



City of Ann Arbor

FEBRUARY 25TH WORK SESSION

FY 20-21 BUDGET: PUBLIC SERVICES AREA

Overview

► Tonight

- Introduction
- FY 2020 Overview of Funds
- Fund Impacts
- Fund Highlights/Updates

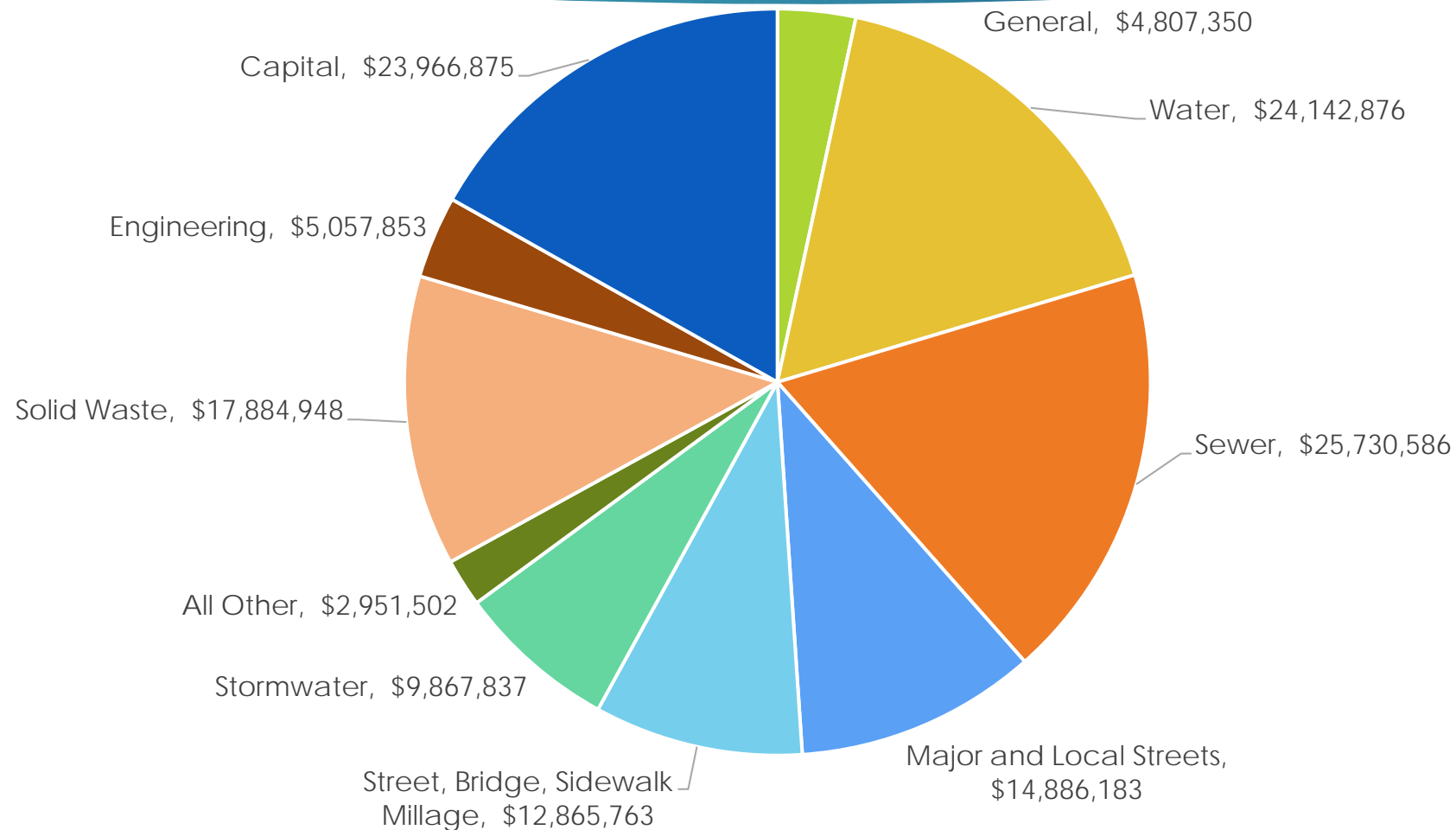
Upcoming Key Dates:

