

**ANN ARBOR CITY COUNCIL MINUTES
REGULAR SESSION - MAY 30, 1996
(Continued from May 20, 1996)**

The continued May 20, 1996 regular session of the Ann Arbor City council was reconvened at 6:35 p.m. in the Guy C. Larcom Jr. Municipal Building Council Chamber, on May 30, 1996, by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

Present: Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Jane Lumm, David Kwan, Jean Carlberg, Heidi Herrell, Stephen Hartwell, Patrick Putman, Christopher Kolb, Elisabeth Daley, Mayor Ingrid Sheldon, 11

Absent: 0

MOTIONS AND RESOLUTIONS

NO FINAL ACTION TAKEN

ADMINISTRATOR'S BUDGET STANDS ADOPTED AS PRESENTED AND REVISED

RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET,
RELATED PROPERTY TAX MILLAGE RATES,
AND ENGINEERING DIVISION FEE INCREASES
FOR FISCAL YEAR 1996 - 1997
(7 Votes Required)

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 1996-97 for the City of Ann Arbor; and

Whereas, A public hearing has been held to obtain citizen input on the proposed budget; and

RESOLVED, That the following appropriations shall constitute the General Fund Budget for 1996-1997;

Revenues:	<u>Proposed</u>	<u>Revised</u>
Property Taxes	\$43,693,646	\$43,551,841
Licenses, Permits & Registrations	1,529,075	1,529,075
Intergovernmental Revenues	11,906,738	11,906,738
Charges for Service	6,471,915	6,471,915
Fines & Forfeits	4,642,100	4,642,100
Investment Income	857,400	857,400
Miscellaneous	170,504	170,504
Prior Year Surplus	3,197,195	3,186,073
Transfers	440,037	440,037
Contributions	8,579	8,579
Intra Governmental Sales	<u>1,467,132</u>	<u>1,467,132</u>
Total	<u>\$74,384,321</u>	<u>\$74,231,394</u>

Expenditures

Mayor & City Council	\$191,617	\$191,617
City Administrator	488,867	488,867
City Attorney	767,763	782,039
Fifteenth District Court	2,018,302	2,018,302
Administrative Services	4,046,278	4,046,278
Building	1,403,138	1,403,138
City Clerk	756,223	756,223
Community Development	949,185	1,008,185
Finance	2,163,473	2,163,473
Fire	7,226,985	7,226,985
<u>Expenditures Cont.</u>		
Human Resources	829,634	829,634
Parks & Recreation	3,646,888	3,646,888
Planning	395,782	417,582
Police	12,678,303	12,678,303
Public Services	6,309,692	6,309,692
Solid Waste	<u>5,651,592</u>	<u>5,651,592</u>
Total Departmental	\$49,523,722	\$49,618,798
<u>Transfers to Other Funds</u>		
AATA Levy	5,752,923	5,752,923
Insurance	4,831,930	4,584,732
Retiree Insurance	1,685,766	1,543,961
Pension/Social Security	3,529,887	3,529,887
Transfer to Parks Rehabilitation Fund	1,264,011	1,264,011
Transfer to Parks Maintenance & Repair Fund	977,502	977,502
Transfer to Street Resurfacing Fund	5,218,962	5,218,962
City Share Special Assessments	<u>263,748</u>	<u>263,748</u>
Total Transfers to Other Funds	\$23,524,729	\$23,135,726
<u>Non-Departmental</u>		
Contingency/Pay Increases	\$477,370	\$477,370
Contingency/Tax Appeals	100,000	100,000
Contingency/Emergency Shelter Needs	25,000	25,000
Contingency/Housing	150,000	124,500
Income Tax Study		100,000
Technology Challenge Grant Program		100,000
Job Description Classification Study	150,000	150,000
Youth Program	266,500	233,000
Other Non-Departmental	<u>167,000</u>	<u>167,000</u>
Total Non-Departmental	<u>\$ 1,335,870</u>	<u>\$ 1,476,870</u>
Total General Fund Expenses	<u>\$74,384,321</u>	<u>\$74,231,394</u>

RESOLVED, That the following appropriations shall constitute the 1996-97 Budget for the other operating funds of the City;

