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Monday is all about the Budget! Next on the Agenda, updates on the City Administrator, and what's on the horizon.



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Sabra Briere

First Ward, City Council
 sbriere@A2gov.org
 sabra.briere@gmail.com
 995-3518 (home)
 277-6578 (cell)



Dear neighbors,

Once again, Michigan has failed to have a spring. Or perhaps, we've just sprung right into summer. The 80 degree days in the past week brought out an abundance of growth in our yards and parks.

But I haven't spent a lot of time this week weeding the garden or smelling the flowers. When I haven't been in some meeting, I've been back at the spreadsheets and background documents, looking over the budget. Someone asked me how it looked and I uttered an un-ladylike word.

You can stop right here and read what I know about amendments to the budget. And if you think of anyone who might be interested, please forward this email.

I'm not a journalist. I learned to write well-paced academic papers that reached a documented conclusion. So I've been aptly accused of burying the lede.

I'll cut to the chase.

I may not have seen every amendment planned for Monday night. Although the Council Budget Committee chair (Marcia Higgins) asked all Council members to turn in proposed amendments early so we could have them back by Friday evening, I haven't received such a document. As a result, this is what I know today:

Mike Anglin and Christopher Taylor propose taking \$90,000 from General Fund reserves as a one-time adjustment to keep the Parks General Fund budget whole.

Coffee wakes some of us up

I hold office hours 7:30 to 9 am on Mondays at the Northside Grill.

While I'm there, I work on Council business. Recently I've been hauling my big budget book with me and have been writing emails to City staff and constituents while I eat breakfast. The Northside Grill should benefit, since I'm occupying their booth. What I like best is when someone stops by to discuss the issues that concern them -- potholes, parks, trash pickup, construction noise, zoning, City staffing and changes they like or don't like.

The folks at the Northside put up with political talk early in the morning. If you see me there, please wave, and if you have time, please, join me for coffee and a chat.

About the photo above. These tiny blue flowers appear for about a week every May. Shorter than grass or violets, they bloom and then are gone. I've no idea what they are.

I took this photo in Plymouth park, next to Traver creek.

Sandi Smith and I propose cancelling a proposed fee for picking up trash 3 times/week in the downtown.

Marcia Higgins and I propose restoring \$85,600 to Human Services (a one-time adjustment from General Fund reserves) to bring the budget reduction for this program in line with the minimum budget reduction asked for all other departments.

As far as I know, no one found recurring funds that would enable funding for staff retention.

I'll explain about one-time funding and recurring funds below.

On the Agenda

Near North demolition

Near North, a project to be built on North Main Street, is ready to demolish existing buildings in order to begin construction. Before demolition can begin, the City needs to amend the Neighborhood Stabilization Program budget, and in turn allocate funds for the demolition to Avalon Housing or its affiliate.

Design Guidelines

Many of us started talking about the benefits of design guidelines years ago. Some people voiced concerns that the guidelines could result in 'taste police'. Others wondered whether 'voluntary' guidelines would be valuable at all, or just sugar coated suggestions. In my experience, nearly everyone points to specific buildings (the 'Olga's' building, for one) as a reason for why the City should impose some form of control on design. Those who believe more firmly in pure capitalism insist that the market place will impose good design, as no one will want to rent or buy in a poorly designed, unappealing building.

After a lot of discussion and a lot of effort, the policies and procedures for design guidelines are once again ready for City Council's review. You should review them, too. These guidelines will help shape the City's future. First reading of the ordinance is Monday. Here's the [link](#).

The Budget

When I joined the Council - not so many years ago, in November, 2007 - the entire process seemed opaque to me. I went to a Council retreat, during which the staff and Council members discussed their goals for the next year. In April the City Administrator presented a budget, about which there had been little previous discussion. Council members looked at the proposed changes, and offered

amendments (what I'd call tweaks) at the second meeting in May. No further discussion about the budget took place until the following December.

This had been the pattern for years. Now, the Council discusses the budget almost year-round. It's not a bad situation, but it's tiring for staff, the public, and the Council. To show you how much things have changed, here's a list (with names) of priorities offered by Council members in January, 2009 for the 2010 budget:

What things would you like accomplished in the upcoming year?

Sandi Smith	Master plan 5 th & William	Address unique needs of near downtown neighborhoods
Sabra Briere	Continue zoning clarification efforts	Increase usage of CTN for City programs
Stephen Rapundalo	New revenue	Improve customer service and responsiveness
Tony Derezinski	Take advantage of Federal stimulus funds	Conclude master planning & zoning efforts
Leigh Greden	City income tax conversation	Enhance customer service
Christopher Taylor	Long-term financial stability	Insure good news gets out
Marcia Higgins	Balance recurring rev. & expenses	Finish A2D2
Margie Teall	Funding human services to focus on stabilizing families	Solve the 100 affordable units issue
Mike Anglin	Attention to City finances (depts. get input from customers)	Reduce but don't eliminate services
Carsten Hohnke	Increase breadth of economic development efforts	Live GPS for snow plowing
John Hieftje	Efficiency to minimize impact to services	Find new ways to get information to residents

There are themes here, but as I look back, I don't see a sense of urgency about the budget. That sense of urgency is present in every discussion today. It has been nearly 2 ½ years since I made this table, and in that time the options have narrowed considerably.

