

**ANN ARBOR CITY COUNCIL MINUTES  
CONTINUED REGULAR SESSION OF MAY 17, 1999**

**MAY 24, 1999 - 7:30 P.M.**

The continued regular session of the Ann Arbor City Council was called to order at 7:40 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, Joseph Upton, David Kwan, Jean Carlberg, Heidi Cowing Herrell, Stephen C. Hartwell, Christopher Kolb, Elisabeth L. Daley, Mayor Ingrid B. Sheldon, 10;

**ABSENT:** Councilmember Patrick A. Putman, 1.

**MOTIONS AND RESOLUTIONS (CONT.)**

R-285-5-99 APPROVED AS AMENDED

**RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET, AND  
RELATED PROPERTY TAX MILLAGE RATES FOR FISCAL YEAR 1999-2000**

A resolution to adopt Ann Arbor City Budget, related property tax millage rates for fiscal year 1999-2000 was considered.

Councilmember Carlberg moved that the resolution be adopted.

Councilmember Carlberg moved that the following language be added to the resolution:

Whereas, The Planning Department has experienced a very heavy workload of development review for the past three years, and therefore has been constrained from concentrating staff on long range planning;

Whereas, There are many city-wide initiatives that require the direction or participation of the Planning Department, including Northeast Area Master Plan Revision, code amendments to simplify procedures for development, siting of wireless facilities, reduction of impervious surface, revisions of the Downtown Plan, increasing affordable housing, comprehensive planning of floodplain/watershed improvements, capital

improvement planning, regional and countywide planning;

Whereas, The Planning Commission has urged the addition of staff in order to devote time and energy and expertise to these important initiatives;

Whereas, The City Council has voiced approval of and/or passed resolutions supporting these initiatives; and

Whereas, The Director of Planning has sent us a memo on May 13, describing the reorganization of the Planning Department in order accomplish both current planning needs and longer-range planning needs;

RESOLVED, That the Planning Department staff be increased by two permanent, full-time positions of a City Planner III and a City Planner I; and

RESOLVED, That the Budget of the Planning Department be increased by \$106,000, with the funds to be taken from the General Fund Fund Balance which will then be reduced by \$100,000.00.

Councilmember Kwan moved to amend Councilmember Carlberg=s language as follows:

Last Resolve Clause

RESOLVED, That the Budget of the Planning Department be increased by \$106,000, with the funds \$100,000 to be taken from the ~~General Fund Fund Balance~~ Planning Study and \$26,000 from the Community Survey Budget, which will then be reduced by ~~\$106,000~~ .

On roll call, the vote was as follows:

Yeas, Councilmembers Upton, Kwan, Mayor Sheldon, 3;

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

The Mayor declared the motion defeated.

Council unanimously agreed to amend Councilmember Carlberg=s language as follows:

Last Resolve Clause

RESOLVED, That the Budget of the Planning Department be increased by \$106,000 with the funds to be taken from the ~~General Fund Fund Balance~~ \$20,000 to be taken from the Community Survey Budget and \$86,000 from the General Fund Fund Balance.

Councilmember Upton moved that the two Planning Department positions be funded by the proposed funds allocated for the Youth Outreach Coordinator, by one of the three proposed permanent full-time positions in the Parks Department, and by reviewing fees.

On roll call, the vote was as follows:

Yeas, Councilmembers Kwan, Upton, Mayor Sheldon, 3;

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

The Mayor declared the motion defeated.

The question being Councilmember Carlberg=s motion as amended, on roll call the vote was as follows:

Yeas, Councilmembers Kwan, Carlberg, Herrell, Hartwell, Kolb, Daley, Hanna-Davies, Vereen-Dixon, 8;

Nays, Councilmembers Upton, Mayor Sheldon, 2.

The Mayor declared the motion carried.

Councilmember Herrell moved that the following language be added to the resolution:

Whereas, The needs in our community for human services continue to increase;

Whereas, The Human Services Funding Task Force voted unanimously on May 19, 1999 to recommend that the Ann Arbor City Council amend the Proposed 1999/2000 General Fund budget to add \$27,000 to the Community Development General Fund budget with funds coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance. The recommendation would include that the additional \$27,000 be allocated in the following way:

\$2,000 Ann Arbor Public Schools - Teen Enrichment  
\$2,000 Avalon Housing Homelessness Prevention  
\$5,000 Center for Empowerment and Economic Development - Employment  
\$6,000 Community Action Network  
\$2,000 SOS Community Services  
\$5,000 Legal Services of Southeast Michigan  
\$5,000 Trailblazers - Public Facilities and Improvements