	Proposed	Revised	Proposed	Revised
	<u>Revenues</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures</u>
Intergovernmental Service Funds				
Central Stores & Radio Maintenance	\$1,021,556	\$1,021,556	\$1,021,556	\$1,021,556
Insurance	9,506,820	9,006,073	9,506,820	9,006,073
Parks Service Headquarters	<u>201,281</u>	<u>201,173</u>	<u>201,281</u>	<u>201,173</u>
Total Intergovernmental Service Funds	<u>\$10,729,657</u>	<u>\$10,228,802</u>	<u>\$10,729,657</u>	<u>\$10,228,802</u>

	Proposed	Revised	Proposed	Revised
	<u>Revenues</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures</u>
Enterprise Funds				
Airport	\$615,338	\$615,338	\$615,338	
Hydro Power System	1,582,996	1,582,588	1,582,996	1,582,588
Market	81,931	81,931	64,057	64,057
Parking System	1,960,380	1,960,380	1,712,246	1,706,398
Recreation Facilities	2,350,810	2,350,810	2,334,411	2,331,244
Sewage Disposal System	14,753,977	14,731,735	14,753,977	14,731,735
Stormwater Sewer System	2,211,921	2,210,111	2,211,921	2,210,111
Water System	<u>15,098,218</u>	<u>15,098,218</u>	<u>15,098,218</u>	<u>15,098,218</u>
Total Enterprise Funds	<u>\$38,655,571</u>	<u>\$38,631,111</u>	<u>\$38,373,164</u>	<u>\$38,339,689</u>

	Proposed	Revised	Proposed	Revised
	<u>Revenues</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures</u>
Special Revenue Funds				
1993 Parks Maintenance & Repair	\$1,122,950	\$1,121,620	\$1,122,950	\$1,121,620
1995 Parks Rehab. & Development	2,252,058	2,252,058	2,252,058	2,252,058
Affordable Housing	227,025	227,025	227,025	227,025
Bandemer Property	44,100	44,100	44,100	44,100
Community Television Network	687,400	687,400	687,400	687,400
Community Development Block Grants	2,092,847	2,044,847	2,092,847	2,044,847
Drug Enforcement	38,000	38,000	38,000	38,000
HOME. Funds	805,868	889,868	805,868	889,868
Leslie Homestead	142,488	142,275	142,488	142,275
Local Streets	1,117,959	1,117,959	1,117,959	1,117,959
Major Grant Programs	415,236	415,236	415,236	415,236
Major Streets	6,370,116	6,354,086	6,370,116	6,354,086
Michigan Justice Training	36,000	36,000	36,000	36,000
Parks Acquisition	1,742,298	1,742,138	1,742,298	1,742,138
Parks Rehabilitation	1,575,249	1,573,952	1,575,249	1,573,952
Solid Waste	275,000	275,000	275,000	275,000
Special Assistance	4,000	4,000	4,000	4,000
Street Repair Millage	<u>6,040,412</u>	<u>6,040,412</u>	<u>6,040,412</u>	<u>6,040,412</u>
Total Special Revenue Funds	<u>\$24,989,006</u>	<u>\$25,005,976</u>	<u>\$24,989,006</u>	<u>\$25,005,976</u>

Revised

Revised

<u>Trust & Agency Fund</u>	<u>Proposed Revenues</u>	<u>Proposed Revenues</u>	<u>Proposed Expenditures</u>	<u>Proposed Expenditures</u>
Elizabeth R. Dean	\$117,635	\$117,175	\$117,635	\$117,175
Employees Retirement System	<u>3,020,862</u>	<u>3,020,862</u>	<u>1,870,960</u>	<u>1,894,360</u>
Total Trust & Agency Fund	<u>\$3,138,497</u>	<u>\$3,138,037</u>	<u>\$1,988,595</u>	<u>\$2,011,535</u>

<u>General Debt Service Funds</u>	<u>Proposed Revenues</u>	<u>Revised Proposed Revenues</u>	<u>Proposed Expenditures</u>	<u>Revised Proposed Expenditures</u>
1984 Motor Vehicle Highway	\$278,375	\$278,375	\$278,375	\$278,375
AABA 1967 Recreation Facilities	26,147	26,147	26,147	26,147
General Debt Service	4,578,501	4,578,501	4,578,501	4,578,501
Special Assessment General Debt	<u>829,200</u>	<u>829,200</u>	<u>829,200</u>	<u>829,200</u>
Total General Debt Service Funds	<u>\$5,712,223</u>	<u>\$5,712,223</u>	<u>\$5,712,223</u>	<u>\$5,712,223</u>

