |
| 0034 | PARKS MEMORIALS & CONTRIBUTIONS | 820,38 |
| 0035 | GENERAL DEBT SERVICE | 11,935,41 |
| 0036 | METRO EXPANSION | 481,71 |
| 0038 | ANN ARBOR ASSISTANCE | 20,141 |
| 0041 | OPEN SPACE ENDOWMENT | 21,961 |
| 0042 | WATER SUPPLY SYSTEM | 33,054,71 |
| 0043 | SEWAGE DISPOSAL SYSTEM | 32,376,31 |
| 0048 | AIRPORT | 967,53 |
| 0049 | PROJECT MANAGEMENT | 5,856,50 |
| 0052 | VEBA TRUST | 12,591,31 |
| 0053 | POLICE AND FIRE RELIEF | 50,001 |
| 0054 | CEMETERY PERPETUAL CARE | 3,899 |
| 0055 | ELIZABETH R DEAN TRUST | 61,441 |
| 0057 | RISK FUND | 36,098,51 |
| 0058 | WHEELER CENTER | 689,47 |
| 0059 | EMPLOYEES RETIREMENT SYSTEM | 53,687,61 |
| 0061 | ALTERNATIVE TRANSPORTATION | 802,83 |
| 0062 | STREET, BRIDGE & SIDEWALK MILLAGE | 30,304,31 |
| 0063 | DDA PARKING SYSTEM | 19,944,51 |
| 0064 | MICHIGAN JUSTICE TRAINING | 15,131 |
| 0069 | STORMWATER SEWER SYSTEM | 13,999,51 |
| 0070 | AFFORDABLE HOUSING | 1,629 |
| 0071 | PARK MAINTENANCE & CAPITAL IMPROVEMENT | 7,803,61 |
| 0072 | SOLID WASTE FUND | 23,225,11 |
| 0082 | STORMWATER BOND | 6,982,00 |
| 0084 | DEVELOPER OFFSET MITIGATION | 856,13 |
| 0088 | SEWER BOND | 18,220,01 |
| 0089 | WATER BOND | 26,530,01 |
| 0100 | COUNTY MENTAL HEALTH MILLAGE | 2,709,37 |
| 0101 | CAPITAL SINKING FUND | 404,04 |
| 000P | GENERAL CAPITAL FUND | 2,455,71 |

| | |
|------------------------------------|--------------------|
| 00MGMAJOR GRANTS PROGRAMS | 500 |
| 0102 SIDEWALK CONSTRUCTION MILLAGE | 2,800,400 |
| 0103 AFFORDABLE HOUSING MILLAGE | 6,539,000 |
| | <u>\$559,001.7</u> |

EXPENDITURES

| Fund | Fund Name | Amount |
|------|---|------------|
| 0001 | DDA/HOUSING FUND | \$ 392,800 |
| 0002 | ENERGY PROJECTS | 95,422 |
| 0003 | DOWNTOWN DEVELOPMENT AUTHORITY | 8,267,57 |
| 0009 | SMART ZONE LDFA | 6,816,61 |
| 0010 | GENERAL | 123,373,30 |
| 0011 | CENTRAL STORES | 1,410,10 |
| 0012 | FLEET SERVICES | 11,697,50 |
| 0014 | INFORMATION TECHNOLOGY | 10,960,98 |
| 0016 | COMMUNITY TELEVISION NETWORK | 1,948,40 |
| 0021 | MAJOR STREET | 22,950,63 |
| 0022 | LOCAL STREET | 7,266,49 |
| 0023 | COURT FACILITIES | 225,000 |
| 0024 | OPEN SPACE & PARKLAND PRESERVATION | 1,428,16 |
| 0025 | BANDEMER PROPERTY | 7,000 |
| 0026 | CONSTRUCTION CODE FUND | 5,193,28 |
| 0027 | DRUG ENFORCEMENT | 500 |
| 0028 | FEDERAL EQUITABLE SHARING | 10,000 |
| 0033 | DDA PARKING MAINTENANCE | 2,903,00 |
| 0034 | PARKS MEMORIALS & CONTRIBUTIONS | 750,000 |
| 0035 | GENERAL DEBT SERVICE | 11,935,47 |
| 0036 | METRO EXPANSION | 481,710 |
| 0038 | ANN ARBOR ASSISTANCE | 20,000 |
| 0041 | OPEN SPACE ENDOWMENT | 15,000 |
| 0042 | WATER SUPPLY SYSTEM | 26,324,05 |
| 0043 | SEWAGE DISPOSAL SYSTEM | 28,032,97 |
| 0048 | AIRPORT | 966,250 |
| 0049 | PROJECT MANAGEMENT | 5,856,50 |
| 0052 | VEBA TRUST | 1,402,51 |
| 0053 | POLICE & FIRE RELIEF | 50,000 |
| 0055 | ELIZABETH R DEAN TRUST | 61,442 |
| 0057 | RISK FUND | 36,058,42 |
| 0058 | WHEELER CENTER | 497,240 |
| 0059 | EMPLOYEES RETIREMENT SYSTEM | 49,092,40 |
| 0061 | ALTERNATIVE TRANSPORTATION | 724,790 |
| 0062 | STREET, BRIDGE & SIDEWALK MILLAGE | 30,304,33 |
| 0063 | DDA PARKING SYSTEM | 19,944,50 |
| 0064 | MICHIGAN JUSTICE TRAINING | 15,000 |
| 0069 | STORMWATER SEWER SYSTEM | 11,050,84 |
| 0071 | PARK MAINTENANCE & CAPITAL IMPROVEMENTS | 7,808,69 |
| 0072 | SOLID WASTE FUND | 23,225,11 |
| 0082 | STORMWATER BOND | 6,982,00 |
| 0088 | SEWER BOND | 18,220,00 |
| 0089 | WATER BOND | 26,530,00 |
| 0100 | COUNTY MENTAL HEALTH MILLAGE | 2,705,74 |
| 0101 | CAPITAL SINKING FUND | 400,000 |
| 00CP | GENERAL CAPITAL FUND | 2,440,00 |
| 00MG | MAJOR GRANTS PROGRAMS | 500 |

| | |
|------------------------------------|-----------------------------|
| 0102 SIDEWALK CONSTRUCTION MILLAGE | 2,800.40 |
| 0103 AFFORDABLE HOUSING MILLAGE | <u>6,539.00</u> |
| | <u>\$ 526,176.71</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 |

As Amended and Approved by Ann Arbor City Council on May 16, 2022.

See Attached Approved Amendments as Approved by Ann Arbor City Council on May 16, 2022.