\$27,000

Whereas, The community, led by the Ann Arbor Public Schools is embarking on an

Achievement Initiative to eliminate the achievement gap between students in our community which includes an after school and summer enrichment program;

Whereas, The City Council recognizes that it benefits our community to ensure that all children are well prepared to fulfill their role as contributing members of our society;

Whereas, Because of a shortage of funds and many other pressing needs, no funding was recommended for the Ann Arbor Public Schools Achievement Initiative After School and Summer Enrichment Program, but a small contribution of \$5,000 would demonstrate to our youth that the whole community supports their pursuit for increased achievement;

Whereas, Each year that the City has had a Housing and Human Services Contingency Fund, some part of these funds have been needed to provide services to our citizens; and

Whereas, A reduction of the General Fund fund balance in the amount of \$132,000 still leaves it well within the range of 8% to 12% of operating expenditures as recommended by the City of Ann Arbor 1999 Long Term Financial Plan;

RESOLVED, That the proposed 1999/2000 General Fund budget be amended to increase the Community Development General Fund budget by \$32,000, with funds coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance, and that the Non-departmental budget of the General Fund budget be increased by \$100,000 for a Housing and Human Services Contingency Fund, with \$16,750 of the \$100,000 coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance and the remaining \$83,250 from the General Fund fund balance.

Councilmember Upton moved to amend Councilmember Herrell's amendment as follows:  
Third Paragraph

~~Whereas, The community, led by the Ann Arbor Public Schools is embarking on an Achievement Initiative to eliminate the achievement gap between students in our community which includes an after school and summer enrichment program;~~

Eighth Paragraph

RESOLVED, That the proposed 1999/2000 General Fund budget be amended to increase the Community Development Non-Departmental General Fund budget by ~~\$32,000~~ \$27,000, with funds coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance, and that the Non-departmental budget of the General Fund budget be increased by ~~\$400,000~~ \$75,000 for a Housing and Human Services Contingency Fund, with ~~\$16,750~~ 21,750 of the ~~\$400,000~~ \$75,000 coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance and the remaining ~~\$83,250~~ \$53,250 from the General Fund fund balance.

On roll call, the vote was as follows:

Yeas, Councilmembers Kwan, Upton, Mayor Sheldon, 3;

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

The Mayor declared the motion defeated.

The question being Councilmember Herrell=s motion as originally presented, on roll call the vote was as follows:

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

Nays, Councilmembers Kwan, Upton, Mayor Sheldon, 3.

The Mayor declared the motion carried.

Councilmember Kolb moved that the following language be added to the resolution:

Whereas, The City needs to find a balance between its ability to provide city service, current and future capital improvement needs, a competitive tax rate, and maintaining the ability to respond to unforeseen circumstances, as recommended in the Long Term Financial Plan, by creating a tax rate margin to enhance the City=s flexibility to provide increased tax revenues when desired;

Whereas, There appears to be continued support for the level of city services being provided as demonstrated in the 1999 Citywide Survey which shows that 53% of respondents thought that the city tax rate was the right amount for the number of city services they receive and 43% did not, and the 1998 Citywide Survey which showed strong support for the current level of services being provided by the City;

Whereas, The City wishes to be able to address its current and future capital improvement needs, and has begun to fund a Capital Improvement fund in FY 98-99 by moving \$5 million from the General Fund fund balance to a Capital Improvement fund;

Whereas, The City has established a Long Term Financial Plan to help maintain the long range financial stability of the City;

Whereas, The City=s Long Term Financial Plan has as a stated goal creating a tax rate margin to enhance the city=s flexibility to respond to unforeseen circumstances by increasing tax revenues when necessary;

Whereas, The City wishes to establish a relatively competitive tax rate to help retain households, home ownership, and commercial operations within the City=s boundaries and help to negate any potential negative effect the City=s millage rate has on affordability of housing and commerce in the city; and

Whereas, The City wishes to provide the level of city services enjoyed by its citizens, meet future Capital Improvements, provide a tax rate margin, and still have a competitive tax millage;

RESOLVED, That the City Administrator commission a ABudget Millage Review Study= for the City=s budget and millage rate to make recommendations on how to balance the need to provide current city services; fund future capital improvements; maintain long range financial stability; create a tax rate margin; and provide a competitive tax millage;

RESOLVED, That the budget resolution be amended to provide the amount of \$25,000 to the Non-Departmental Budget for a comprehensive Budget Millage Review Study to be funded from the General Fund fund balance if the City Administrator is unable to identify \$25,000 in other sources in the FY 99-00 Budget; and

RESOLVED, That the City Administrator present to Council a plan to undertake a comprehensive study of the city=s budget and millage rate within 120 days and provide quarterly updates on the progress of the study.