<u>Component Units Funds</u>	<u>Proposed Revenues</u>	<u>Revised Proposed Revenues</u>	<u>Proposed Expenditures</u>	<u>Revised Proposed Expenditures</u>
DDA Parking System	\$5,736,250	\$5,736,250	\$5,736,250	\$5,736,250
Downtown Development	<u>2,658,357</u>	<u>2,658,357</u>	<u>2,658,357</u>	<u>2,658,357</u>
Total Component Units Funds	<u>\$8,394,607</u>	<u>\$8,394,607</u>	<u>\$8,394,607</u>	<u>\$8,394,607</u>

RESOLVED, That the following shall be levied for the City of Ann Arbor for Fiscal Year 1996-97;

	<u>Proposed</u>	<u>Revised Proposed</u>
General Operating	6.4515	6.4515
Employee Benefits	1.9497	1.9060
Refuse Collection	2.5806	2.5806
AATA	2.1505	2.1505
Street Repair	1.9509	1.9509
Parks Maintenance & Repair	.3654	.3654
Parks Rehab and Development	.4725	.4725
Debt Service	<u>.9241</u>	<u>.9241</u>
Total	<u>16.8452</u>	<u>16.8015</u>

RESOLVED, That the unexpended grant entitlement for the Community Development Block Grant and the HOME Funds shall be reappropriated at the end of the fiscal year until such time as all grant funds have been expended;

RESOLVED, That the City Council adopts the Budget Review Committee's recommendation that the General Fund Fund Balance should be maintained between 5 and 10% of annual General Fund expenditures;

RESOLVED, That the City Council concurs with the Budget Review Committee=s recommendation that the current service levels are appropriate and should be maintained;

RESOLVED, That the City Council concurs with the Budget Review Committee=s recommendation that the City Administrator should continue to encourage departments to work toward cost containment and operational efficiencies;

RESOLVED, That the City Council authorizes the City Administrator to seek proposals for a study of the proposed income tax as presented by the Budget Review Committee;

RESOLVED, That the position of Associate City Administrator be created with the pay differential over the employees positions to be paid from the City Administrator=s Special Projects Pay Increment account;

RESOLVED, That the position of Deputy Parks & Recreation Superintendent be created with funding from the proposed Parks & Recreation Budget,

RESOLVED, That any contributions for the Youth Program shall be appropriated upon receipt of the funds,

RESOLVED, That the City Council approves the attached Engineering Division Fee schedule.

Councilmember Kwan moved that the resolution be approved.

Councilmember Lumm moved that the budget resolution be amended by eliminating the Technology Challenge Program funding in the non-departmental budget in the amount of \$100,000.

**On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4
Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7**

The Mayor declared the motion defeated.

Councilmember Lumm moved that the budget resolution be amended by eliminating the funding for the Income Tax Study in the non-departmental budget in the amount of \$100,000.

**On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4
Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7**

The Mayor declared the motion defeated.

Councilmember Lumm moved that the budget resolution be amended by accepting the recycling collection bid from Waste Management, Inc. or Browning Ferris Industries for savings of \$85,000 (Waste Management, Inc. bid) or \$150,000 (Browning Ferris Industries Bid).

**On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4
Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7**

The Mayor declared the motion defeated.

Councilmember Kwan moved that the budget resolution be amended by reducing the non-departmental line item - Youth Program provision from \$266,500 to \$216,500 for a savings of \$50,000.

**On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4
Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7**

The Mayor declared the motion defeated.

Councilmember Lumm moved that the budget resolution be amended by reducing the Human Resources Department budget by \$25,000.

On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4

Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7

The Mayor declared the motion defeated.

Councilmember Kwan moved that the budget resolution be amended by eliminating the funding for 2 new recycling trucks for a savings of \$275,000.

On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4

Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7

The Mayor declared the motion defeated.

Councilmember Lumm moved that the budget resolution be amended by eliminating the Fire Department professional services line item of \$25,000 for a new north side fire station study.

On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4

Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7

The Mayor declared the motion defeated.