How does all of this affect you, here in this

best of all possible cities?

During the past decade, the City has reduced staffing and altered the level of services. I've seen it, and so have you. Ann Arbor residents pay higher property taxes because they want better services from their schools and their City. Here's a breakdown of what you pay in millages and property taxes for City of Ann Arbor services. (To figure what you pay for City of Ann Arbor services, multiply your SEV by the Total City millage, as a percent [.164660]).

City taxes and millages

Type	FY2011	FY2012	Change from FY2011
General operating	6.1682	6.1982	0.000
Employee benefits	2.0560	2.0560	0.000
AATA (this passes through to AATA)	2.0560	2.0560	0.000
Total General Fund	10.2802	10.2802	0.000
Street repair	1.9944	1.9944	0.000
Refuse collection	2.4670	2.4670	0.000
Parks (combined)	2.5748	2.5748	0.000
Debt Service	0.5000	0.1496	(0.3504)
Total City millage	16.8164	16.4660	(0.3504)

This is the millage rate the City Council will approve. (Of course, you pay other taxes. This represents just over 28% of your property taxes.)

What do you get for all this money? These days, you don't get as much as you and I would like.

Diminished staff

You may have heard that the City has eliminated about 400 jobs since 2000. It's eliminated over 100 since FY2009 (see the chart from the Council retreat, above). Most jobs were cut through attrition - retirements, not layoffs. But where were those jobs?

Here's some basics (there are more departments, but these were the interesting changes to me):

	FY2009 FTE	FY2012 numbers

Department	numbers	(proposed)	% change
City Attorney	14	12	-15%
Human Resources	12.5	10.5	-15%
Planning & Development (plus new Planning staff)	34.58	28.49	-18%
Parks & Rec.	21.78	20.15	-7%
Information & Tech.	22.75	20.45	-10%
Treasury	5.35	3.70	-31%
Field Operations	132.3	124.81	-6%
Fleet & Facilities	26.15	21.2	-19%
Fire	94	77	-18%
Police	209	155	-26%
15 th District Court	41	35	-15%

Reduced Services

During the past two years, the City reduced costs in the General Fund by privatizing (recycling and compost), reducing services (no special leaf pick-up, no Christmas tree pick-up, reducing the number of times the streets were swept, reducing frequency of mowing, reducing other maintenance cycles), and consolidating services (joint dispatch with County for emergency services, combined IT services). City staff have also been creatively looking at buckets (I've learned to despise that term) in order to find ways to shift expenses from the General Fund to some other fund.

The cost of doing business continues to exceed the income the City receives. There are potentially many reasons for this situation. I've asked a lot of questions, I've listened to the answers, and then asked more questions. I'm still caught by the fact that the City's benefit structure exceeds its ability to pay, and that it's administered inequitably. When I add that fact to the pension system (still not in control) and the inconsistent funding from other sources (state and federal dollars for infrastructure maintenance is increasingly difficult to come by, for instance) - well, it's a good thing that our community is fairly solvent. But I'm crossing my fingers that the City's unions recognize there's no give left to get.

Looking for easy solutions

If it were easy to solve the budget issues, City Council members or City staff would offer solid recommendations to do so. Most of the corrections in this year's budget are being made through reductions in force. And most of the people who will lose their jobs are paid through the General Fund. So why not just dip into General Fund reserves?

We could do that, but then next year we wouldn't have those dollars to keep the staff employed and their benefits paid. Nothing anyone envisions for the next few years includes a sudden increase in funding. At some point, there won't be enough money to have a reserve (costs for employees don't stay steady year-to-year, they go up). What do we do then?

This is what I meant earlier when I wrote about one-time adjustments and recurring funds. A one-time adjustment allows a program to receive funds a single time to either complete work or initiate a new project. Funds for a project or program can come from General Fund reserves because they are only used one time. Any unused funds at the end of the year return to the fund reserves. All funds are required to maintain a reserve fund (it's like a savings account).

Recurring funds need an income stream. Payroll and benefits require a reliable income stream in order to guarantee that employees have secure employment. Without that, the City would be constantly laying off and re-hiring. (Well, that's not what anyone wants to happen.)

Resolution regarding the funding of Parks

In 2006, the Council passed a resolution that guaranteed funding for parks maintenance from the General Fund would fluctuate no more than the rest of the General Fund average. The City has attempted to maintain this funding pattern, but last year was able to maintain an agreed-upon level of maintenance while saving about \$90,000.

Council members Anglin and Taylor sit on the Parks Advisory Commission. They propose a one-time adjustment to the budget for Parks maintenance from the General Fund reserve of \$90,000 in order to increase maintenance in the parks. The Parks maintenance and acquisition millage is up for renewal next year. Between this July and next July, issues about keeping the Parks funding whole should be addressed.

