



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator
Marti Praschan, Financial Services Area Administrator & CFO
Kim Buselmeier, Financial Manager

SUBJECT: FY24 Budget: City Administration

DATE: May 10, 2023

Question #56: City Administrator Dohoney in his presentation that future financial forecasting indicates we may be returning to a structural budget deficit in the near future. Can you please provide more feedback about the anticipated timeline and the causes, as well how a recession might impact its magnitude. What are the dangers of growing our workforce size before we have solidified a plan for growing revenue? (Councilmember Briggs)

Response: The General Fund 5-year plan forecasts a \$3M structural deficit beginning in FY 26. Due to the economic uncertainty, the forecast projects that revenue will remain flat, whereas expenditures continue to rise. Recommended work-force increases are necessary to deliver the service level expectations of City Council and the Community. Multiple funding sources including the recently approved Climate Action Millage as well as pass-through expenses to the Downtown Development Authority and the Ann Arbor Housing Commission fund 19.81 of the 27.25 positions. In addition to continuing to prudently contain our expenditures, strategies for increasing the City's revenue stream including increasing the tax base are being developed for City Council's deliberation.

Question #57: With regards to the Administrator's proposed ideas for growing revenue, if there were Council/community support for redevelopment of the "Klein lot" or City Hall mezzanine plaza, what is the best-case scenario in terms of timing about when these sites might begin producing additional revenue for the City? (Councilmember Briggs)

Response: Pursuing development on both sites represents a new direction for the City. Therefore, the administration felt that it was imperative to be completely transparent about our interest and the need to look into it. Given the amount of work associated with

pursuing it in order not to waste time, staff needs the assurance that policymakers are not categorically opposed to the pursuits. The revenue generation would be contingent on the final approved development plan on each site. Upon receipt of council support, staff would begin the work to provide Council with appropriate options for consideration and approval.

Question #62: Can you provide more information regarding the \$200k funding set aside for Bicentennial celebrations in FY24 and FY25? How much is for marketing and events that may happen across the entire community vs. legacy projects at Fuller Park? (Councilmember Briggs)

Response: The proposed funding for the Bicentennial has both internal and external significance. We have not yet assigned specific amounts to internal projects. The projects are being developed by a group of employees from across the organization. Those include:

- Creation of Bicentennial Park
- Creation of Community Murals
- Celebration of City Employees Through the Years
- Neighborhood Resilience Hub Deployment
- Daylighting Allen Creek Through Art

The administration would determine an allocation to get Bicentennial Park started acknowledging that it cannot be completed in a single year. It is staff's intention to pursue sponsorship support for some of the amenities that have been outlined. The more we can find sponsorships the less the City would have to do. The overall combination of cash, in-kind, and cobranding enables the City to demonstrate a major commitment to the Bicentennial. This is important because it allows the fundraising arm of the celebration to use it as leverage when approaching companies, individuals, foundations regarding supporting the Bicentennial.

The investment requested in the Proposed Budget would also be used for various marketing expenses i.e., brochures, banners, photographer, billboards. These are external expenses that hopefully would not fall exclusively on the City investment, but we can use it to motivate others to participate. Because the celebration spans twelve full months, there are some expenses that will not be realized before the commencement of FY25. It is conceivable that an amount that ends up being earmarked for an amenity in Bicentennial Park could be matched philanthropically to help make the park a reality. The fact that the City has demonstrated its commitment through in-kind support has already sparked external support as evidenced by the opening reception that will kick off the year securing full sponsorship.

Question #70: What do recent land acquisitions by the University of Michigan mean for revenue projections going forward? How much money was taken off the tax rolls in the past year or two? (Councilmember Watson)

Response: The most recent land acquisitions by the University of Michigan occurred in 2020; therefore, are already included in our revenue forecasts. A ten-year retrospective analysis, indicate a General Operating Tax loss for properties acquired by the University of Michigan, of \$850,000, and does not include millage levies.

Question #71: Thinking about the \$3.1 million dollar gap between costs and revenue in FY 26 and the potential for development transactions in front of city hall and the Klein's lot, could you describe a potential scenario for how revenue from these could fill that gap? Would one-time payments or continuing rents be able to plug that gap permanently or just for a set amount of time (5 years or so)? (Councilmember Watson)

Response: The revenue generation would be contingent on the final approved development plan on each site. Upon receipt of council support, staff would begin the work to provide Council with appropriate options for consideration and approval. The City Hall site will need to have an engineering analysis performed to determine the maximum load that could be built there. Gathering information like that will be a factor in determining the level and type of revenue that could ultimately be realized by going forward.

