



TO: Mayor and Council

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

SUBJECT: FY25 Budget: Community Services

DATE: May 10, 2024

Question #28: Does this budget include funding for additional staff resources to enforce violations of new rental ordinances? If not, does the Administration believe that it has enough existing resources to receive/respond to complaints and appropriately enforce these and potential future rental ordinances (Councilmember Radina)

Response: Rental inspection is a General Fund activity and there is not enough existing resources/capacity to respond to complaints generated by the new rental related ordinances adopted by Council. Resources and capacity would need to be created and supported by General Fund revenue.



TO: Mayor and Council

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

SUBJECT: FY25 Budget: General Fund

DATE: May 10, 2024

Question #17: Mayor and City Council Budget: \$79,765 is allocated for “other services” which are defined as educational reimbursement, one-time costs for the U-M/City dinner in FY 2025, and funding for policymaker development. The budget notes that this year each Council Member will receive \$5,000 in reimbursable policymaker development funds.

- a. How does the \$5,000 policymaker development funding compare to funding available for staff professional developments, particularly unit area administrators?
- b. Assuming that \$55,000 is allocated for professional development, that seems to suggest that \$24,765 is allocated for a U-M/City dinner. I can't imagine we have budgeted this much funding for a dinner with the University, especially since I assume we are sharing expenses. (Councilmember Briggs)

Response – Part A: The FY 2025 recommended budget includes a conference & training budget request that equates to \$1,204 per full-time employee. The budget requests vary by service unit to support the educational requirements of their employees.

Response – Part B: The \$79,765 budget under Other Services within the Mayor's Office and City Council budget is allocated as follows:

- \$55,000 – policymaker development
- \$2,120 – telecommunications
- \$1,500 – printing
- \$5,000 – educational reimbursement for staff (higher education tuition reimbursement)

- \$16,145 for governmental services
 - \$10,000 of this is for one-time expenses for the U-M/City dinner in FY25 and \$6,145 is recurring for governmental services as needed.

Question #18: In the May 3 Budget Response memo, staff writes in response to question 11 “Of the additional 13.55 FTEs added to the General Fund, 6.50 of those FTEs are reimbursed to the General Fund from the Ann Arbor Housing Commission and the Information Technology Fund making them net neutral to the General Fund. The remaining 7.05 additional FTEs added to the General Fund contribute to the structural deficit that begins in FY 2027.” Can you please provide an updated slide (compared to the March 11 Budget Work Session) that demonstrates what impact these additional FTE will make on the structural deficit. Or, if these additional FTE were already included in that projection, what our budget forecast would like without the addition of those staff. Please provide this calculation with and without the addition of the new Economic Development office. (Councilmember Briggs)

Response:

	FY2025 Administrator's Recommended Budget General Fund				Elimination of 7.05 FTE's General Fund				Includes Economic Development 2.0 FTE's General Fund			
	FY 2025 Budget (Mils.)	FY 2027 Projected (Mils.)	FY 2028 Projected (Mils.)	FY2029 Projected (Mils.)	FY 2025 Budget (Mils.)	FY 2027 Projected (Mils.)	FY 2028 Projected (Mils.)	FY2029 Projected (Mils.)	FY 2025 Budget (Mils.)	FY 2027 Projected (Mils.)	FY 2028 Projected (Mils.)	FY2029 Projected (Mils.)
Recurring												
Revenues	\$ 136.7	\$ 143.2	\$ 146.5	\$ 149.9	\$ 136.7	\$ 143.2	\$ 146.5	\$ 149.9	\$ 136.7	\$ 143.2	\$ 146.5	\$ 149.9
Expenditures	(134.4)	(145.2)	\$ (150.9)	(156.9)	(133.6)	(144.4)	\$ (150.1)	(156.0)	(133.9)	(144.7)	\$ (150.4)	(156.4)
Net Surplus/(Deficit)	\$ 2.3	\$ (2.0)	\$ (4.4)	\$ (7.0)	\$ 3.1	\$ (1.2)	\$ (3.6)	\$ (6.1)	\$ 2.8	\$ (1.5)	\$ (3.9)	\$ (6.4)
One-time												
Revenues	\$ 1.3	\$ 0.33	\$ 0.6	\$ 0.6	\$ 1.3	\$ 0.33	\$ 0.6	\$ 0.6	\$ 1.3	\$ 0.33	\$ 0.6	\$ 0.6
Expenditures	(5.4)	(0.33)	\$ (0.6)	(0.6)	(5.4)	(0.33)	\$ (0.6)	(0.6)	(5.4)	(0.33)	\$ (0.6)	(0.6)
Net Surplus/(Deficit)	\$ (4.1)	\$ -	\$ -	\$ -	\$ (4.1)	\$ -	\$ -	\$ -	\$ (4.1)	\$ -	\$ -	\$ -
Net Surplus/(Deficit)	\$ (1.8)											

