



City of Ann Arbor

FEBRUARY 27TH WORK SESSION

FY18/19 BUDGET REVIEW

Overview

- ▶ Tonight
 - ▶ Introduction
 - ▶ City Attorney, Public Services (Administration, Engineering, Fleet & Facility, Public Works, Systems Planning, Wastewater Treatment, Water Treatment)
 - ▶ Overview of Funds for FY2018 and FY2019
- ▶ Upcoming Key Dates
 - ✓ 2/13/2017 Work Session
 - ▶ Administrator's Office, Finance, Community Services, Police, Fire, 15th District Court
 - ✓ 2/27/2017 Work Session
 - ▶ Attorney's Office, Public Service Area
 - ▶ 3/13/2017 Work Session
 - ▶ Pension, Utility Rates, DDA, Housing Commission, LDFA
 - ▶ 4/17/2017- City Administrator Lazarus presents the recommended budget to the City Council
 - ▶ 5/15/2017- City Council consideration of the budget

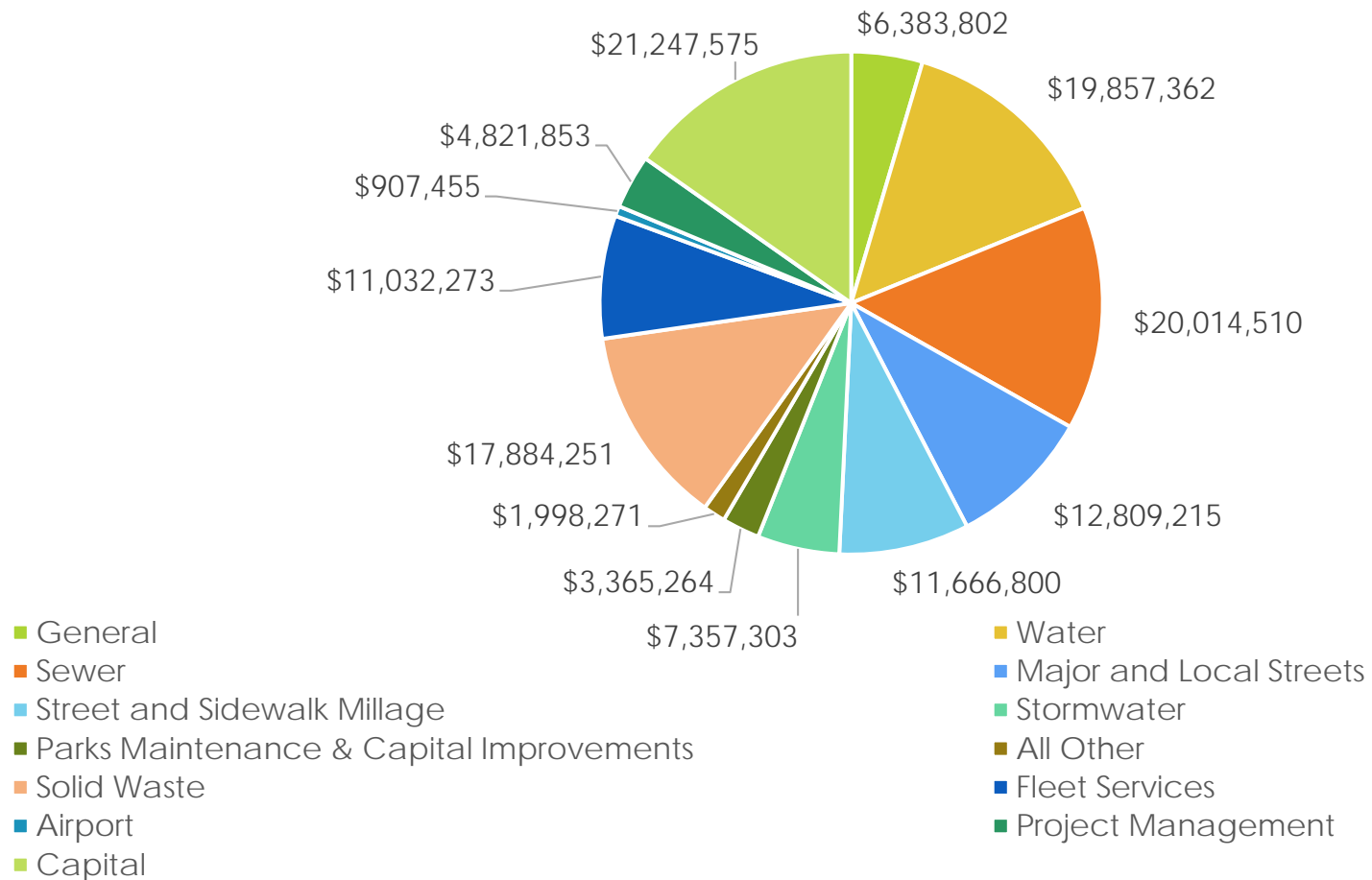
Introduction

- ▶ This evening's presentation for each service unit
 - ▶ Funding sources for each service unit will be reviewed.
 - ▶ Achievements from the past year will be reviewed.
 - ▶ Core Services performance measures have been identified and are attached to the presentation.
 - ▶ Initiatives/Innovations/Ideas reviewing upcoming projects for the next year and how they may tie to Council priorities, strategic plan, and the sustainability plan will be reviewed.
 - ▶ A summary of Budget Impacts will be reviewed with detailed impact sheets attached to the presentation.
 - ▶ The FY18/19 budget begins integrating performance measures to better understand how funding service enhancements may improve Council initiatives and community priorities.