- 3/11/2019 Work Session
 - Public Services Rate Discussion
- 4/15/2019- City Administrator Lazarus presents the recommended budget to the City Council
- 4/22/2019-Housing Commission and DDA
- 5/6/2019-Public Hearing on Budget and Fee Increases
- 5/20/2019- City Council consideration of the budget

Introduction

- ▶ This evening's presentation
 - ▶ An overview of the Public Services Area budget
 - ▶ A financial summary of each fund, detailed fund summaries attached
 - ▶ Fund updates/highlights
 - ▶ A summary of Budget Impacts

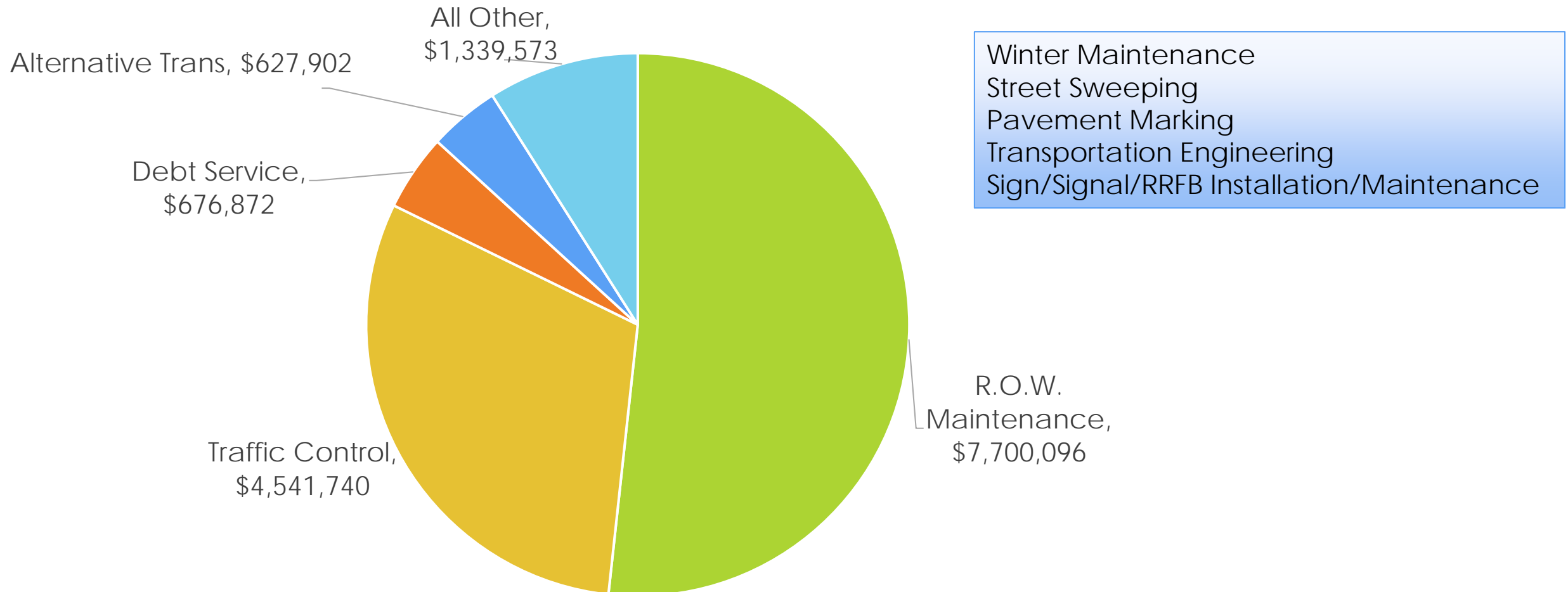
Public Services FY 2020 Proposed Total Budget - \$137,987,605