Question #19: One of the new recurring costs in the FY25 proposed budget is the development of an Economic Development office, which is budgeted at \$288,269 for FY25. Since it would take some time to get individuals into place and hired, are the FY25 budgeted expenses for an entire year for two employees? If not, please provide the anticipated cost in FY26. (Councilmember Briggs)

Response: The FY 2025 budgeted cost is for the entire fiscal year for two employees.

Question #20: The creation of an Economic Development Office appears to be premised on the assumption that the ED office will not only improve service delivery in the city by eliminating bureaucratic roadblocks to development, but also assist in increasing the City’s tax base thereby increasing revenue to the General Fund. However, I have to assume it will take a number of years to realize these potential benefits. What is your projected timeline to see a positive return on investment? In the short term, FY 27-FY29, the financial forecast is demonstrating a growing reoccurring deficit (from 900k to 5.5 million). Assuming you would not recommend cuts to the newly created Economic

Development office, what are your plans to secure a balanced budget in FY27 and beyond. What and where would you as an Administrator recommend cutting to pass a balanced budget based on the recurring deficit starting in FY27. (Councilmember Briggs)

Response: We anticipate the Economic Development positions to generate immediate benefits upon hire. The positions will provide an active presence in trying to lure companies to choose Ann Arbor and encourage companies that are here to expand. We anticipate the positions to assist in adding projects to the pipeline, and to help clear projects from the pipeline. Finally, the proposed positions will be able to focus on economic development and work on multiple projects simultaneously.

The current forecast does not anticipate any increase in tax base directly related to the creation of the positions. We will begin our visible preparations for the FY 27 projected deficit with the submittal of our next budget. Every option for closing it will be reviewed, including updating revenue projections. We will develop 2 or 3 scenarios that close the deficit first from strictly a math perspective. Then we will factor in the impact of various choices to arrive at a solution that we will present to Council. We will not attack the problem from some preconceived notion on where the expense reduction needs to start.

Question #21: Resolution [R-23-331](#) called upon the City Administrator's Office to:

- Review municipal best practices in performance management and open data
 - Evaluate the City's current approach to data access and performance management
 - Develop an exemplary, centralized dashboard that provides residents with easy access to key performance indicators, community indicators, and open data (example: City of Durham, NC)
 - Develop an accessible and standardized approach to performance data reporting across all City departments to enhance the visibility, accessibility, and monitoring of policy goals and key performance metrics. Departmental websites should include standardized public dashboards, as well as access to open data, maps, and more detailed, regularly published reports as relevant (example: City of Boulder, CO)
- a. Council Administration Committee was supposed to be engaged in this effort, but hasn't received any updates on the progress of this resolution. Has the City completed tasks A and B in a manner that will inform development of key performance indicators and community indicators and a standardized approach to performance management and data reporting across city departments?

Is funding proposed in IT budget to complete any of the performance dashboard tasks that city staff can't complete in-house?

- b. How has the above work informed the strategic goals and performance measures identified throughout the budget. For instance, in public services,

I can't find any performance metrics that relate directly to successful implementation of the Vision Zero Transportation Plan. In contrast, OSI's performance metrics tie directly to our Carbon Neutrality Plan. (Councilmember Briggs)

Response: Tasks A & B are currently in progress. City staff are working on an inventory of currently available data/reports across all areas and centralizing them so that data consumers (both internal and external) can find information more easily. Once completed, staff will begin the work of supplementing this existing data as necessary to better show progress towards the City's stated goals/objectives.

Yes, funding in the amount of \$75,000 for this project is included in the FY 2025 recommended budget.