City Attorney

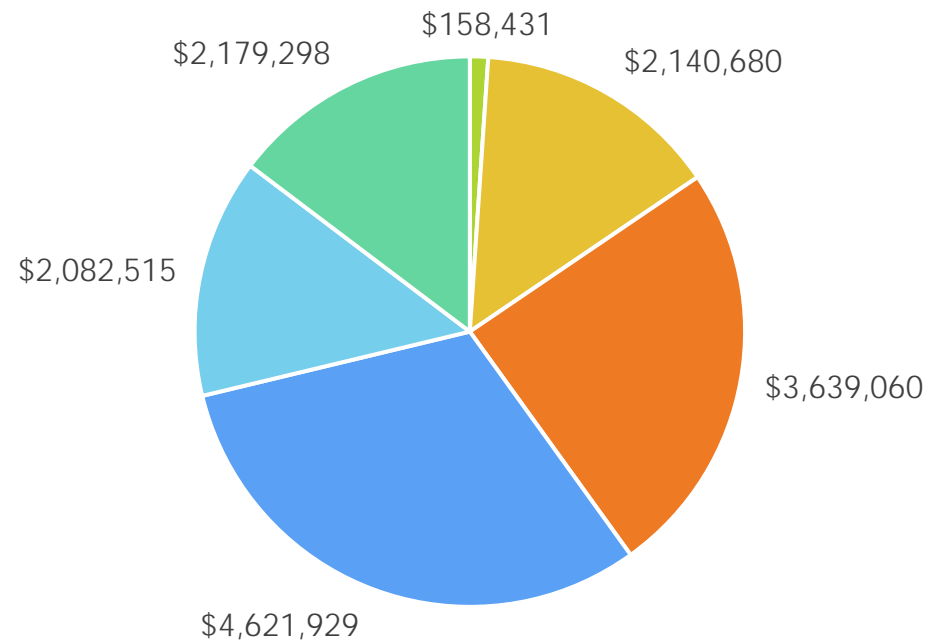
- ▶ Discussion by the City Attorney

Public Services Total Budget (All Sources)-\$139,345,934



Public Services Administration Funding Sources

Administration-\$14,821,913



Administrative Employee Costs
Debt Service
Depreciation
Retiree Health Care

■ General ■ Major and Local Streets ■ Water ■ Sewer ■ Stormwater ■ Solid Waste

Public Services Administration Achievements

- ▶ Achieved AA (Water) and AA+ (Sewer) Bond Ratings – Ensure Financial Health
- ▶ Initiated a Stormwater Level of Service Study that engaged the community and ensures capital and financial needs of the system
- ▶ Implemented an Updated Water & Wastewater System Cost Recovery System Fees and Charges

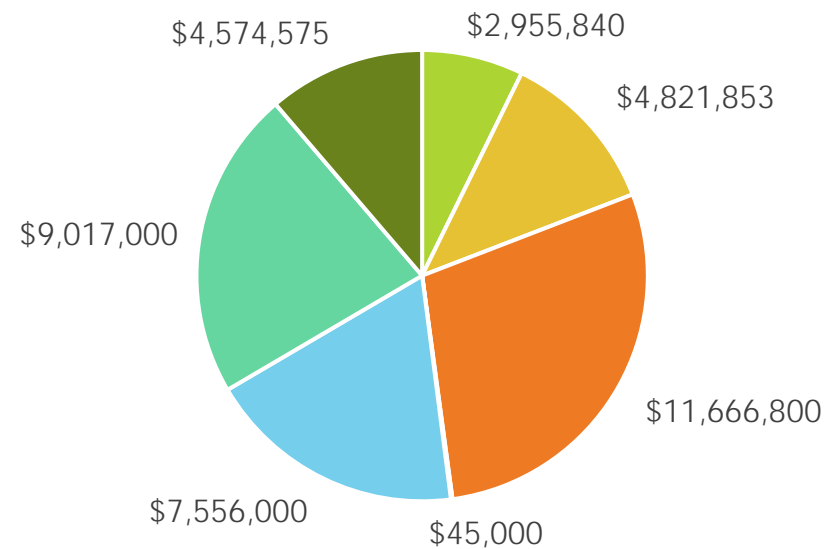
Public Services Administration Initiatives/Innovations/Ideas

- ▶ Conduct Comprehensive Water and Wastewater Cost of Service and Rate Design Study to ensure social, capital, and financial needs are met



Engineering Funding Sources

Engineering-\$40,637,068



- Major and Local Streets
- Project Management
- Street and Sidewalk Millage
- Alternative Transportation
- Water Capital
- Sewer Capital
- Storm Capital

Street, Bridge & Utility Improvement Projects
 Sidewalk Repair Program
 Private Development & Plan Review
 Construction Inspection
 Traffic Engineering
 Infrastructure Records & Drawings
 Street Lane Closures & Parking Lane Permits
 Right-of-way Inspection
 Traffic Calming
 Pavement Markings
 Traffic Studies & Analysis

Engineering Achievements

- ▶ Utilities: Installed approximately 15,500 feet of water main; 5,900 feet of storm sewer; and 2,100 feet of sanitary sewer
- ▶ Streets: In conjunction with Systems Planning, completed the City's Pavement Asset Management Plan and submitted it to MDOT.
- ▶ Resurfacing: Resurfaced or reconstructed 15.3 lane miles of pavement; and performed capital preventative maintenance on an additional 26.6 lane miles
- ▶ Sidewalks: Repaired over 5,400 slabs of sidewalk; replaced approximately 12,500 slabs; and brought 477 sidewalk ramps into ADA compliance. Added four new midblock crosswalks, including 3 with Rectangular Rapid Flashing Beacons (RRFBs)
- ▶ Bikes: Added 6,300 feet of new bike lanes and 1,000 feet of new shared use lanes
- ▶ Completed the Stone School Road Reconstruction project, which included Green Streets features and new sidewalk on the west side of the road
- ▶ Sidewalk Gap Prioritization model was completed, and was used to generate new capital improvement projects for inclusion in the CIP update of Fall 2017.
- ▶ Completion of Nixon Road Corridor Study

Engineering Initiatives/Innovations/Ideas

- ▶ Capital projects for filling sidewalk gaps starting in FY18
- ▶ Implementation of an additional 15 Rectangular Rapid Flashing Beacons (RRFBs) in the 2017 construction season (FY17/18), as recommended by the Non-Motorized Plan update
- ▶ Implementation of Crosswalk Design Guidelines is being completed in FY 17, and implementation of modifications to existing crosswalks will begin in FY 18
- ▶ Seventh Street buffered bike lane installation – FY18 construction
- ▶ Impact-Addition of a 1.0 FTE for Non-Motorized Transportation Engineer position

Engineering Initiatives - School Safety

- ▶ School Safety Report Submitted to Council on February 2
- ▶ Additional Information provided on prioritization in Staff Memo



School Safety - Priorities

- ▶ Tier 1 – Signage & Pavement Markings
 - ▶ Planned work included in FY17 budget
- ▶ Tier 2 – Capital Improvements on Major Streets Adjacent to Schools
 - ▶ Based on top priorities as identified by AAPS
 - ▶ Primarily High Schools & Middle Schools
- ▶ Tier 3 – Capital Improvements Adjacent to Elementary Schools
 - ▶ Will require meetings with individual schools
- ▶ Tier 4 – Capital Improvements on School Walking Routes
 - ▶ Predicated on establishment of school Walking Routes by AAPS

School Safety – Cost Estimates

- ▶ Tier 1 – work already planned as part of FY17 budget
- ▶ Tier 2 – Estimated 13 locations with a total cost of \$400,000
- ▶ Tier 3 – Cost to develop recommendations for Tiers 3 & 4 = \$1 Mil.; rough estimate of cost of improvements = \$630,000
- ▶ Tier 4 – Rough estimate of cost of improvements = \$2.7 Mil.

