



TO: Mayor and Council

FROM: Tom Crawford, City Administrator
Matthew V. Horning, Interim Financial Services Area Administrator & CFO
Kim Buselmeier, Budget and Finance Supervisor
Derek Delacourt, Community Services Area Administrator
Colin Smith, Parks & Recreation Manager

SUBJECT: FY22-3 Budget: Community Services

DATE: February 26, 2021

Question #1: In the presentation by Mr. Delacourt of Community Services on February 8th to which he spoke to the department's budget impacts on our FY22 General Fund budget, he introduced revenue from STR's into the discussion.

While this policy matter has yet to be adopted by City Council, I found it rather puzzling and unorthodox to have this undetermined revenue to be included in an adopted budget. Looking past that highly unusual practice, I have a question on the legality and restrictions of the use of those yet to be collected fees.

Is the revenue from the licensing of STR's under the same restrictions as other municipal fees when it comes to setting those rates and how those funds get expensed, as dictated by the "Bolt" decision?

Whereas we cannot charge more for the license than what it costs to actually administer the STR program, therefore there is no net income from the licensing scheme that would govern STR'S? (Councilmember Ramlawi)

Response: While there are still outstanding considerations by Council regarding possible grandfathering there are many properties that are outside of that consideration. Those properties are eligible to submit for a license starting March 1st. That process will involve at least 3 – 5 departments. There is nothing unusual about projecting a budget amount for implementation of an ordinance Council has passed and that will take effect. The administrative cost of the review and tracking will exceed \$100. We do not believe those costs are limited by BOLT, this is a business license not a permit review. The amount in

the budget is just an estimate and is intended only as a placeholder. We will be looking into what the actual costs are and will be bringing an actual fee adjustment to Council for consideration.

Question #2: In the presentation from Planning, Mr. Delacourt mentioned that rather than layoff a staff person to achieve the 5% cut, the Department would be reorganize staff from 5 planners to 3 planners and 2 associates, which presumably involves a pay cut and fewer hours. Is there a risk that we will lose talented staff or are there planners currently on staff who want to work fewer hours? Much work goes on in Planning; can we have the public participation we want and the thorough, timely briefings of CM's by planning staff we currently enjoy if this change is made? (Councilmember Disch)

Response: To achieve the proposed outcome, we anticipate that there will need to be a reduction of two of the existing Planners by some means. Those implementation conversations are ongoing. The proposed restructuring is designed to remove the need for a flat FTE reduction and the lost capacity that would accompany such a change. It is our intent to reorient some staff capacity to line up with City Council's current direction. We anticipate it will result in a reduction in experienced Planner capacity, especially in the project review and approval process.

Question #3: Regarding fee increases to senior center and athletic fields: What will be the fee increase to seniors (percentage and dollar)? Are lower-income parts of the Ann Arbor population served by the athletic fields or do those fields serve households up and down the income ladder? (Councilmember Disch)

Response: In regard to the Senior Center, the proposed fee increase is for the rental of the facility for private events, such as birthday parties, outside of times when senior programming takes place. The proposed increase is 20% or increasing the rental rate per hour from \$60 to \$72 for the entire building. There are no fee increases proposed for senior programming that takes place at the Senior Center.

For general admission for swimming and skating, the increase is \$1 or 25%, from \$4 to \$5 for swimming admission and \$4 to \$5 for ice skating. These fees haven't increased since 2011 (swim) and 2012 (skate).

The athletic field rental fee is charged to groups wishing to reserve Fuller and Olson fields for sanctioned games, practices or programs. If a sanctioned scheduled activity isn't taking place then people can use the fields at no charge for a pick-up game of soccer. The increase is 20%, or \$60 to \$72 hourly. These groups manage their own leagues so staff can't speak to the income demographics of the participants. These increases are the first since 2010.