

**ANN ARBOR CITY COUNCIL MINUTES
WORKING SESSION - MONDAY, MAY 13, 1996**

The working session of the Ann Arbor City Council was called to order at 7:15 p.m. in the City Hall Council Chamber by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

PRESENT : Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Jane Lumm, David Kwan, Jean Carlberg, Heidi Cowing Herrell, Stephen C. Hartwell, Christopher Kolb, Mayor Ingrid B. Sheldon, 9.

ABSENT : Councilmembers Patrick A. Putman, Elisabeth L. Daley, 2.

1996-2002 CAPITAL IMPROVEMENTS PROGRAM

Planning Department Director Karen Hart introduced Capital Improvements Committee Members Zoran Guberinich, Richard Corpron and Emmanuel Akah, Jr. from the City Planning Commission. Also present were the City staff members who served on the Committee: Budget Director Alan Burns, Assistant to the City Administrator Melanie Purcell and City Planner David Schneider. Public Services Director William Wheeler and Parks and Recreation Superintendent Ronald Olson were also available to answer questions.

Ms. Hart stated that the 1996-2002 Capital Improvements Program is a much improved and more meaningful document from previous years. She explained that the report contains more information about individual projects and how they relate to City policies and plans. It also includes more comprehensive and accurate information from various City departments and is a more readable and informative plan for the general public. Ms. Hart reported that last year=s document received the 1995 honor award from the Michigan Society of Planning Officials.

City Planner David Schneider reported that changes in this year=s Capital Improvements Program include downsizing the amount of projects, allowing significant equipment purchases, and listing both the departmental and the Capital Improvements Committee=s priorities. Mr. Schneider reviewed the following program highlights:

- X The program consists of 94 projects, totaling over \$62 million;
- X 64% of the projects are listed in the first year capital improvements budget;
- X Downtown parking facilities is the largest program for the next six years, followed by the water system, parks and recreation and street construction;
- X The ten most expensive projects are 4 parking structures, 1 water main, 3 road projects, the Broadway Bridge, and Fuller Pool/park rehabilitation;
- X 12 of the 58 projects from last year have been completed and 26 new projects were added;
- X Poor distribution of expenditures over the six-year period indicate that projects need better scheduling;
- X Projects are evenly distributed throughout the City, with the exception of a larger amount spent in the central area due to the parking facilities;
- X The addition of an Oldies But Goodies section documents projects listed in the CIP for several years;
- X Efforts continue to get more information concerning the impact projects have on other costs throughout the City.

Presentation of the 1996-2002 Capital Improvements Program document was followed by questions and comments from City Council. (Report on file in the City Clerk's Office)

BUDGET REVIEW COMMITTEE RECOMMENDATIONS

Mayor Sheldon introduced Budget Review Committee Members Robert Dailey, Vivienne Armentrout, Richard Corpron, Daniel Fوسفeld, Audrey Jackson, Nelson Meade, Carl Ent, Eileen Ryan and William Wheeler. Budget Director Alan Burns, Finance Director A. Dean Moore, Parks and Recreation Superintendent Ronald Olson, Assistant to the Administrator Melanie Purcell and Administrative Intern Scott Wamsley, who provided the staff support for the committee, were also

available for questions.

City Council reviewed each of the following ten recommendations of the Budget Review Committee, along with staff recommendations and comments:

1. Based on the committee's findings and city projections that a structural deficit will occur in coming years, the first step should be taken toward potential implementation of a city income tax by contracting with a consultant to prepare a report by July 1, 1997.
2. There is no need to hold an election to raise the solid waste millage, the general operating millage, or establish a dedicated millage for public safety for the 1996-97 fiscal year, nor to reduce any services. The projected structural deficit for 1996-97 can be met from existing resources.
3. The General Fund balance should be maintained between 5% and 10% of annual expenditures.
4. Current services levels are appropriate and should be maintained.
5. Long-term financial plans should be developed, including estimates of revenues and expenditures for the ensuing five years, along with policies necessary to maintain a balanced budget.
6. Consideration should be given to seek a voluntary payment in lieu of tax contribution from tax-exempt entities who own property located in the City.
7. A comprehensive program of efficiency enhancement, including a complete systems analysis of city functions, quantitative performance criteria, investment in information technology, and employee training programs should be implemented.
8. The City Administrator should continue to encourage departments to work toward cost containment and operational efficiencies.
9. The concept of privatization and contracted services should be kept under consideration.
10. The City should prepare to make substantial investment in improved and updated technology to increase efficiency and productivity in public services. To begin the process, a grants-in-aid program funded from the General Fund balance should be created whereby departments could submit competitive

pilot projects to demonstrate how such technology would result in improved services and cost containment.

A majority of the committee members commented that Ann Arbor is facing rising costs, declining revenues and increasing demands for service, and emphasized the need for both a city income tax as a solid revenue source and a systems analysis of city functions for more efficiency.

(A City of Ann Arbor Budget Review Committee Final Report to the City Council and memorandum regarding time lines and staff comments are on file in the City Clerk's Office)

ADJOURNMENT

There being no further business to come before Council, the Mayor declared the meeting adjourned at 11:51 p.m.

**Janet L. Chapin
Acting Clerk of the Council
Recording Secretary**