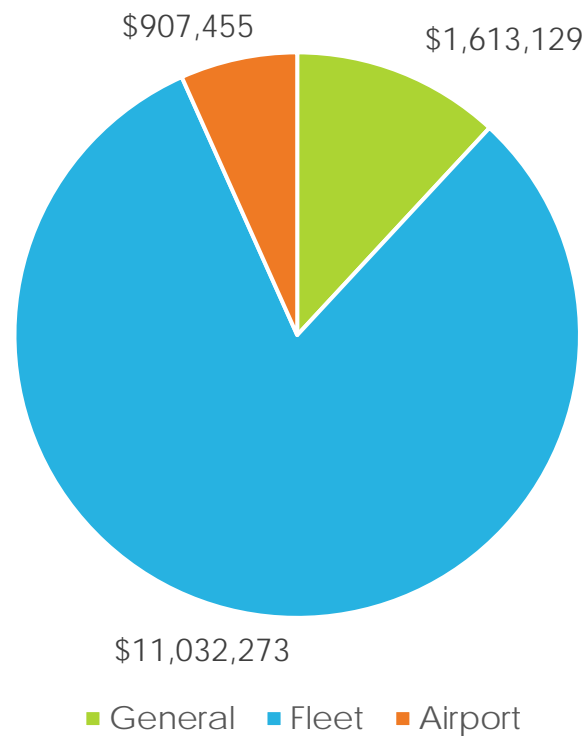


Fleet & Facilities Funding Sources

Vehicle Purchases & Repairs
 Fuel Management
 Building Maintenance & Repair
 Airport Operations & Maintenance
 Construction Project Management



Fleet and Facilities-\$13,552,857



Fleet & Facilities Achievements

- ▶ Fleet – Purchased 83 new vehicles/pieces of equipment to support City operations during FY16 at a total cost of \$3,279,878.
- ▶ Airport – Completed a multi-year project to paint twelve t-hangar building (142 individual hangars) and kicked off a multi-year project to recoat the roofs of these same hangars
- ▶ Airport – Completed a multi-year project to upgrade all the interior hangar lights (over 300 fixtures) with high efficiency fluorescents or LED fixtures.
- ▶ Facilities – Completed the renovations of the City Council Chambers.



Fleet & Facilities Initiatives/Innovations/Ideas

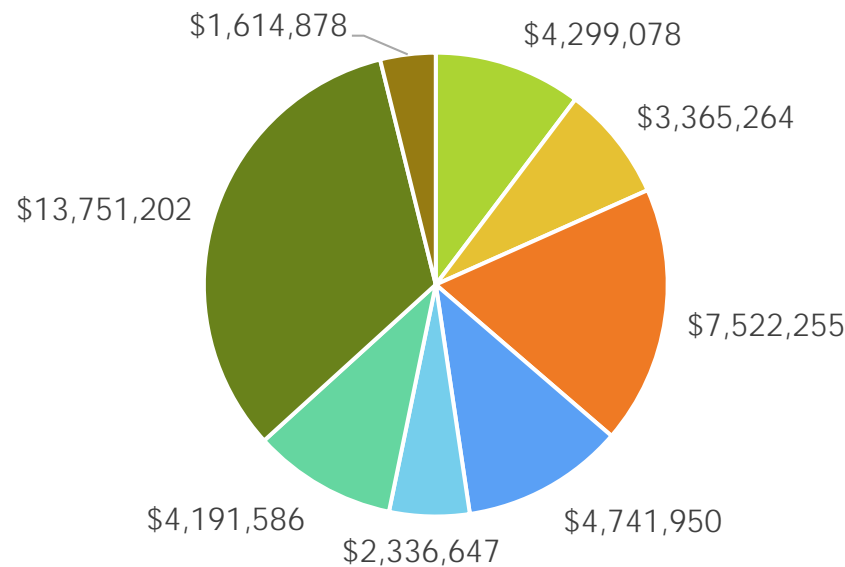
- ▶ ADA Compliance Assessment of the Ann Arbor Municipal Center. Identify deficiencies in complying with current ADA standards in Larcom City Hall and Justice Center buildings. This assessment will drive future improvements to these buildings
- ▶ Larcom City Hall Primary Chiller Replacement. Replace the primary chiller and cooling tower in Larcom, which has required significant maintenance and provided unreliable service over the last few years
- ▶ Expand AVL System in City Vehicles. Expand the use of AVL (automatic vehicle location) technology in City vehicles

Fleet & Facilities Impacts

- ▶ One-time impacts for FY 18
 - ▶ General Fund ADA Compliance Assessment for the Municipal Center (\$20,000)
 - ▶ General Fund Municipal Center Primary Chiller (\$280,000)
- ▶ Recurring impacts
 - ▶ General Fund additional temporary seasonal staff for facilities (\$10,000)

Public Works Funding Sources

Public Works-\$41,822,860



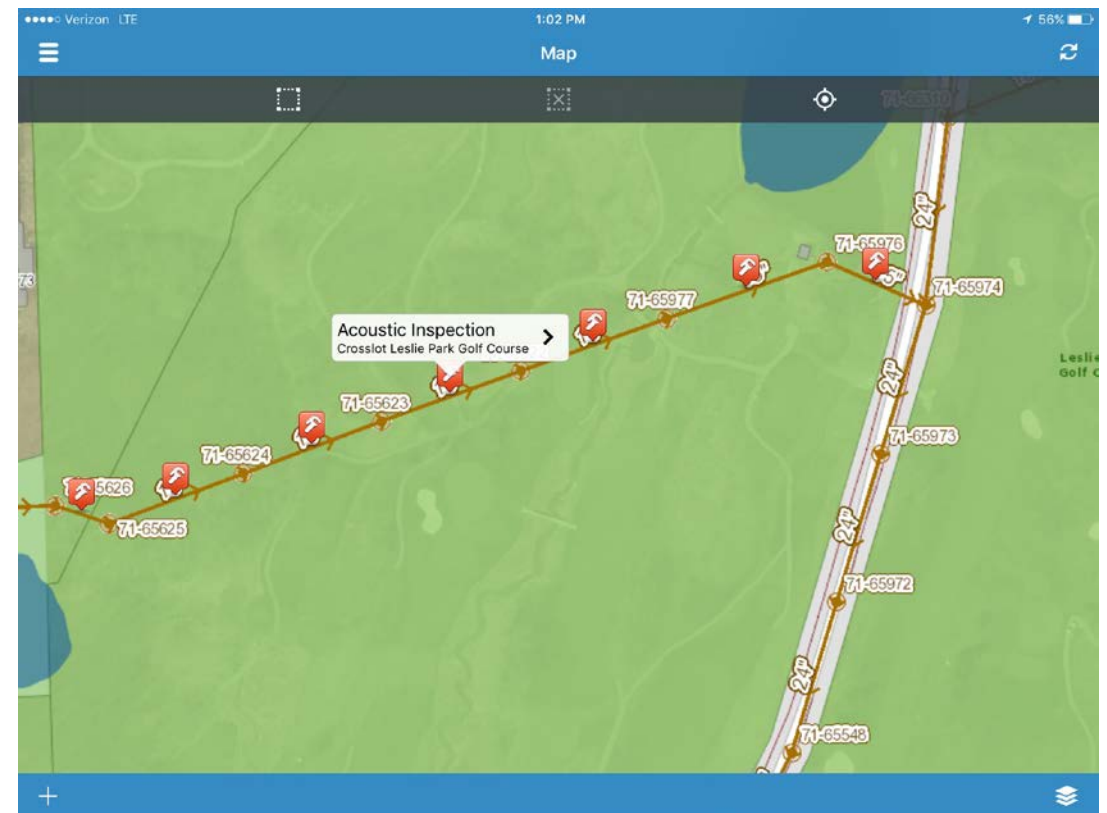
- General
- Major & Local Streets
- Sewer
- Solid Waste