Public Services – Major & Local Street Funds

Total Budget: \$14,886,183

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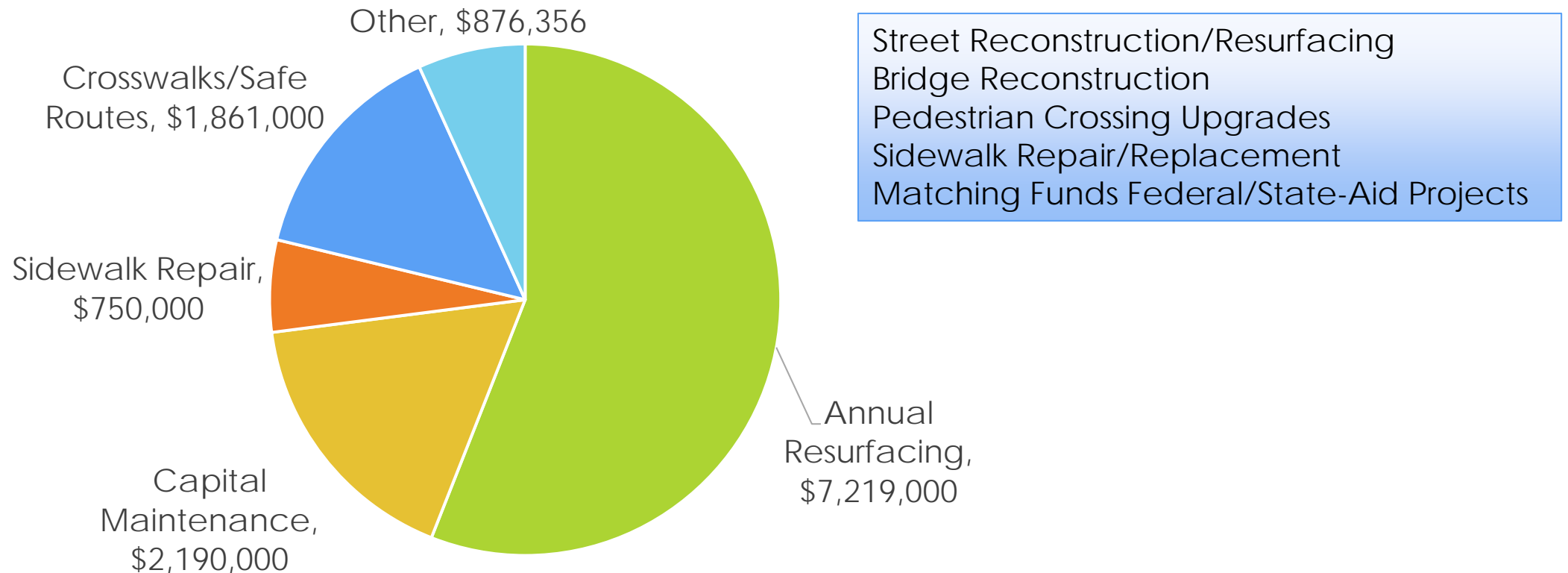


Major and Local Street Fund Impacts

- ▶ One-time impacts
 - ▶ PA 618 Funding
 - ▶ Purchase of bike lane snow removal equipment
- ▶ Recurring impacts
 - ▶ Increased Act 51 Revenue
 - ▶ Contracted spray patching/potholes
 - ▶ Increased Capital Maintenance
 - ▶ Pedestrian Safety Enhancements
 - ▶ Senior Transportation Engineer – 1.0 FTE



Public Services – Street, Bridge, Sidewalk Millage - \$12,896,356



Street, Bridge, Sidewalk Millage Capital Projects FY 20

- ▶ FY 20 - Planned Projects \$12.4 M
 - ▶ Annual Resurfacing
 - ▶ Annual Road Capital Maintenance
 - ▶ Sidewalk/Ramp Replacements
 - ▶ Crosswalks/Alt/Safe Routes



