



FY20 Budget and Other Items of Environmental Interest

Howard S. Lazarus, City Administrator
April 25, 2019

FY20 Budget Overview

Total budgeted expenditures are \$430.1M

- \$11.3M to the General Fund
- \$102.9M to Enterprise Funds
- \$49.7M to Trust Funds
- \$166.2M for Other Categories

Fund balances remain within City policy goals (GF ~\$17.4%)

General Obligation bond rating is AA+ (S&P)

Typical residential taxpayer impacts

- Increase of \$5.34/month in property taxes
- Increase of \$5.32 in utility costs

Total Funding by Priority (\$000)

PRIORITY	FY19	FY20	% Increase
Climate Action/Sustainability	\$281	\$1,289	358
Street Repair & Maintenance	\$26,481	\$26,501	0.08
Active Transportation (Pedestrian/Bicycle)	\$2,211	\$3,433	55.3
Public Safety (Police and Fire)	\$45,052	\$46,897	4.1
Affordable Housing	\$160	\$1,040	550
Diversity, Equity, and Inclusion Programs	-	\$59	
Utilities (Water, Wastewater, Storm Water)	\$54,393	\$61,067	12.2
Funding for Retirement Benefits	\$29,608	\$31,233	5.5
Parks and Recreation	\$15,045	\$15,383	2.2
Community Mental Health	\$90	\$440	389

New Funding in the FY20 Budget

In FY20, the City projects \$4,257,239 in new funding opportunities will be available to support the community priorities identified in the chart below. These totals include the \$2,200,000 in County Millage Rebate funds, \$1,917,239 from General Fund sources, and a dedication of \$140,000 from the Street Millage.

PROGRAM AREA	FY20 NEW FUNDING
Safe Drinking Water/Water & Sewer Infrastructure	\$574,200
Community Mental Health	349,800
Street Resurfacing and Repair	345,400
Affordable Housing	880,000
Additional Police Funding	444,839
Climate Action	880,000
Pedestrian Safety Projects	750,000
Other *	33,000
TOTAL NEW FUNDING	\$4,257,239

*The allocation to "Other" will be considered non-departmental and reserved for uses as needed in the other Program Areas.

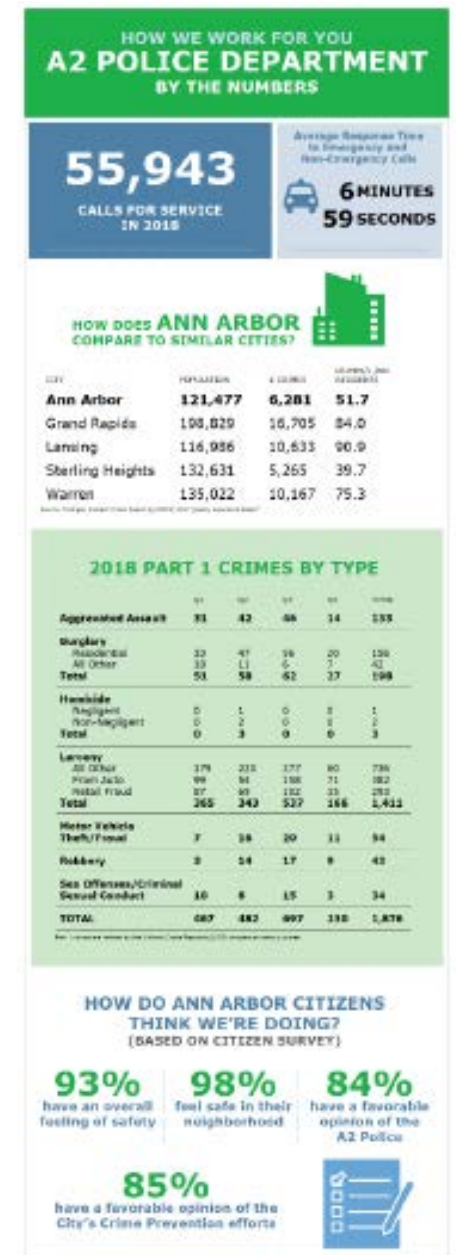
Performance Measures

Measures/metrics are included in the budget book

- These performance measures form the basis of internal quarterly reviews .
- The measures will be shared externally starting with 4th Q FY19.