- Parks Maintenance & Capital Millage
- Water
- Storm
- All Other

Wastewater and Stormwater Collection System & Maintenance
 Water Distribution & Meter Maintenance
 Traffic Signs & Signals
 Street Lighting
 Street Maintenance
 Park Maintenance
 Pedestrian Crosswalk & Path Maintenance
 Street Tree Maintenance
 Solid Waste, Recycling & Yard Waste Collection

Public Works Achievements

- ▶ Removed 100 of the City's 118 water service lines containing lead "goosenecks", connections, on track to replace remaining 18 service lines by the end of FY17.
- ▶ Completed two fall sweeping cycles for the first time in many years.
- ▶ Initiated a pilot winter parking restriction program to improve winter maintenance and service delivery
- ▶ Began using tablets by technicians in the field to schedule and coordinate activity across work areas and input work activity
- ▶ Integration of Cityworks into 6 of the 8 work areas, improving efficiency, providing accurate and reportable tracking of repair and maintenance activity



Public Works Initiatives/Innovations/Ideas

- ▶ Utilize Cityworks, GIS, and other technology to document and schedule Storm and Sanitary maintenance activities, including field verification
- ▶ Launch a pilot project to integrate vehicle GPS with City Works Maintenance Management System to enable solid waste drivers to report issues and generate work requests with a touch of a button
- ▶ Complete a solid waste route optimization study

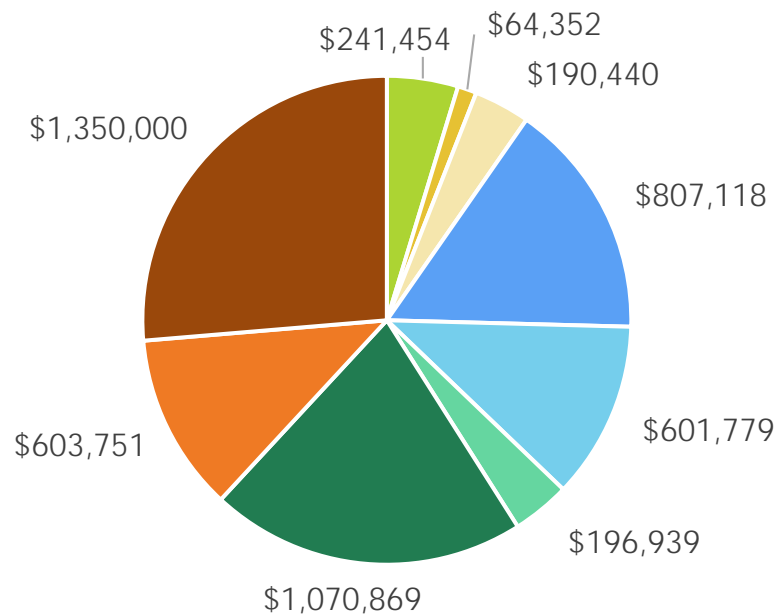


Public Works Impacts

- ▶ One-time impacts for FY 18
 - ▶ General Fund LED Globe/Pole/Foundation on Liberty from Main to Fifth Avenue (\$225,000)
- ▶ Recurring impacts
 - ▶ General Fund Capital needs, including Streetlights needing replacement outside of the downtown area (\$75,000)
 - ▶ Reallocation of existing staff position to Solid Waste Community Engagement

Systems Planning Funding Sources

Systems Planning-\$5,126,702



- Energy
- General
- Major and Local Streets
- Water
- Sewer
- Alternative Transportation
- Stormwater
- Solid Waste
- Solid Waste Capital

- GIS Management
- CIP/Asset Management
- Development Review
- Urban Forestry & Natural Resources Planning
- Floodplain, Creekshed & Water Resources
- Systems (Natural and Constructed)
- Standards, Studies, Programs, Planning, & Policies
- Utilities Systems Modeling
- Solid Waste, Recycling & Compost Programs
- Alternative Transportation Programs
- Energy Programs & Planning
- Environmental & Sustainability Planning
- Community Engagement

Systems Planning Achievements

- ▶ Received a Michigan Association of Planning Excellence Award for Best Practice for *The Ann Arbor Downtown Street Design Manual*—a joint project with the DDA
- ▶ Planted over 1,200 street trees in accordance with the Citywide tree planting plan
- ▶ Led a successful intervention with the Municipal Street Lighting Coalition of over twenty units of local government against proposed DTE streetlight rate increases before the Michigan Public Service Commission (MPSC)
- ▶ Obtained a \$2.28 million grant from Federal Emergency Management Agency (FEMA) to undertake the Allen Creek Berm Opening project