Councilmember Lumm moved that the budget resolution be amended by reducing the non-departmental provision for completing the Job Classification Study from \$150,000 to \$100,000.

On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Mayor Sheldon, 4

Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7

The Mayor declared the motion defeated.

Councilmember Lumm moved that the budget resolution be amended by eliminating the Homebuyer Program line-item in the Community Development Department budget of \$50,000, and fund this program through existing funds.

On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman,

Mayor Sheldon, 4
Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Kolb, Daley, 7

The Mayor declared the motion defeated.

Councilmember Kwan moved that the budget resolution be amended by reducing the funding for conferences and training in the Mayor and Council budget by \$10,000.

On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Putman, Kolb, Mayor Sheldon, 5
Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Herrell, Hartwell, Daley, 6

The Mayor declared the motion defeated.

Councilmember Kolb moved that the budget resolution be amended by adding the following language as suggested by Mayor Sheldon.

RESOLVED, THAT THE CITY ADMINISTRATOR SHALL DEVELOP AND IMPLEMENT A PLAN WITHIN 90 DAYS TO COORDINATE DELIVERY OF CITY SERVICES TO HOUSING COMMISSION DEVELOPMENTS, E.G., CRIME AND FIRE PREVENTION, PLAYGROUND MAINTENANCE, TRASH REMOVAL AND RECYCLING, STREET SWEEPING AND REPAIRS, AND ANY OTHER RELEVANT PUBLIC SERVICES; AND

RESOLVED, THAT CITY HOUSING INSPECTORS SHALL COORDINATE PERIODIC INSPECTIONS REQUIRED BY CITY CODE WITH INSPECTIONS REQUIRED BY HUD TO BETTER SERVE HOUSING COMMISSION RESIDENTS AND WAIVE ALL CITY FEES FOR THESE INSPECTIONS. REVENUES TO THE GENERAL FUND ARE REDUCED BY \$7,500 AND USE OF FUND BALANCE INCREASED BY THE SAME.

On a voice vote, the Mayor declared the motion carried unanimously.

Councilmember Kolb moved that the budget resolution be amended by adding the following language as suggested by Mayor Sheldon, as follows:

RESOLVED, THAT THE UNSPENT BALANCE OF \$5396.74 IN THE NON-DEPARTMENTAL BUDGET FOR INCREASED SAFETY FOR WOMEN LINE ITEM BE CARRIED FORWARD TO THE 1996-97 BUDGET.

On a voice vote, the Mayor declared the motion carried unanimously.

WHEREAS, THE CITY PRESENTLY OWNS AND OPERATES TWO HYDROPOWER STATIONS--ONE AT BARTON DAM AND ONE AT SUPERIOR DAM;

WHEREAS, THE REVENUE FROM SALES OF ELECTRICITY HAVE NOT COVERED THE OPERATING AND CAPITAL COSTS FOR THESE STATIONS, AND IT IS NOT EXPECTED THAT THESE REVENUES ARE LIKELY TO INCREASE SIGNIFICANTLY OVER THE PRESENT LEVEL OF ABOUT \$350,000 ANNUALLY;

WHEREAS, A DETAILED REVIEW WAS CONDUCTED IN EARLY 1995 CONCLUDING THAT, BECAUSE OF HIGH COSTS FOR TERMINATING THE EXISTING SUPPLY CONTRACT WITH DETROIT EDISON AND OTHER CLOSURE COSTS, IT WAS FINANCIALLY PREFERABLE TO CONTINUE OPERATING THE STATIONS THAN TERMINATING OPERATIONS; AND

WHEREAS, THE 1995 STUDY DID NOT EXAMINE THE ALTERNATIVE OF SELLING THE STATIONS, AND A RECENT BUDGET QUESTION RESPONSE INDICATED THERE MAY BE A POTENTIAL BUYER;

RESOLVED, THAT THE UTILITIES DIRECTOR SEEK OUT POTENTIAL PURCHASERS AND DISCUSS WITH THEM THE POSSIBILITY OF SELLING ONE OR BOTH OF THE HYDROPOWER STATIONS AND, BASED ON THESE DISCUSSIONS, PRESENT TO COUNCIL WITHIN 120 DAYS A PRELIMINARY FINANCIAL ANALYSIS COMPARING THE CASH FLOWS OF SALE(S) WITH CONTINUING OPERATIONS, AS WELL AS RECOMMENDED NEXT STEPS, IF APPROPRIATE.