On roll call, the vote was as follows:

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

Nays, Councilmembers Kwan, Upton, Mayor Sheldon, 3.

The Mayor declared the motion carried.

The question being the 1999-2000 budget resolution and document as amended, on roll call the vote was as follows:

Yeas, Councilmembers Kwan, Carlberg, Herrell, Kolb, Daley, Hanna-Davies, Vereen-Dixon, Mayor Sheldon, 8;

Nays, Councilmembers Hartwell, Upton, 2.

The Mayor declared the motion carried.

The resolution as adopted reads as follows:

**R-285-5-99**

**RESOLUTION TO ADOPT ANN ARBOR CITY BUDGET,  
AND RELATED PROPERTY TAX MILLAGE RATES  
FOR FISCAL YEAR 1999 - 2000**

Whereas, City Council has reviewed the City Administrator's proposed budget for FY 1998-99 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 constitute the General Fund Budget for 1999-2000;

<b><u>Revenues:</u></b>	<b><u>Proposed</u></b>
Property Taxes	\$49,937,212
Licenses, Permits & Registrations	3,060,332
Intergovernmental Revenues	15,115,553
Charges for Service	8,536,124
Fines & Forfeits	5,326,780
Investment Income	1,150,000
Miscellaneous	231,258
Prior Year Surplus	1,179,415
<b><u>Revenues Cont.:</u></b>	<b><u>Proposed</u></b>
Transfers	1,490,531
Contributions	18,000
Intra Governmental Sales	470,000
<b>Total</b>	<b><u>\$86,515,205</u></b>

<b><u>Expenditures</u></b>	
Mayor & City Council	\$233,058
City Administrator	688,428
City Attorney	963,295
Fifteenth District Court	2,740,881
Administrative Services	4,660,126
Building	2,120,391
City Clerk	918,935
Community Development	1,557,435
Finance	2,452,667
Fire	9,908,780
Human Resources	1,032,769
Parks & Recreation	6,298,594
Planning	693,425
Police	18,975,241

Public Services	4,797,662
Solid Waste	<u>7,239,636</u>
<b>Total Departmental</b>	<b>\$65,143,323</b>

**Transfers to Other Funds**

AATA Levy	6,554,414
Insurance	157,409
Retiree Insurance	1,653,764
Transfer to Parks Rehabilitation Fund	1,436,501
Transfer to Parks Maintenance & Repair Fund	1,436,501
Transfer to Street Resurfacing Fund	6,080,428
City Share Special Assessments	<u>304,252</u>
<b>Total Transfers to Other Funds</b>	<b>\$17,623,269</b>

**Non-Departmental**

Contingency/Pay Increases	\$1,197,320
Contingency/Tax Appeals	250,000
City Wide Memberships	93,000
Community Events	40,000
Commission on Women=s Safety	92,837
Commission on Art in Public Places	5,000
Bad Debts	100,000

**Non-Departmental Cont.**

Budget Millage Review Study	25,000
Hospitality Committee	5,000
Youth Program	247,886
Organizational Structure Evaluation	50,000
Community Participation Survey	30,000
Planning Study	100,000
Housing and Human Services Contingency Fund	100,000
Technology Improvements	1,100,000
Maintenance Facility	79,570
Space Needs Study	50,000
Municipal Services Charge Study	20,000
Discretionary Fund City Administrator	<u>5,000</u>
<b>Total Non-Departmental</b>	<b><u>\$ 3,590,613</u></b>

**Total General Fund Expenses** \$86,515,205

RESOLVED, That the following appropriations constitute the 1999-2000 Budget for the other operating funds of the City:

**Proposed**

**Proposed**

<b><u>Intergovernmental Service Funds</u></b>	<b><u>Revenues</u></b>	<b><u>Expenditures</u></b>
Central Stores & Radio Maintenance	\$1,266,042	\$1,262,624
Fleet Services	3,605,777	3,605,777
Insurance	10,885,709	10,885,709
Parks Service Headquarters	145,350	145,350
<b>Total Intergovernmental Service Funds</b>	<b><u>\$15,902,878</u></b>	<b><u>\$15,899,460</u></b>

<b><u>Enterprise Funds</u></b>	<b><u>Proposed Revenues</u></b>	<b><u>Proposed Expenditures</u></b>
Airport\$642,753		\$601,529
Hydro Power System	899,544	899,544
Market	87,800	66,481
Parking System	2,238,630	2,099,510
Recreation Facilities	1,588,700	1,587,130
Sewage Disposal System	15,511,161	14,568,480
Stormwater Sewer System	2,270,170	2,270,170
Water System	<u>15,690,198</u>	<u>15,215,287</u>
<b>Total Enterprise Funds</b>	<b><u>\$38,928,956</u></b>	<b><u>\$37,308,131</u></b>