Systems Planning Initiatives/Innovations/Ideas

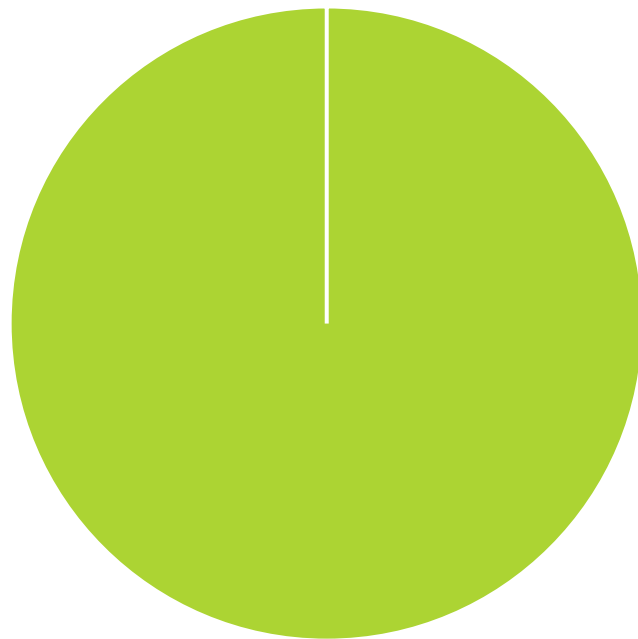
- ▶ Support the newly appointed Transportation Commission
- ▶ Expand Community Energy Efficiency and Renewable Programs to reduce Community Greenhouse Gases (GHG) and support Economic Development.
- ▶ Complete and implement holistic Asset Management Plans for sanitary & stormwater systems to (1) establish proactive and preventative operations & maintenance practices, (2) plan, program and implement capital improvements (including rehabilitation and replacement projects)
- ▶ Establish a master plan for the Allen Creek Greenway
- ▶ Secure a long-term operator at the Materials Recycling Facility for a sustainable and high-quality recycling program that meets the goals and values of the community.

Systems Planning Impacts

- ▶ Recurring impacts
 - ▶ General Fund monies to support the Council initiative of augmenting the county's weatherization program in Ann Arbor (\$165,000)
 - ▶ New 1.0 FTE for a program manager funded by Enterprise funds

Wastewater Treatment Funding Sources

Wastewater Treatment-\$12,454,155



\$12,454,155

■ Wastewater

Wastewater Treatment
Plant Engineering
Lift Station Operations & Maintenance
Industrial Pre-treatment Program
Laboratory Services



Wastewater Treatment Achievements

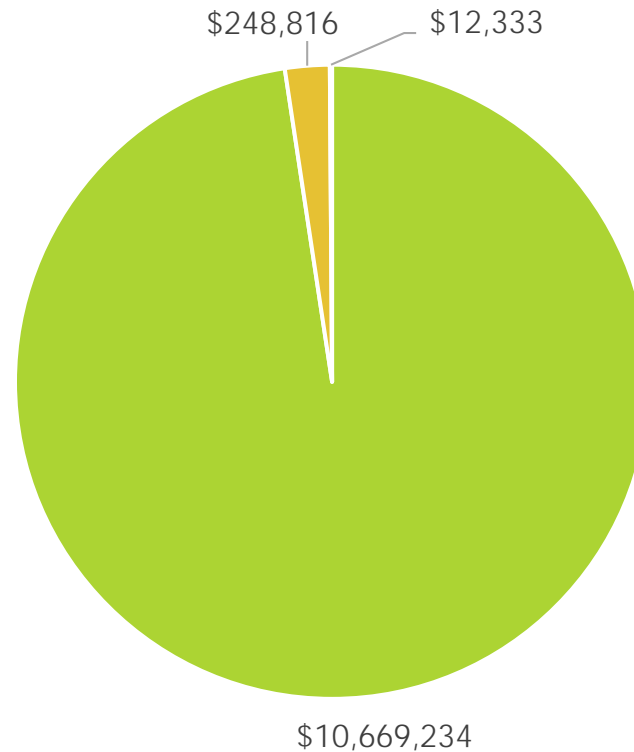
- ▶ Constructed Facilities Renovation Project to 88% complete; project remains on schedule and within budget
- ▶ Started up, tested and placed the newly constructed West Plant, which restored treatment capacity and increased reliability
- ▶ Replaced all six secondary effluent pumps, each with a capacity of 18 million gallons per day, without interruption of service
- ▶ Collaborated with ITSU to utilize A2FIXIT for online reporting of nuisance odors within a two-mile radius of the WWTP; met with stakeholders semi-annually to review reports and assessed the need and scope of further studies in areas experiencing odors
- ▶ Updated the Water Utility Supervisor job progression requirements originally implemented in 2002

Wastewater Initiatives/Innovations/Ideas

- ▶ Update the Water Utility Technician job progression requirements originally developed in 2002 – Strengthen Human Capital
- ▶ Seek Council Approval of the updated Sewer Use ordinance after approval by the Michigan Department of Environmental Quality – Clean Air and Water
- ▶ Explore rebate potential from energy savings due to Facilities Renovations Project efficiencies with DTE Energy – Ensure Financial Health
- ▶ Continue semi-annual stakeholders meetings, review reports and assess areas experiencing odors; develop draft scope for study if necessary with input from stakeholders and operation of newly constructed plant– Integrate External Engagement
- ▶ Construct Facilities Renovation Project to 100% complete within budget and on schedule – Ensure Financial Health

Water Treatment Funding Sources

Water Treatment-\$10,930,383



Water Treatment
Plant Engineering
Water Distribution Monitoring
Dam & Hydropower Operations & Management
Environmental Laboratory Services
Water Quality and Pressure Inquiries
After hours Call Center
Storage Tank & Pump Station Operation & Maintenance

Water Treatment Achievements

- ▶ Replaced electrical switchgear at Water Treatment Plant and Barton Pump Station to address safety and flexibility
- ▶ Completed Manchester Water Tank Coating Project – Won 2016 “Tank of the Year”
- ▶ Received Best Tasting Water in MI Award– 2016



Water Treatment Initiatives/Innovations/Ideas

- ▶ SCADA Network replacement using progressive design-build project delivery method
- ▶ Develop training curricula for all AFSCME positions
- ▶ Water Research Foundation grant in collaboration with the University of Michigan Civil and Environmental Engineering Department to study “Optimizing Filter Backwashing Practices to Reduce Selection of Opportunistic Pathogens in Drinking Water”
- ▶ Revisit Water Fund vs. Hydroelectric (General Fund) allocation of capital costs

