



Pittsfield Charter Township

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Office of the Supervisor

MEMORANDUM

TO: Pittsfield Township Board of Trustees
FROM: Mandy Grewal, Supervisor
DATE: October 28, 2020
SUBJECT: Budget Report

My previous biannual budget reports have highlighted some main issues to consider moving forward. However, in the year of the Great Pandemic where there is ambiguity about the next day, next week, next month, it is impossible to provide an educated outline of what to expect moving forward. To that end, my budget report for FY 2020 highlights the main issues to consider, based on our current understandings, to prepare for the uncertainties of FY 2021 and 2022:

1. The Great Pandemic has significantly altered, among so many other things, the fiscal reality for everyone, including local units of government due to two main factors: (1) Uncertainty; and the resultant (2) Depressed economic climate/consumer confidence. This, of course, will translate into a shrinking of the economic base in either 2021 and/or 2022, based on if/when any fiscal stimulus is provided to local units of government by the federal/state authorities. The extent of decline and closure of local businesses and economic activity, already being witnessed, will dictate the full impact on local government budgets.
 2. Given these realities, for the first time ever, the Board of Trustees had to approve an amended FY 2020 budget in August that cut General Fund expenditures by 6%.
 3. Furthermore, this was also the reason, once again – for the first time – that I proposed an administrative re-organization of Township Departments reporting to me that eliminated two (2) staff positions. As noted in my memo to the Board of Trustees proposing this re-organization, the reason for these eliminations is an effort to: (a) Control costs within the largest cost center for the General Fund (outside of Public Safety) – Parks & Recreation – without compromising public service provision; and (b) To begin strengthening the General Fund reserve balance to meet current and upcoming fiscal uncertainties.
 4. In addition to the Great Pandemic, another major uncertainty for Pittsfield Township's budget is the fact that the current Public Safety millage expires in 2021. As you are aware, about 40% of General Fund expenditures are dedicated to support our police and fire services. The current 10-year millage is set at 1.95 mills and was approved by Pittsfield Township voters, in 2011. This was an increase from the previous millage, which expired in 2011, that had been 1.0 mills. The 2011 increase in millage rate accommodated for: (a)
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Increasing public safety costs due to population increases; and (b) Declines in revenue due to the Great Recession. Ironically, we face a similar situation today because: (a) Pittsfield is projected to add the most population over the next decade compared to all other municipalities in Washtenaw County (SEMCOG projections); and (b) Anticipated declines in General Fund revenue due to the Great Pandemic. As such, it is very likely that the Board of Trustees will have to consider, later this year/early next year, Public Safety millage language that requests an increase to provide for the safety and well-being of our growing community. Absent information on if/how this millage vote will impact the General Fund budget, it is absolutely imperative that we strengthen the General Fund reserve balance.

5. In 2017, it was hoped that with the retirement of the Preserve debt and renewal of the Park millage, the General Fund would get some relief. However, in 2018 the Park Commission asked for continued General Fund assistance. In my budget report from that year, I stated that, "Given that Pittsfield Township residents consistently prioritize parks and green space preservation, the FY 2019 Township Budget is, for the first time, making a transfer of \$500,000 to the Park Millage fund. This will generate a historically high \$1.4 million in revenues for the Park Millage fund and allow them to expand Pittsfield's park and green spaces." In other words, the \$500,000 transfer was undertaken, generally, to expand our park/green space and, specifically, for the acquisition of the Waters/Oak Valley park, the process for which was underway at the time. However, when the Park Commission decided not to proceed with the land acquisition, the responsibility for the same reverted to the Board of Trustees, which has final authority. With the Board authorizing the Clerk and Supervisor to finalize purchase of the property, the earmarked \$500,000 was used to pay the local match for the \$615,000 MDNRE grant. In the past week, it has come to my attention that the Park Commission would like \$500,000 appropriated to them again this year. Given the above-outlined issues, the FY 2021 budget presented to you does not include this additional expenditure. If the Board were to consider this transfer, it would, obviously, reduce the General Fund reserve balance by \$500,000.
6. This eventuality is predicated on the decision by the Washtenaw County Road Commission to deny our request to rely on the County Road millage for the Oak Valley/Ann-Arbor Saline intersection improvement project, with a projected cost of \$800,000, approved by the Board of Trustees earlier this year. As such, the General Fund will have to fully expend its contingency, capital outlay, and transportation line items to meet this expenditure. With no buffer, additional expenditures will have to be drawn from the reserve fund.
7. As you are aware, since 2009, we have undertaken all major projects, including land acquisitions and infrastructure improvements, through an aggressive pursuit of grant monies. We set new and historic records for the same in 2019 and 2020, particularly with the \$30 million investment by MDOT for the improvement of Michigan Avenue from Platt Road to Carpenter Road, which includes bridge reconstruction. It is our hope that future success in receiving grant funding will allow Pittsfield Township, even as we handle unique and historic fiscal challenges/constraints, to continue investing in projects that enhance the quality of life for all in our community in an equitable and sustainable manner.