Staff is also developing a set of key performance measures (KPRI)

- KPIs will be presented in “story board” formats that will be published externally to answer the public’s question, “how do we know you are doing a good job?”
- A representative example is provided to the right .



Safe Drinking Water/Water and Sewer Infrastructure



Safe Drinking Water/Water and Sewer Infrastructure

Initiative/Project : Barton and Superior Dam Repairs

Strategic Goals Supported : Ensure a financially stable City government .
Protect the environment as responsible stewards of natural resources .
Build and maintain sustainable infrastructure systems .

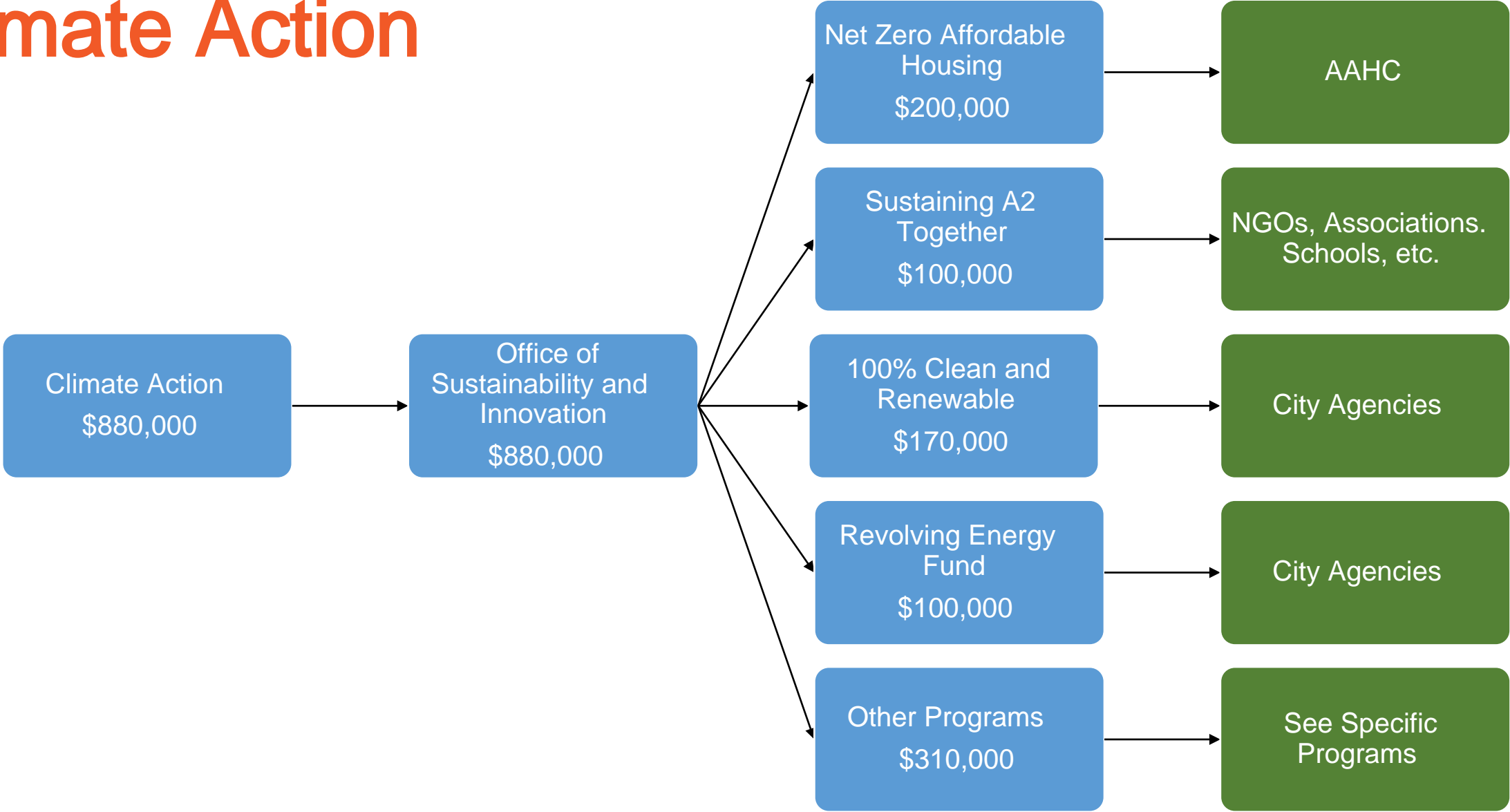
Scope : The City faces substantial expenses in the repair of the Barton and Superior Dams and over the coming years, beginning with ~\$2.2M in FY22. The dams serve both water supply and hydropower functions, and the repairs for each function are interrelated. The City's General Fund is responsible for 50% of the cost of work, and allocation of this portion of the millage rebate (\$ 574,200) to this function will mitigate the need for additional allocations or identification of other financial resources in the immediate future.