On a voice vote, the Mayor declared the motion carried unanimously.

Councilmember Lumm moved that the budget resolution be amended by adding the following language:

WHEREAS, THE CITY HAS JUST BEGUN DISCUSSIONS WITH THE COUNTY ON A POSSIBLE COOPERATIVE ARRANGEMENT FOR A NEW MAINTENANCE FACILITY FOR VEHICLES, AND PLANS TO HIRE A CONSULTANT TO ASSIST IN THIS STUDY;

WHEREAS, THESE DISCUSSIONS OF A POSSIBLE NEW FACILITY AND/OR CITY COUNTY COOPERATIVE ARRANGEMENT PROVIDE THE OPPORTUNITY TO RE-ASSESS THE COSTS AND BENEFITS OF OUTSIDE CONTRACTING OF MAINTENANCE AND/OR MANAGEMENT

SERVICES, INCLUDING EXPLORING POSSIBLE PUBLIC/PRIVATE PARTNERSHIPS INVOLVING ALTERNATIVE FORMS OF SHARED CAPITAL INVESTMENT, OWNERSHIP, AND/OR MANAGEMENT OF OPERATIONS;

RESOLVED, THAT CITY COUNCIL ENDORSE THE EFFORTS FOR REGIONAL COOPERATION IN THIS INSTANCE AND AS A GENERAL PRINCIPLE, RECOGNIZING THE POTENTIAL OPPORTUNITIES FOR IMPROVED QUALITY AND/OR MORE COST-EFFECTIVE SERVICE DELIVERY THROUGH SHARED OVERHEAD; AND

RESOLVED, THAT DURING THE EVALUATION AND PLANNING OF THIS POTENTIAL COOPERATIVE ARRANGEMENT AND/OR NEW FACILITY FOR VEHICLE MAINTENANCE, THE COSTS AND BENEFITS OF OUTSIDE CONTRACTING ARE COMPARED WITH AIN-HOUSE SERVICES FOR APPROPRIATE ASPECTS OF VEHICLE MAINTENANCE AS WELL AS FOR FACILITY AND FLEET ADMINISTRATION AND MANAGEMENT. FURTHER, THE COSTS AND BENEFITS OF ALTERNATIVE FORMS OF PUBLIC PRIVATE PARTNERSHIPS SHOULD BE EVALUATED INCLUDING PRIVATE SECTOR PARTICIPATION IN FINANCING, BUILDING, OWNING AND/OR OPERATING THE FACILITY IN EXCHANGE FOR A DESIGNATED TERM OF USER FEES.

After discussion by the Council, Councilmember Lumm withdrew this motion from consideration this date; the resolution would be reintroduced at the next Council session.

Councilmember Lumm moved that the budget resolution be amended by deleting the following language:

~~RESOLVED, That the City Council concurs with the Budget Review Committee's recommendation that the current service levels are appropriate and should be maintained;~~

On roll call the vote was as follows: Yeas, Councilmembers Lumm, Kwan, Herrell, Putman, Mayor Sheldon, 5

Nays, Councilmembers Hanna-Davies, Vereen-Dixon, Carlberg, Hartwell, Kolb, Daley, 6

On a voice vote, the Mayor declared the motion defeated.

Council recessed at 9:55 p.m.

Council reconvened at 10:07 p.m.

The question on the floor was approval of the Fiscal Year 1996-1997 budget as it was amended.

MEETING ADJOURNED

Prior to the final vote to approve the budget as it was amended, Councilmember Kolb moved that the meeting be adjourned.

On a voice vote, the Mayor declared the motion carried with Councilmembers Lumm, Kwan, Putman and Mayor Sheldon dissenting, and the meeting was adjourned at 10:17 p.m.

Note: Section 8.8 of the City's Charter - Failure of Council to Adopt Budget - provides that: *Should the Council fail to adopt a budget for the next fiscal year at or before the second meeting of the Council in May, the budget proposal as recommended to the Council by the City Administrator, shall be deemed to have been finally adopted by the Council and, without further action by the Council, shall constitute an appropriation of the money needed for municipal purposes during the next fiscal year. ...*

**Linda J. Wise
Recording Secretary
Clerk of the Council**