<b><u>Special Revenue Funds</u></b>	<b><u>Proposed Revenues</u></b>	<b><u>Proposed Expenditures</u></b>
1995 Parks Rehab. & Development	\$2,118,830	\$2,092,223
1998 Parks Maintenance & Repair	1,529,001	1,529,001
Affordable Housing	361,193	361,193
Bandemer Property	114,800	114,800
Community Television Network	838,000	838,000
Community Development Block Grants	2,331,300	2,331,300
Drug Enforcement	57,500	57,500
Energy Projects	100,000	100,000
HOME Funds	1,153,175	1,153,175
Information Technology	1,803,148	1,803,148

<b><u>Special Revenue Funds Cont.</u></b>	<b><u>Proposed Revenues</u></b>	<b><u>Proposed Expenditures</u></b>
Leslie Homestead	200,776	200,776
Local Streets	1,486,992	1,486,992
Major Grant Programs	700,119	700,119
Major Streets	5,176,854	5,167,854
Michigan Justice Training	40,000	40,000
Parks Acquisition	1,567,262	1,567,262
Solid Waste Equipment	384,505	384,505
Special Assistance	4,000	4,000
Street Repair Millage	<u>6,365,428</u>	<u>6,365,428</u>
<b>Total Special Revenue Funds</b>	<b><u>\$26,332,883</u></b>	<b><u>\$26,297,276</u></b>

<b><u>Trust &amp; Agency Fund</u></b>	<b><u>Proposed Revenues</u></b>	<b><u>Proposed Expenditures</u></b>
Elizabeth R. Dean	\$117,450	\$117,450
Employees Retirement System	<u>5,117,228</u>	<u>5,117,228</u>
<b>Total Trust &amp; Agency Fund</b>	<b><u>\$5,234,678</u></b>	<b><u>\$5,234,678</u></b>

<b><u>General Debt Service Funds</u></b>	<b><u>Proposed Revenues</u></b>	<b><u>Proposed Expenditures</u></b>
General Debt Service	4,477,217	\$4,444,502
Special Assessment General Debt	<u>723,027</u>	<u>723,027</u>
<b>Total General Debt Service Funds</b>	<b><u>\$5,200,244</u></b>	<b><u>\$5,167,529</u></b>

<u>Component Units Funds</u>	<u>Proposed Revenues</u>	<u>Proposed Expenditures</u>
DDA Parking System	\$9,242,227	\$9,242,227
Downtown Development Authority	7,056,038	7,056,038
DDA Housing	<u>555,795</u>	<u>555,795</u>
<b>Total Component Units Funds</b>	<u>\$16,854,060</u>	<u>\$16,854,060</u>

RESOLVED, That the following be levied for the City of Ann Arbor for Fiscal Year 1998-99;

	<u>Proposed</u>
General Operating	6.4515
Employee Benefits	2.1505
Refuse Collection	2.5806
AATA	2.1505
Street Repair	2.0000
Parks Maintenance & Repair	.4725
Parks Rehab and Development	.4725
Debt Service	<u>0.8539</u>
<b>Total</b>	<u>17.1320</u>

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

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 any contributions for the Youth Program be appropriated upon receipt of the funds;

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 Special Assistance Fund; and

RESOLVED, That the following language be incorporated in this resolution:

1. **Increase Planning Department Staffing**

Whereas, The Planning Department has experienced a very heavy workload of development review for the past three years, and therefore has been constrained from concentrating staff on long range planning;

Whereas, There are many city-wide initiatives that require the direction or participation of the Planning Department, including Northeast Area Master Plan Revision, code amendments to simplify procedures for development, siting of wireless facilities, reduction of impervious surface, revisions of the Downtown Plan, increasing affordable housing, comprehensive planning of floodplain/watershed improvements, capital improvement planning, regional and countywide planning;

Whereas, The Planning Commission has urged the addition of staff in order to devote time and energy and expertise to these important initiatives;

Whereas, The City Council has voiced approval of and/or passed resolutions supporting these initiatives; and

Whereas, The Director of Planning has sent us a memo on May 13, describing the reorganization of the Planning Department in order accomplish both current planning needs and longer-range planning needs;

RESOLVED, That the Planning Department staff be increased by two permanent, full-time positions of a City Planner III and a City Planner I; and

RESOLVED, That the Budget of the Planning Department be increased by \$106,000, with \$20,000 to be taken from the Community Survey Budget and \$86,000 from the General Fund Fund Balance.