General Fund - Active Transportation

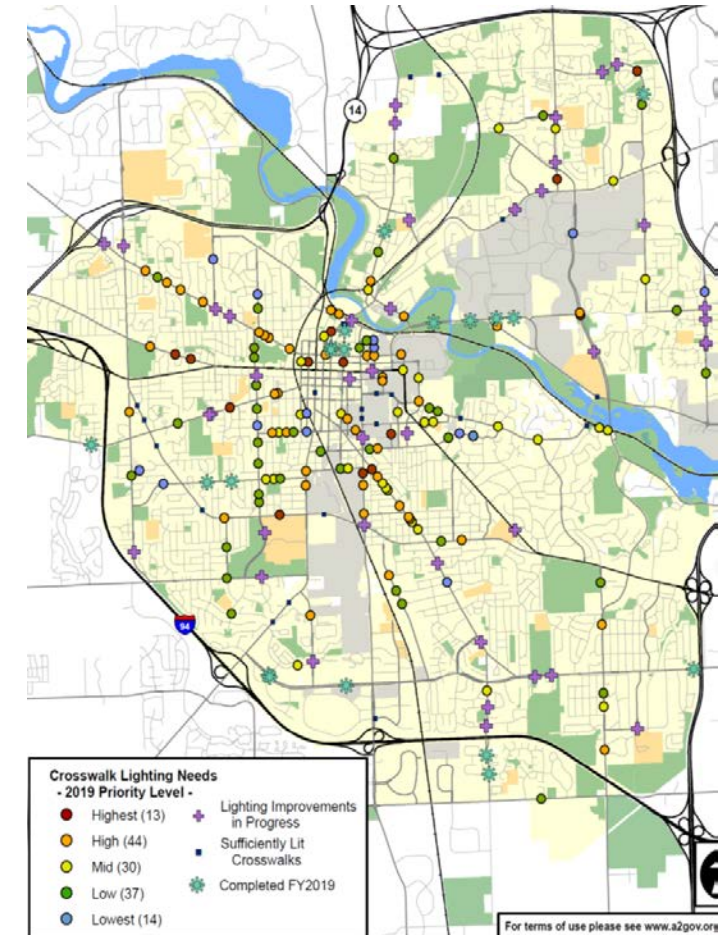
- ▶ One-time Impact - \$1.5M
 - ▶ Identified Crosswalk Upgrades
 - ▶ Open Streets
 - ▶ Transportation Outreach Campaign
 - ▶ Washington Bicycle Boulevard



County Mental Health Millage – Pedestrian Safety

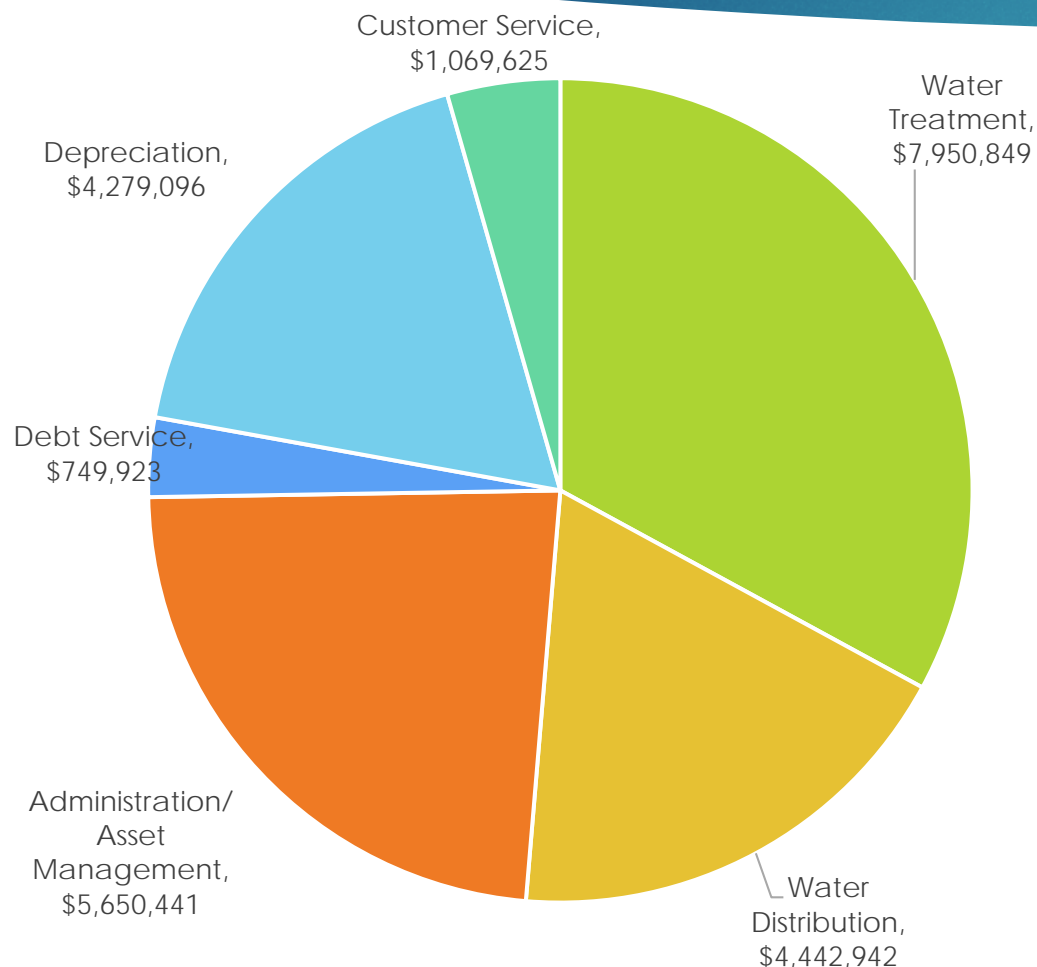
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- ▶ Recurring Impacts
 - ▶ Major Street uncontrolled crosswalk lighting upgrades
 - ▶ 199 Locations identified/prioritized
 - ▶ Completed upgrades
 - ▶ 10 City locations
 - ▶ 4 DTE locations
 - ▶ 5 other locations as part of projects
 - ▶ 41 Additional upgrades within a year
 - ▶ 3-4 Years to all complete identified upgrades
- ▶ Electronic speed limit signage – school zones