Partner Agencies/Units : Water Unit (Lead), Office of Sustainability and Innovation (OSI)

Allocation : Staff recommends that \$574,200 be placed in a reserve fund in FY20 and FY21 to accrue funds to meet this need .

Outcome(s) : Repairs to the dams to meet water supply and FERC requirements beginning in FY22.

Climate Action



Climate Action

Initiative/Project : Net Zero Affordable Housing

Strategic Goals Supported :

- Enable a safe, welcoming, and engaged community .
- Protect the environment as responsible stewards of natural resources .
- Build and maintain sustainable infrastructure .
- Collaborate with community partners to enhance quality of life .

Scope : Every affordable housing site in the City of Ann Arbor should be net zero energy through the installation of on-site solar or access to community solar systems and improvements in operating efficiencies. Through the collaborative efforts of multiple partners, AAHC residents will see the health and economic benefits of moving to renewable energy systems.

Partner Agencies/Units : Office of Sustainability and Innovations (OSI)(Lead), AAHC, UM Battery Lab, Detroit Edison (DTE), US Housing and Urban Development (HUD), other external parties.

Allocation : The City Administrator's recommended budget provides \$200,000 to support Net Zero Affordable Housing improvements

Outcome(s) : All affordable housing complexes and units are energy positive or neutral by 2035. Incremental goals include creating one net zero energy affordable housing site during FY20 and five by 2025. Objective indicators include the following: 15% reduction in energy usage at renovated sites; 50% of energy use powered by local renewable sources; 90% of impacted residents have improved experiences; and 5% - 8% reduction in AAHC operating costs by 2035.

Climate Action

Initiative/Project : Sustaining Ann Arbor Together (SA2T) Community Micro -grant Program

Strategic Goals Supported :

- Enable a safe, welcoming, and engaged community .
- Protect the environment as responsible stewards of natural resources .
- Build and maintain sustainable infrastructure .
- Collaborate with community partners to enhance quality of life .

Scope : This program provides small grants to residents, schools, local nonprofits, and local businesses to advance sustainability -related activities in Ann Arbor's right of way (i.e., streets, sidewalks, parks, etc.). The program has \$100,000 to award annually on a competitive basis. Grants are reviewed on a rolling basis with feedback provided to help strengthen applications.

Partner Agencies/Units : OSI (Lead); Nonprofit organizations serving Ann Arbor residents; neighborhood associations; University of Michigan faculty and students; Ann Arbor Public Schools; and all city departments, especially community outreach specialists.

Allocation : The City Administrator's budget recommended budget provides \$100,000 in support of SA2T.

Outcome(s) : Ten grants submitted starting in FY20 and FY21; \$100,000 allocated per year starting in FY20.

Climate Action

Initiative/Project : 100% Clean and Renewable Energy for Municipal Operations

Strategic Goals Supported :

- Enable a safe, welcoming, and engaged community .
- Protect the environment as responsible stewards of natural resources .
- Build and maintain sustainable infrastructure .
- Collaborate with community partners to enhance quality of life .

Scope : City Council has established the goal of having all municipal operations run on clean and renewable sources of energy by no later than 2035. To do this, we will electrify natural gas dependent infrastructure, do deep energy efficiency audits and retrofits on City buildings, install on -site renewable energy, and explore regional renewable energy sources. In the first few years of this strategy, we focus on the buildings that make up about 75% of municipal energy consumption.

Partner Agencies/Units : OSI (Lead); Public Services, Fleet and Facilities, Parks and Recreation, City contractors

Allocation : The City Administrator's recommended budget provides \$170,000 in support of this initiative, distributed to professional services (\$25K); materials and supplies (\$20K); and equipment (\$125K).

Outcome(s) : Complete energy audits for the 10 largest City facilities in FY20 and install energy improvements in 5 of these facilities in FY21. The conversion of City energy use from non -renewable to renewable sources will be tracked annually.