Question #73: Could you provide more information about the potential future structural budget deficit that Administrator Dohoney referenced in his presentation? What are the best/mid/worst case scenarios? (Councilmember Eyer)

Response: The General Fund 5-year plan forecasts a \$3M structural deficit beginning in FY 26. Due to the economic uncertainty, the forecast projects that revenue will remain flat, whereas expenditures continue to rise. Recommended work-force increases are necessary to deliver the service level expectations of City Council and the Community. In addition to continuing to prudently contain our expenditures, strategies for increasing the City's revenue stream including increasing the tax base are being developed for City Council's deliberation.

Question#74: Regarding Administrator Dohoney's proposed ideas for growing revenue, what would be the best/mid/worst case scenarios for revenue generation on the Kline lot or City Hall site? (Councilmember Eyer)

Response: The revenue generation would be contingent on the final approved development plan on each site. Upon receipt of council support, staff would begin the work to provide Council with appropriate options for consideration and approval. The City Hall site will need to have an engineering analysis performed to determine the maximum load that could be built there. Gathering information like that will be a factor in determining the level of revenue that could ultimately be realized by going forward.

Question #75: What is the projected total net cost of all new staff positions outlined in the budget? (Councilmember Eyer)

Response: Projected salary and benefit costs for the proposed 27.25 positions is a total of \$3,018,128.50, broken down as follows:

	Position	General Fund	Other Funds	
1.00	AAHC - Accountant	119,128.00		
2.00	AAHC - FMT	154,716.00		
1.00	AAHC - Social Services Manager	121,880.00		
1.00	City Administrator - ADA Coordinator	110,965.00		
1.00	City Administrator - Deflection Attorney	145,394.00		
1.00	City Administrator - Deflection Program Case Manager	99,862.00		
1.00	Human Resources - Deputy HR Director	149,209.20	16,578.80	
1.75	Police - Municipal Services Officer	116,241.00		
1.00	Planning - City Planner	83,923.20	9,324.80	
1.00	Parks & Rec- Assistant Recreation Supervisor	92,723.76	11,460.24	
1.00	Sustainability - Energy Attorney		171,428.00	
1.00	Sustainability - Circular Economy Coordinator		96,746.00	
1.00	Sustainability - Neighborhood Engagement Coordinator		96,746.00	
1.00	Sustainability - Energy Coordinator		96,746.00	
1.00	Sustainability - Energy Assessor		121,862.00	
1.00	Sustainability - Communications Coordinator		102,961.00	
1.00	Sustainability - Resilience Analyst		109,216.00	
1.00	Sustainability - Mobility Analyst		109,216.00	
0.50	Sustainability - Senior Energy Analyst		49,154.50	
-1.00	Fleet & Facilities - Vehicle & Equipment Tech	(90,666.00)		
1.00	Engineering - Civil Engineer	24,973.80	99,895.20	
1.00	Engineering - Civil Engineering Specialist	\$ 94,282.00		
1.00	Water Treatment Plant - Civil Engineer		\$ 121,749.00	
1.00	Public Works - Applications Specialist		125,671.00	
1.00	Systems Planning - Stormwater/Floodplain Coordinator		120,468.00	
1.00	Systems Planning - Environmental Planner		125,674.00	
1.00	DDA - Program Manager		105,475.00	
1.00	DDA - Engagement Specialist		105,475.00	
27.25		1,222,441.96	1,795,666.54	3,018,128.50

The highlighted amounts denote the funding is a pass-thru expenditure to the general fund; resulting in \$798,318.16 in proposed salary and benefit cost increases to the General Fund.



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator
Marti Praschan, Financial Services Area Administrator & CFO
Kim Buselmeier, Financial Manager
Aimee Metzger, Interim Police Chief

SUBJECT: FY24 Budget: Police

DATE: May 10, 2023

Question #67: I received resident comments that ordinance enforcement, from the light pollution ordinance to restriction on idling is perceived to be relatively low and there is limited response even after the police non-emergency line is called. Does this relate to funding for Community Standards? I also see that FY23 forecasted spending for Community Standards is about \$85,000 less than the FY23 budgeted amount. What led to this disparity? (Councilmember Watson)

Response: The Community Standards unit has had multiple positions vacant during FY23, which has resulted in lower than budgeted costs for wages and benefits. The outdoor lighting ordinance is handled by Zoning. Police receives about five or so idling calls on a monthly basis. It is the perception of the Community Standards Supervisor that there is a misconception about the ordinance as there are several exceptions to the idling ordinance including refrigerated vehicles, cement vehicles, etc., that must idle as the vehicle must remain on for them to complete their jobs appropriately. Many times when we do respond, the ordinance enforcement officers lean towards educating the driver to gain compliance.

