

MEMORANDUM

TO: Mayor and Council

FROM: Jayne Miller, Community Services Area Administrator

DATE: January 25, 2010

RE: Community Services Area – Ann Arbor Housing Commission Reorganization Budget Issue for Consideration

This memo is being provided to assist Council in their decision making process for development of the FY 2011 budget. This memo provides specific information related to the Ann Arbor Housing Commission reorganization and the potential impact on the FY 2011 general fund budget.

In January, 2010 the proposed reorganization of the Ann Arbor Housing Commission was presented by Schumaker & Company, the firm hired to conduct an operational needs assessment of the Housing Commission, to the Housing Commission Board of Commissioners and City Council. This reorganization was approved by the Housing Commission Board of Commissioners on January 6, 2010.

If fully implemented, this reorganization will result in a \$228,163 funding gap for the Commission. Of this gap, \$90,000 is planned for in FY 2011 City general fund budget; leaving a gap of \$138,163 for FY 2011.

With the new structure for the Housing Commission, the Executive Director and Deputy Director will be responsible for bringing in outside sources of funds to provide for improved service delivery. Staff believes that it will take 2 to 3 years to bring in the level of outside funds necessary to offset the funding gap created by the reorganization. While \$90,000 of the gap for FY 2011 is covered in the planned budget, the gap for year 2 (FY 2012) and year 3 (FY 2013) is the full \$228,163 each year.

Over the next several months staff will be exploring alternatives to eliminate the immediate gap for FY 2011. Staff will also explore alternatives to cover the gap for FY 2012 and FY 2013. These alternatives include one or more of the following alternatives:

- AAHC reserves
- Funds held by affiliated non-profits
- City of Ann Arbor in-kind services such as vehicle maintenance, grounds maintenance, etc
- Maintenance vehicle sale or lease
- Ann Arbor Housing Trust Fund reserves
- City of Ann Arbor general fund or reserves

Alternatively, staff is also considering prioritizing new positions and implementing them as funds become available.