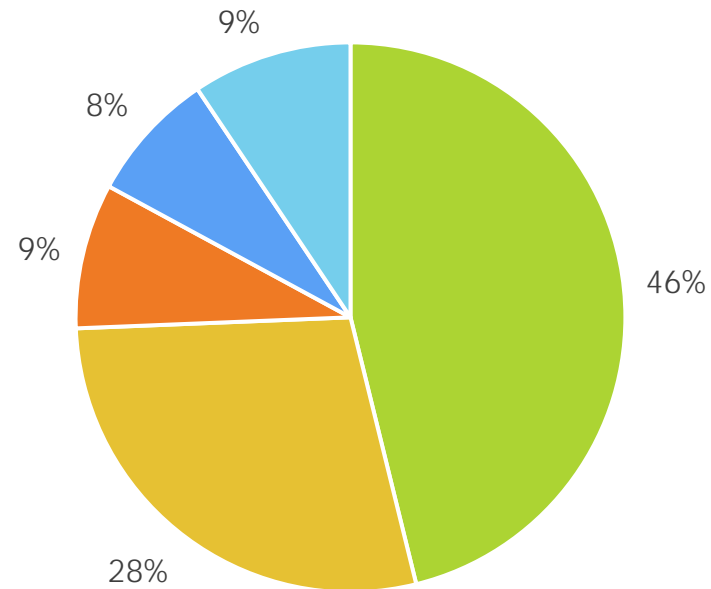


Water Treatment Impacts

- ▶ One-time impacts for FY 18
 - ▶ General Fund upgrade security systems on dams in conjunction with SCADA Modernization Project (\$100,000)
 - ▶ General Fund Barton Dam Hydroelectric Turbine Rebuild (\$200,000)
 - ▶ General Fund FERC Safety Inspection (\$25,000)
- ▶ Recurring impacts
 - ▶ 1.0 FTE in the General Fund for a telecommunications manager (\$77,000)

Street and Sidewalk Millage Fund

Distribution of Funding-\$11.7 million



*Street Reconstruction/Resurfacing
*Bridge Reconstruction /Resurfacing
*Local Matching Funding for Federal & State-Aid Projects
*Sidewalk Repair/Replacement

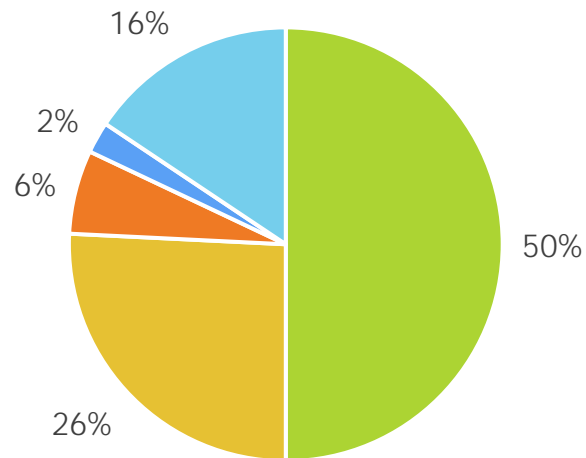
■ Annual Street Resurfacing ■ Street Projects ■ Sidewalk/Ramp Repair ■ Bike Paths/Safe Routes/Sidewalks ■ All Other

Street and Sidewalk Millage Fund Highlights

- ▶ We are currently completing five-year review of sidewalk condition, assuming future moderate needs.
- ▶ FY 16-19 Annual street resurfacing has expanded program due to County Millage Revenue.
- ▶ FY 18 Sidewalk/ramp repair declines due to improvement in the condition of the system.
- ▶ The Street and Sidewalk Millage Fund is critical for local matching for Federal/State-Aid Projects.

Major and Local Street Funds

Distribution of Funding-\$12.8 million



*Right of way maintenance
*Traffic Sign/Signal Installation & Maintenance
*Winter Maintenance
*Pavement Marking

■ Right-of-Way Maintenance ■ Traffic Control ■ Debt Service ■ Alternative Transportation ■ All Other

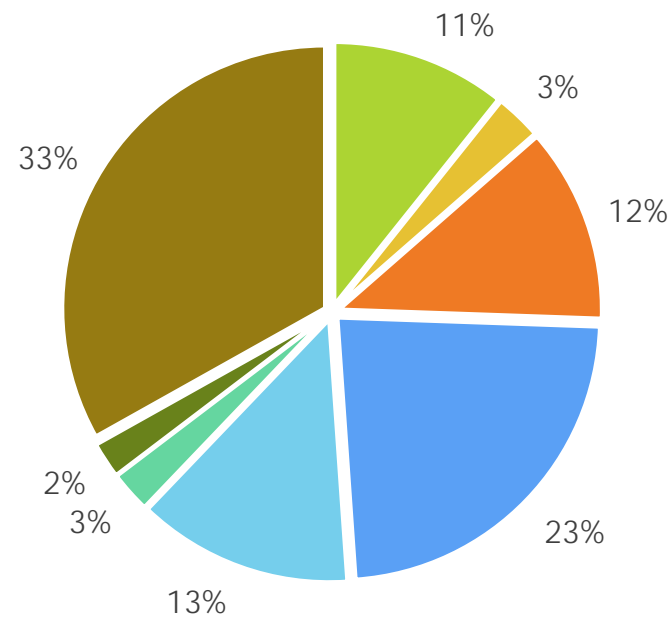
Major and Local Street Fund Highlights

- ▶ Increased of Weight & Gas Tax Collection begins 01/2017
- ▶ FY 18-19 Reflects increased Pavement Markings, Surface Treatment, and Pedestrian Safety



Water Supply System Fund

Distribution of Funding-\$31.7 million



- Administration ■ Debt ■ Depreciation ■ Water Treatment
- Public Works-Water ■ Systems Planning ■ Safety Services ■ GASB/OPEB

*Treatment & Distribution of safe drinking water
 *Repair & Maintenance of the distribution system
 *Customer billing & service activities

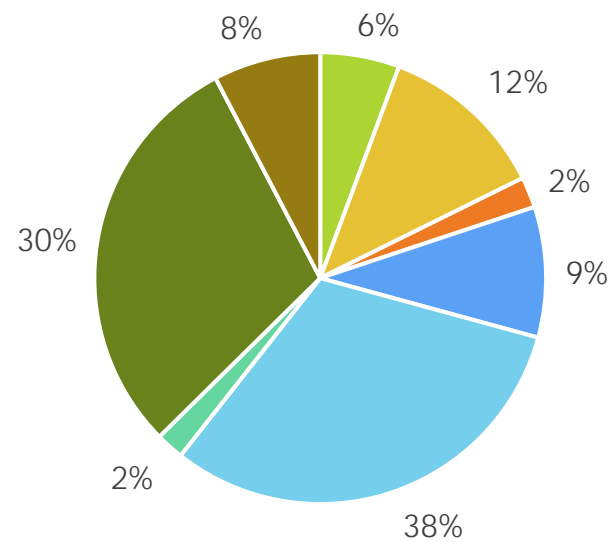
Water Supply System Fund Highlights

- ▶ FY 18 – 23 shows increased investments in capital infrastructure in the distribution system based on study recommendations
- ▶ FY 20 – begins the planning phases for Water Treatment 1938 Pre-treatment basin renovation
- ▶ \$10 million dollars use of fund balance is expected to occur in FY18 related to accounting adjustment for GASB #75 (OPEB)