Question #68: How much have fluctuations in budget affected traffic enforcement? Is it fair to say speed traps and ticketing for failure to stop at crosswalks have decreased? What kind of investment would be necessary to do extensive public engagement about stopping at crosswalks as was done almost 10 years ago? (Councilmember Watson)

Response: It is not necessarily the fluctuation in budget that has affected the amount of traffic/crosswalk enforcement conducted by the police department. We have lost around fifty officers through attrition (retirements/resignations) since April 2020. Because of the amount of time it takes to replace an officer, we have consistently been understaffed over

the last three years. We are authorized for 122 sworn officers (we were authorized for 127 in early 2020). We currently have 102 officers and have had an exceedingly difficult time finding qualified applicants. Because road patrol MUST be staffed appropriately, other areas of the department have been shorted. For instance, the traffic unit has between 4/5 officers assigned to the unit, and we currently have two. The detective bureau is normally staffed at 22, and we currently have ten.

Question #69: Looking at the budget line for drug enforcement, funding has fluctuated from \$56,000 in FY 2021 to \$3,000 in FY 22 but will jump up to \$21,400 in FY24. What activities are included here? (Councilmember Watson)

Response: Drug enforcement revenue fluctuates due to the timing of court cases related to drug enforcement therefore expenditure levels fluctuate based on available revenue. The Ann Arbor Police Department spends these funds on items that it does not have available funding for in the General Fund, which can include anything from materials and supplies to equipment purchases. Drug enforcement funds are not used to pay for personnel costs due to its unpredictable revenue stream.



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator
Marti Praschan, Financial Services Area Administrator & CFO
Kim Buselmeier, Financial Manager
Brian Steglitz, Public Services Area Administrator
Skye Stewart, Chief of Staff, Public Services
Nick Hutchinson, City Engineer
Raymond Hess, Transportation Manager

SUBJECT: FY24 Budget: Public Services

DATE: May 10, 2023

Question #63: Will the downtown circulation study, to be conducted in collaboration with DDA, only study circulation within the DDA boundary? Will it include major routes into downtown such as Main Street and Plymouth? Will this circulation give information on light timing? (Councilmember Watson)

Response: Yes. The focus area of the study is the DDA, though some immediately adjacent areas may be looked at as well.

Only major routes immediately north and east of downtown, including the Beakes/Broadway/Division/Fifth area. These segments help meet the broader project goals including improving safety, prioritizing transit, and implementing key bikeway connections.

Yes, but largely through the lens of safety with less of a focus on congestion. There will also be analysis of whether signals should be decommissioned.

Question #64: When was the most recent circulation study about commuting to and from the hospital? Are there plans for one in the near future? (Councilmember Watson)

Response: Staff performed cursory and project-specific analysis of the Fuller/Maiden Lane intersection in 2018. Ultimately, any study of commuting to and around the hospital would have to be in partnership with, or led by, the University since they are the major trip generator in that area. No, there are no plans for one in the near future.

Question #65: Will the \$250,000 for drainage studies on gravel roads include the Elmwood Drive Drainage study mentioned in the CIP (Project ID UT-ST-22-S1)? (Councilmember Watson)

Response: No, the Elmwood Drainage study (UT-ST-22-S1) is a standalone project identified in the CIP with stormwater funds separate from the “gravel roads” study. The Elmwood project was identified as need a when the City started the scoping and design on the Huron Hills Golf course streambank improvements project in 2019. The Elmwood project is budgeted for FY25 and is slated to begin around July/August of 2024.

Question #66: With regard to the previous budget response to Question #40, is the \$6,541,811 for Active Transit in FY 24 all from general fund, public safety rebate, and millage, or does that include the \$5.8 M in Federal Grant money? More broadly, when comparing past spending on non-motorized infrastructure compared to state and federal grant money recently acquired, could an argument be made that "investments in non-motorized infrastructure pay for themselves?" (Councilmember Watson)

Response: The \$6,541,811 in Active Transportation does not include any Federal or State Grant Money. The City’s investment in non-motorized infrastructure continues to be on an upward trend.

Question #72: How do we set our road condition goals? Do we look at comparable Michigan communities? While the current percentages of 58% of major roads and 35% of local roads in good condition might seem low, a quick glance at available data for shows [Novi](#) only 14% of roads in good condition as of 2018 (most recent year available). Acknowledging we have well-defined goals for FY 26, what would we consider "success" in this area, given constraints like inflation and weather? (Councilmember Watson)

Response: The current pavement condition goals for 2026 were set by the City’s consultant in June 2022 using existing PASER data and a realistic estimate of resurfacing investment over the coming years. In setting these goals, the City’s consultant compared Ann Arbor to other communities in southeast Michigan that had readily accessible data. While this informed the City’s goal setting, the City found that data and specific goals varied widely from community to community.

Over the coming months, pavement condition data will be collected again to evaluate progress. With this data set, staff will be establishing longer term goals – likely a 10-year time horizon. Staff will keep Council informed as this work progresses and new goals are evaluated and established. Toward the end of this calendar year, staff will be better suited to provide a clearer response on what both short-term and long-term success looks like.