Human Services Funding

The City combined its funding for non-profits with the County and the

United Way in order to maximize the amount each non-profit would receive. This was a worthy goal. For reasons that I don't understand well enough to explain, the proposal from staff this year was to reduce the City's portion for non-profit funding by about 9%. The City requested that other programs, projects, and departments reduce their budgets between 2.5% and 4.5%, depending upon their staffing situations. There are no staffing situations to deal with that I can account for in this 9% reduction.

In FY2010 and FY2011, the Planning and Building budgets included almost \$400,000 for three one-time projects: corridor studies, master planning, and zoning ordinance revisions. These three projects were not included in the budget for FY2012; the funds would return to the General Fund fund balance.

I've prepared an amendment to the budget that would use \$85,600 from these funds as a one-time adjustment for Human Services funding; Council member Marcia Higgins offered to co-sponsor.

Fees

Most of the proposed fee increases won't affect you or me unless we swim, ice skate, rent a park shelter, or otherwise use the recreation system. I'm not happy about all of the fee increases in Parks and Recreation. I was particularly concerned about the increase in ice arena daily admission at Buhr (a very seasonal ice venue) to \$4.00. Admission to the Ice Cube is \$3.00. The Parks Advisory Commission is satisfied with the increases, however, so I decided to relax.

There are other changes that created problems. The City proposes to pick up trash from downtown 3 times a week. Doing this would impact the budget, the staff tells us, by bringing in enough revenue to pay for services already being provided ($\$45/\text{month} \times 200 \text{ addresses} = \$108,000$).

Some areas of the DDA currently receive 1 weekly pickup. Some receive pickup 3 times a week. Some properties produce almost no trash, but quite a bit of compostable and/or recyclable materials.

Others produce a significantly larger amount of trash. Some businesses contract to have their trash collected by private companies already. Some property owners have paid for dumpsters.

There are so many moving parts, and frankly, I don't think we have all the pieces figured out.

Before we act on this, the properties involved need more than just a briefing given at one area organization meeting. Main Street, State

Street, Kerrytown, and South U are all involved, have different experiences and expectations, and need to all be equally informed.

I've talked with property owners, merchants, restaurant owners, and those who live and work downtown. Their expectations vary widely, and their willingness to support this added fee also varies widely.

It's not a benefit unless we can prove (1) it solves an existing problem, (2) costs no more than existing solutions (or works at least as well), (3) appears to be fair to all, in as many ways as possible. I think we need to do more work on this in order to meet these three proofs.

Sandi Smith proposed an amendment to rescind this fee, monies to come from the Solid Waste fund balance. I co-sponsored.

The DDA

The City and the DDA have not figured out their shared financial picture, as far as I can tell. The DDA collected more funds than it should have, although exactly where the fault lies for that seems to be an issue. The City is not the only taxing authority that should receive funds back from the DDA. Because the DDA has already provided some extra funds to the City, exactly what the City should expect - and when - is still in negotiation. The Library, Washtenaw Community College and other organizations must also be wondering about their dollars.

It seems unlikely to me that the DDA will be able to meet on Monday, May 16 and vote on some solution that would resolve this situation. As a result, it also seems unlikely that the Council will be able to discuss the proposed Parking Agreement or any financial contracts with the DDA until there's a new proposal on the table.

It's getting late.

The City's Charter requires that the Council approve a budget by the second meeting in May or the City Administrator's budget is approved by default. I spent a little time with Roberts Rules of Order, and learned that the Council can actually adjourn the Council meeting on Monday to a time and date specific, and then take up business at the point where we adjourned. If the Council does this, and meets again before the first June meeting, it should count as a single meeting (and therefore as the second meeting in May).

There would be no 'special' meeting, just an adjourned and reconvened meeting.

What did I leave out?

There is a lot about the budget that I chose not to highlight. I know how bad the roads are; we receive funds from state and federal sources for major road improvements. Road reconstruction and resurfacing is paid for from the streets millage. I'll be at the corner of Spring and Summit this Tuesday (5:30 pm) while City Staff outlines how the reconstruction will work (construction is scheduled to begin on May 23rd). I've photos of the spot that date back months. Sometimes I feel as if I'm wearing away limestone; still, I see changes. The Mayor reminds me of things I've written about the budget. I don't forget the priorities you all have given me. I also decided not to try to talk about all the various funds. You must have heard enough by now.

Where are we now?

Budgets aren't all there is to Council. It just feels like that this week. I'm looking forward to interviews with candidates for City Administrator in June (please come!) and to more talk about transportation, development, and planning for the best possible Ann Arbor. And to the never-ending discussion on medical marijuana (well, it only feels that way to me!).

As always, please comment, correct, ask questions. And let me know if there's an issue I haven't resolved.

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Sabra Briere, Ann Arbor City City Council · 1418 Broadway · Ann Arbor, MI 48105

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Budget time - nearly over!