Sanitary Sewer Fund

Distribution of Funding-\$30 million



- Administration
- Depreciation
- Municipal Service Chg
- Debt
- GASB/OPEB
- Systems Planning
- Wastewater Treatment
- Public Works

*Collection, treatment & discharge of sewage
 *Repair & maintenance of the collection system
 *Customer billing & service activities

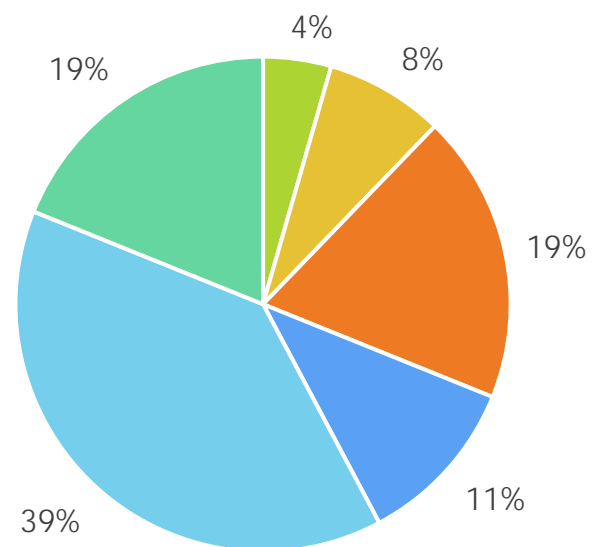
Sanitary Sewer Fund Highlights

- ▶ Depreciation Costs increase due to the completion of two significant Wastewater Treatment Plant project:
 - ▶ Residuals Handling \$50 Million
 - ▶ Facilities Renovation \$130 Million
- ▶ FY 18 Anticipates OPEB (Other Post-Retirement Obligations) costs \$9.4M
- ▶ Increased maintenance needs due to aging collection system infrastructure



Stormwater Operating Fund

Distribution of Funding-\$9.0 million

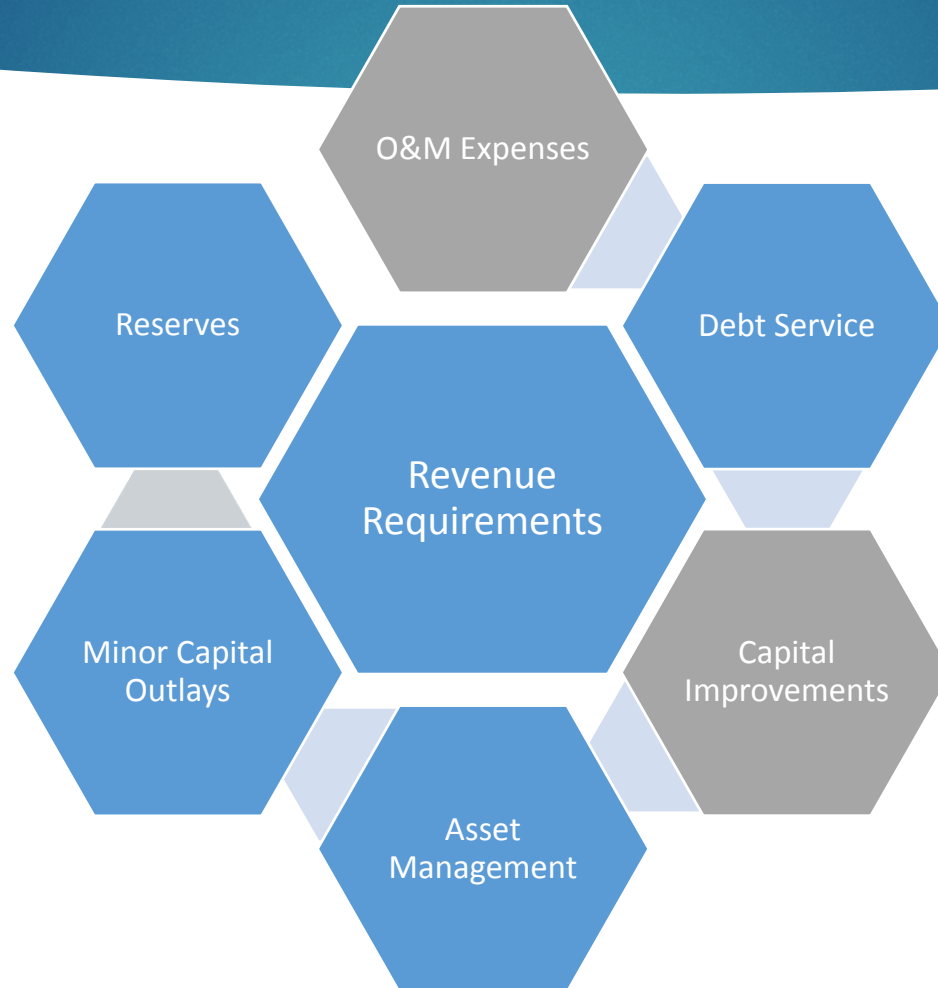


■ Administration ■ Depreciation ■ Debt Service ■ Systems Planning ■ Public Works ■ GASB/OPEB

*Collection & treatment of storm water run-off
*Repair & maintenance of the collection mains
*Installation & Maintenance of street trees



Stormwater Fund Highlights



Items shaded blue are the main driver of future rate adjustments

Recommended Revenue Requirement Increase

- ▶ Operations and Maintenance
- ▶ Increased Public Education
- ▶ Proactive Street Tree Maintenance
- ▶ Necessary System Repair
- ▶ System Inspection and Cleaning
- ▶ Green Infrastructure Maintenance



Capital Projects FY 18/19

- ▶ Allen Creek Railroad Berm Opening
- ▶ Churchill Park/Eisenhower ROW Basin
- ▶ Fifth Ave (Kingsley to Catherine) Stormwater Improvements
- ▶ Flood Mitigation Implementation Grant Matching
- ▶ Liberty (First to Main) Stormwater Improvements
- ▶ Malletts Streambank Stabilization Phase II
- ▶ Miller Creek Channel Modification-Reach D
- ▶ Pioneer High Stormwater Basin
- ▶ S Seventh (Scio Church to Greenview) Stormwater Improvements
- ▶ Scio Church (Main to Seventh) Stormwater Improvements
- ▶ Sister Lakes Stormwater Improvements
- ▶ State Street Stormwater Detention
- ▶ Storm Sewer Lining Projects (to be renamed Rehabilitation)
- ▶ Stormwater Asset Management Plan
- ▶ Street Tree Planting (FY2016-FY 2020)
- ▶ Village Oaks - Chaucer Stormwater Improvements
- ▶ Edgewood/Snyder SWMM Area Stormwater
- ▶ Lower Allen Creek SWMM Area Stormwater Improvements
- ▶ Placid Way Culvert and Headwall Replacement
- ▶ Arb Culverts and Headwalls in School Girls Glen