Climate Action

Initiative/Project : Revolving Energy Fund

Strategic Goals Supported :

- Enable a safe, welcoming, and engaged community .
- Protect the environment as responsible stewards of natural resources .
- Build and maintain sustainable infrastructure .
- Collaborate with community partners to enhance quality of life .

Scope: The Revolving Energy Fund is an internal account established to pay for the upfront cost of energy efficiency and renewable energy improvements, which are paid back through energy savings.

Partner Agencies/Units : OSI (Lead); All Other City Agencies

Allocation : The City Administrator's recommended budget provides \$100,000 for the Revolving Energy Fund.

Outcome(s) : The overall goal is to increase the energy efficiency of City operations by a minimum of 15% by 2025. The interim goal is to achieve a 10% energy reduction in the City's five largest facilities by the end of FY21.

Climate Action

Initiative/Project : Other Programs

Strategic Goals Supported :

- Enable a safe, welcoming, and engaged community .
- Protect the environment as responsible stewards of natural resources .
- Build and maintain sustainable infrastructure .
- Collaborate with community partners to enhance quality of life .

Scope : Other programs addressed are Green Housing Rental, Resilience Hubs, Time of Marketing, Green Buildings Challenge, Aging in Place Efficiently, Weatherization Expansion, and Efficiency and Solar in the Community. These programs are further defined on the following pages.

Partner Agencies/Units : See following pages

Allocation : The City Administrator's budget recommended budget provides a combined total of \$310,000 for these initiatives. Funding may be reallocated among these initiatives depending upon how progress and feasibility are evaluated throughout the year.

Outcome(s) : The outcomes for these projects are detailed on the following pages.

Climate Action

Initiative/Project : Green Rental Housing

Scope: This program improves energy efficiency and reduces energy bills for renters by adding energy efficiency requirements into the existing City rental licensing process, thereby ensuring that every rental unit in Ann Arbor meets a minimum energy efficiency performance standard. Training, rebates, and financing support are provided to landlords to support the transition to more energy efficiency rentals.

Partner Agencies/Units : OSI (Lead), Rocky Mountain Institute, Urban Sustainability Directors Network, University of Michigan's Beyond the Diag student off-campus housing program, Washtenaw Area Apartment Association, Ann Arbor Housing Commission, Michigan Saves, and Detroit Edison (DTE).

Outcome(s) : Rental efficiency standard established by end of FY20; Ordinance in place in FY22; No net increase in rents 3 years after ordinance effective date.

Climate Action

Initiative/Project : Resilience Hubs

Scope : Resilience hubs are community -serving facilities augmented to support residents and coordinate resource distribution and services before, during, or after a disaster. At their core, resilience hubs are about shifting power to communities and increasing community /neighborhood capacity. Resilience hubs operate at the nexus of climate mitigation, climate adaptation, and equity and strive to enhance and improve community sustainability and resilience through a bottom -up approach centered on co -development and leadership.

Partner Agencies/Units : OSI; Residents ; Local businesses; Emergency Manager; Community -Based Organizations; City's Communications Team; Police; Fire; Finance and Procurement; Washtenaw County Department of Community and Economic Development; City Planning; Washtenaw County Health Department; City's Farmer's Market Manager; Volunteer solar team; City's Public Works team; City's Legal team; City's Transportation Manager; Local community institutions; City's Parks and Recreation Department; and others as co -determined with the community in which each hub resides.

Outcome(s) : First resilience hub designed by end of FY20. At least partial implementation of resilience hub by FY21. Second resilience hub under design by end of FY21; 200 additional residents have emergency preparedness kits by end of FY21.

Climate Action

Initiative/Project : Time of Marketing

Scope: This residential program requires home owners to disclose a Home Energy Score before they put their home up for sale. The energy disclosure gives potential buyers a more holistic sense for what the financial costs are for purchasing and living in any given home, thereby allowing them to make a more informed decision about whether or not a particular home is right for them. The program helps home buyers and home sellers access the information, programs, and financing needed to improve the efficiency of residences.

Partner Agencies/Units : Office of Sustainability and Innovations, Ann Arbor Energy Commission Time of Marketing Ordinance subcommittee, Ann Arbor Planning Commission.

Outcome(s) : Creation of a “time -of-marketing” / Home Energy Score Awareness ordinance in FY20; 1,000 homes disclose their energy usage publicly by 2021; residential greenhouse gas emissions have dropped 2% by 2021.