After tasks A & B are completed, staff can begin the process of incorporating that information into performance metrics.

Question #31: Mayor & Council: In the past, U-M has indicated they may be open to hosting the annual UM-City Dinner every year. Has this been explored as a potential (small) savings and/or do we feel it is necessary to trade off "hosting" responsibilities? (Councilmember Radina)

Response: Since the joint dinner resumed last year there has been no mention of U-M hosting every year. This was President Ono's first one as part of his first year here. It is possible that we will have some savings in that the entire line item allocated may not be spent. That will be determined when we get into the planning in earnest. This past year the dinner included Regents, Deans from U-M, VPs, Government Relations, Mayor and Council members, Service Area Administrators, City/U-M Fire and Police Chiefs, and City Administrator's Office.



TO: Mayor and Council

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

SUBJECT: FY25 Budget: Police

DATE: May 10, 2024

Question #29: For a variety of reasons, over the past several years, staffing within AAPD has remained below authorized levels (mostly impacting the Detective's Bureau, as I understand it). Have those staffing vacancies been accounted for in the budgeting process — as in, are we budgeting to be fully staffed? If so, and full staffing is not achieved within a specific year, how are those “savings” accounted for? How have those funds been utilized or reallocated? (Councilmember Radina)

Response: Yes, the Ann Arbor Police Department does budget to be fully staffed each fiscal year. When full staffing is not achieved, the savings from those vacant positions is then utilized for overtime generated from not being fully staff and for other one-time police department needs during that fiscal year. Any funds remaining at the end of each fiscal year go back into the General Fund fund balance.



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator
Marti Praschan, Financial Services Area Administrator & CFO
Kim Buselmeier, Financial Manager
Sue F. McCormick, Interim Public Services Area Administrator

SUBJECT: FY25 Budget: Public Services

DATE: May 10, 2024

Question #23: What direction is needed from a budgetary amendment perspective to eliminate the proposed increase application of salt? Salt is damaging to our infrastructure and incredible bad for our ecosystems and waterways, this is why Ann Arbor has been committed to looking for innovative strategies to reduce our usage- just like many other northern cities/counties/states. Removing parked cars from roads to aid with snow clearance, utilizing more effective equipment, and adding additional contract support will allow us to more effectively clear the roads without increasing salt usage are all positive steps to improve operations and it will not be possible to properly evaluate the effectiveness of those decisions if we simultaneously also change our salt usage. (Councilmember Briggs)

Response: No budget amendment is necessary. With the number of changes affecting snow removal and surface treatment, no additional funds were proposed for salt application. The snow event circumstances this past winter provided unique challenges that may or may not occur again. City Council can provide a policy directive to clarify expectations around salt application at any time, separate from consideration of the budget, if believed to be warranted.

Question #24: On p. 3 of the printed proposed budget, it states that public works is adding temporary staff to support fall compost collection. In the FY23 budget, 4 positions in public works were upgraded from temporary to full-time positions to help manage compost collection in the Fall and provide other services year-round. I am curious as to whether the two temporary staff positions proposed for FY25 represent an increase beyond the 4 full-time positions that were provided for in the FY23 budget or whether

those full-time positions are being redefined as temporary positions. (Councilmember Disch)

Response: The temporary staff positions proposed for FY25 represent an increase beyond the 4 full-time positions that were provided for in the FY23 budget. The full-time staff increase was due to increasing workload year-round, while the temporary staffing is the most efficient way to manage peak compost pickup, typically mid-October to early December. The temporary staff will allow us to place additional resources on rear load compost trucks used to pick up bags during the fall leaf collection season. Without temporary staff, Public Works Technicians from other work areas would need to assist due to the workload. When we pull from other work areas to support Solid Waste, that has a negative impact on what other work areas accomplish that day. E.g., pulling from Streets may mean fewer potholes are filled; pulling from Utilities may mean fewer hydrants get preventative maintenance or sewers get cleaned. Compost collection, particularly in the rear loads, routinely run into overtime. Adding temporary staff to collect bags during the heaviest of the collection months will allow us to complete collection faster by placing two people on rear load trucks, reducing overtime, as well as reducing neighborhood traffic in the late afternoon hours when it tends to be at its peak.