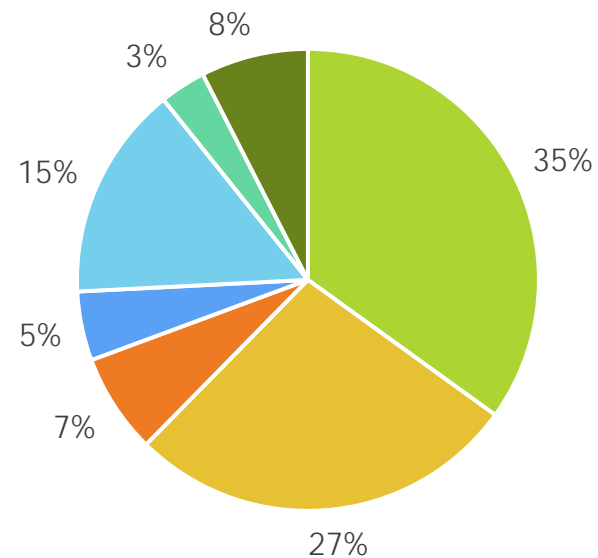
Stormwater Fund Highlights

- ▶ What does this mean to the average residential customer?
 - ▶ Their portion of the stormwater bill will see a modest increase
 - ▶ Annual increase of ~\$24
- ▶ Credits are still encouraged
 - ▶ Rain gardens
 - ▶ Rain barrels
 - ▶ RiverSafe Program
 - ▶ Green Roofs – NEW
 - ▶ Future: Tree Canopy Credit/Rebate



Solid Waste Millage Fund

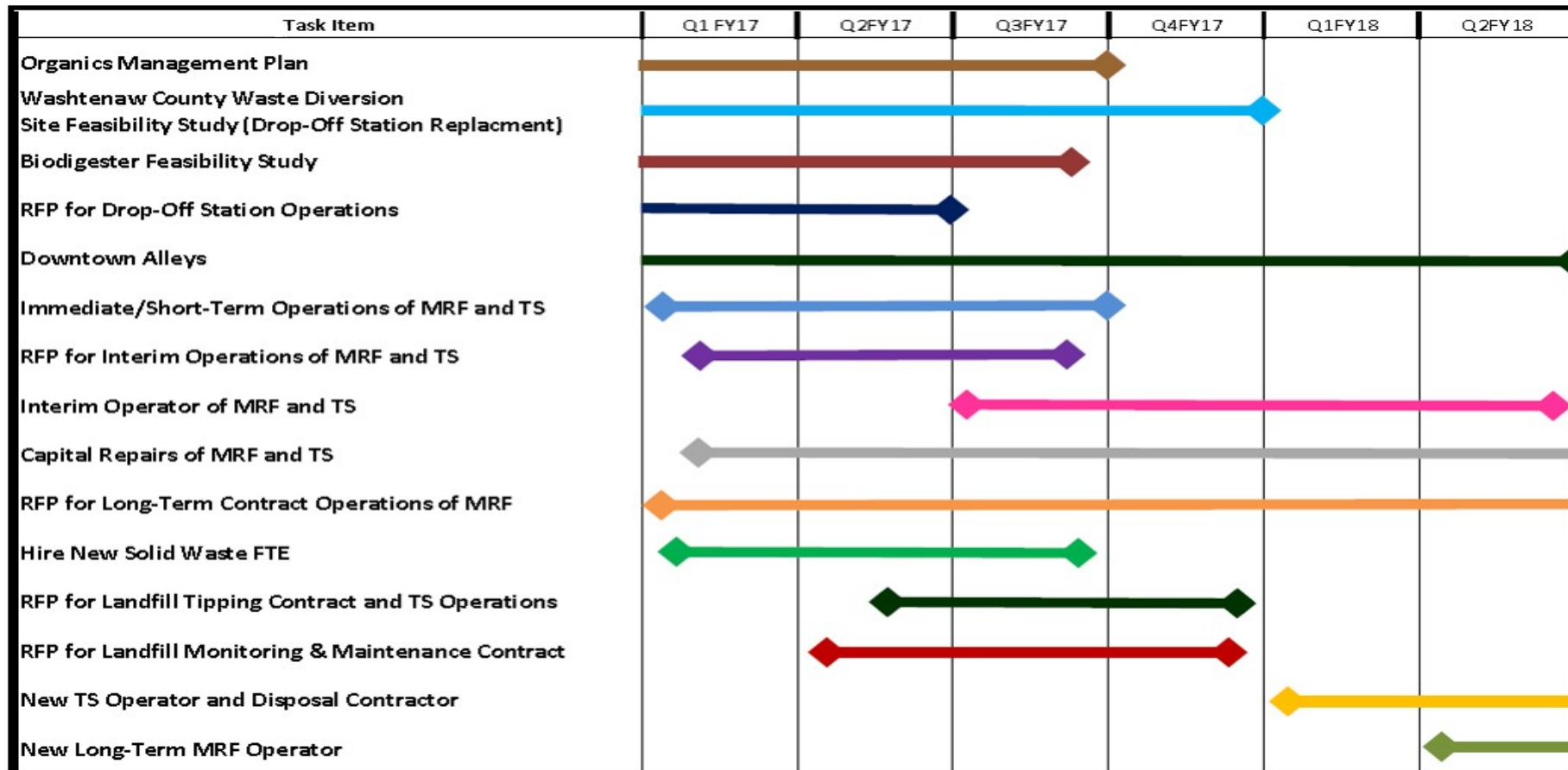
Distribution of Funding-\$18.6 million



■ Waste ■ Material Recovery ■ Compost ■ Depreciation ■ All Other ■ Systems Planning ■ Capital

*Collection of Solid Waste
*Residential and Commercial Recycling
*Compost Collection
*Operation of the Transfer Station and Material Recovery Facility
*Landfill Maintenance

Solid Waste Millage Fund Project Timelines



Solid Waste Millage Fund Highlights

- Landfill contract expires in FY 18. Significant increase is anticipated.
- Solid Waste Master Plan to be updated in FY 18
- Long-term revenues do not support expansion of programs



Questions?

- Please send questions to Sara Higgins and cc Howard Lazarus, Tom Crawford and Karen Lancaster
- Responses will be grouped by topic, sent to Council and posted on the City's website