2. **Increase Community Development Department Budget and Create a Housing and Human Services Contingency Fund**

Whereas, The needs in our community for human services continue to increase;

Whereas, The Human Services Funding Task Force voted unanimously on May 19, 1999 to recommend that the Ann Arbor City Council amend the Proposed 1999/2000 General Fund budget to add \$27,000 to the Community Development General Fund budget with funds coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance. The recommendation would include that the additional \$27,000 be allocated in the following way:

\$2,000 Ann Arbor Public Schools - Teen Enrichment  
\$2,000 Avalon Housing Homelessness Prevention  
\$5,000 Center for Empowerment and Economic Development - Employment  
\$6,000 Community Action Network  
\$2,000 SOS Community Services  
\$5,000 Legal Services of Southeast Michigan  
\$5,000 Trailblazers - Public Facilities and Improvements

\$27,000

Whereas, The community, led by the Ann Arbor Public Schools is embarking on an Achievement Initiative to eliminate the achievement gap between students in our community which includes an after school and summer enrichment program;

Whereas, The City Council recognizes that it benefits our community to ensure that all children are well prepared to fulfill their role as contributing members of our society;

Whereas, Because of a shortage of funds and many other pressing needs, no funding was recommended for the Ann Arbor Public Schools Achievement Initiative After School and Summer Enrichment Program, but a small contribution of \$5,000 would demonstrate to our youth that the whole community supports their pursuit for increased achievement;

Whereas, Each year that the City has had a Housing and Human Services Contingency Fund, some part of these funds have been needed to provide services to our citizens; and

Whereas, A reduction of the General Fund fund balance in the amount of \$132,000 still leaves it well within the range of 8% to 12% of operating expenditures as recommended by the City of Ann Arbor 1999 Long Term Financial Plan;

RESOLVED, That the proposed 1999/2000 General Fund budget be amended to increase the Community Development General Fund budget by \$32,000, with funds coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance, and that the Non-departmental budget of the General Fund budget be increased by \$100,000 for a Housing and Human Services Contingency Fund, with \$16,750 of the \$100,000 coming from the 1998/1999 Housing and Human Services Contingency Fund fund balance and the remaining \$83,250 from the General Fund fund balance.

### 3. **Budget Millage Review Study**

Whereas, The City needs to find a balance between its ability to provide city service, current and future capital improvement needs, a competitive tax rate, and maintaining the ability to respond to unforeseen circumstances, as recommended in the Long Term Financial Plan, by creating a tax rate margin to enhance the City=s flexibility to provide increased tax revenues when desired;

Whereas, There appears to be continued support for the level of city services being provided as demonstrated in the 1999 Citywide Survey which shows that 53% of respondents thought that the city tax rate was the right amount for the number of city services they receive and 43% did not, and the 1998 Citywide Survey which showed strong support for the current level of services being provided by the City;

Whereas, The City wishes to be able to address its current and future capital improvement needs, and has begun to fund a Capital Improvement fund in FY 98-99 by moving \$5 million from the General Fund fund balance to a Capital Improvement fund;

Whereas, The City has established a Long Term Financial Plan to help maintain the long range financial stability of the City;

Whereas, The City=s Long Term Financial Plan has as a stated goal creating a tax rate margin to enhance the city=s flexibility to respond to unforeseen circumstances by increasing tax revenues when necessary;

Whereas, The City wishes to establish a relatively competitive tax rate to help retain households, home ownership, and commercial operations within the City=s boundaries and help to negate any potential negative effect the City=s millage rate has on affordability of housing and commerce in the city; and

Whereas, The City wishes to provide the level of city services enjoyed by its citizens, meet future Capital Improvements, provide a tax rate margin, and still have a competitive tax millage;

RESOLVED, That the City Administrator commission a ABudget Millage Review Study= for the City=s budget and millage rate to make recommendations on how to balance the need to provide current city services; fund future capital improvements; maintain long range financial stability; create a tax rate margin; and provide a competitive tax millage;

RESOLVED, That the budget resolution be amended to provide the amount of \$25,000 to the Non-Departmental Budget for a comprehensive Budget Millage Review Study to be funded from the General Fund fund balance if the City Administrator is unable to identify \$25,000 in other sources in the FY 99-00 Budget; and

RESOLVED, That the City Administrator present to Council a plan to undertake a comprehensive study of the city=s budget and millage rate within 120 days and provide quarterly updates on the progress of the study.

### **ADJOURNMENT**

There being no further business to come before the Council, the Mayor declared the meeting adjourned at 9:58 p.m.

W. Northcross  
Clerk of the Council

Frances M. McMullan  
Recording Secretary