Climate Action

Initiative/Project : Green Business Challenge

Scope : This program encourages, assists, and recognizes our businesses for engaging in more sustainable behaviors by providing technical assistance, guidance, and recognition to Ann Arbor businesses who voluntarily sign up to become more sustainable and lower their environmental footprint. While the program continually evolves, at its core the program focuses on: energy efficiency; renewable energy usage; waste reduction and material reuse; environmentally preferable purchasing (including buying local and non-toxic materials); water conservation; and supporting alternative transportation usage.

Partner Agencies/Units : OSI (Lead); Ann Arbor -Ypsilanti Regional Chamber of Commerce; Ann Arbor SPARK; City Public Works; City Public Services; Detroit Edison; Consumers Energy; Ecology Center; Huron River Watershed Council; Michigan Saves; Local banks; the Ann Arbor Downtown Development Authority; GetDowntown; Ann Arbor 2030 District; Portfolio Manager team at the Environmental Protection Agency; and Ann Arbor Area Transportation Authority. Ann Arbor Energy Commission Time of Marketing Ordinance subcommittee, Ann Arbor Planning Commission.

Outcome(s) : By the end of FY21 a Green Business Challenge program has been designed in partnership with the community . Fifty (50) local businesses participate in the Challenge by 2025; Collectively, businesses participating in the Challenge have reduced their energy consumption by 10%, increased waste diversion by 10%, reduced water consumption by 10%, eliminated single-use plastics, and removed 50% of toxic material from their businesses.

Climate Action

Initiative/Project : Aging in Place Efficiently

Scope: The Aging in Place Efficiently program helps low-income seniors age in their homes for longer by providing physical and energy efficiency improvements to their residences. More specifically, this program integrates energy efficiency improvements into a wide variety of existing services currently available to seniors in our community.

Partner Agencies/Units : OSI (Lead); Local aging organizations; energy efficiency experts; Michigan Saves; Dr. Tony Reames; Ypsilanti CAPABLE team; Detroit Edison (DTE); Ann Arbor Housing Commission; Housing Bureau for Seniors; and the Ann Arbor Senior Center.

Outcome(s) : Number of seniors registered for program; 15% reduction in energy usage in 21 low-income seniors homes by 2021; sustainable funding source identified for the program

Climate Action

Initiative/Project : Weatherization Expansion

Scope: Through this program, the City of Ann Arbor expanded weatherization support, especially for low income homeowners, increasing the uptake of existing weatherization services and raising income limits to qualify more Ann Arbor homeowners for free or low -cost energy efficiency improvements .

Partner Agencies/Units : OSI (Lead); Michigan Saves, Ann Arbor Meals on Wheels, Detroit Edison (DTE), and Consumers Energy.

Outcome(s) : Creation of a weatherization expansion initiative for Ann Arbor residents; and 12 Ann Arbor homes weatherized through this expansion by the end of FY 2020

Climate Action

Initiative/Project : Efficiency and Solar in the Community .

Scope: This program combines a number of efforts under one umbrella to stimulate energy efficiency and renewable energy installations in the Ann Arbor community. The three primary elements of this work are: 1) a centralized concierge service that provides streamlined access to energy efficiency and renewable energy programs; 2) group renewable purchasing (including electric vehicle group buys); and 3) a constant drum beat of community events focused on energy efficiency and renewable energy .

Partner Agencies/Units : OSI (Lead); Detroit Edison (DTE); Michigan Saves; Ann Arbor Energy Commissioners; Consumers Energy; Local realtors; and Local landlords.

Outcome(s) : Create a concierge program with associated tools and marketing materials by end of FY20; At least 100 households served by the concierge by end of FY21; a 5% reduction in community -wide emissions by 2025 (based on 2000 figures).

Other Items of Interest

Solid Waste

- Completion of Solid Waste Resource Management Plan
- Resource Recovery Manager recruitment
- Participation in Regional Solid Waste Management Authority

Water Quality Issues

- PFAS/1,4-Dioxane
- Water Rates
- Lead & Copper Rule Impacts
- Sanitary Sewer Evaluation/Cyclic Maintenance

Transportation

- William Street CycleTrack
- Lane Reductions
- Allen Creek Berm Opening
- Treeline Trail



THANK YOU