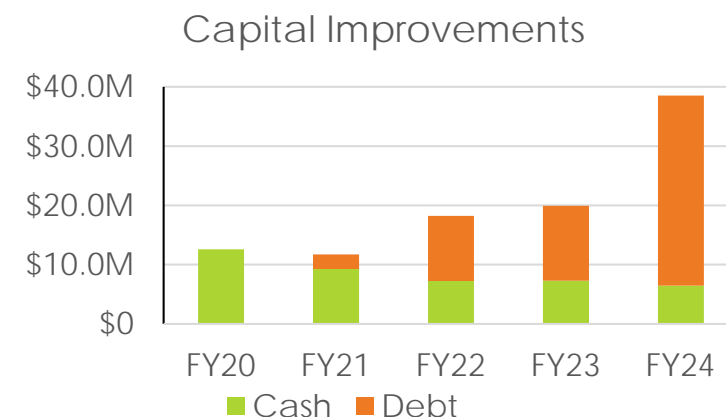
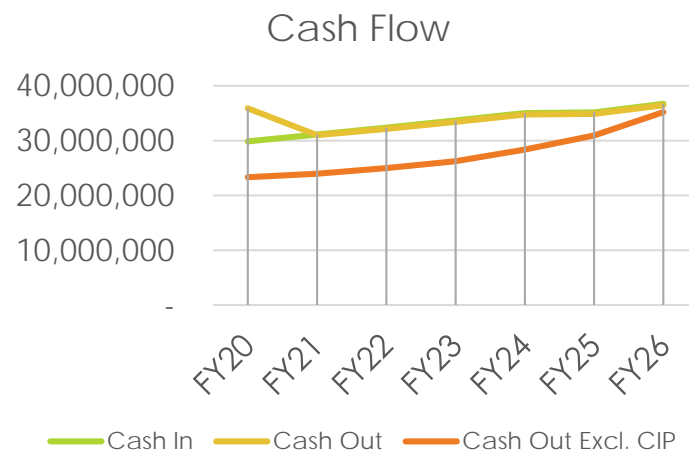


Public Services – Water Supply Fund

Total Budget: \$24,142,876



- Supply, Treatment, & Distribution of Safe Drinking Water
- Distribution System Maintenance
- Debt Service
- Depreciation
- Customer Billing and Service



(\$ Mil.)	FY19	FY20	FY21	FY22	FY23
Unrestricted Fund Balance	\$10.1	\$4.6	\$4.1	\$4.0	\$4.3

Water Supply Fund Impacts

- ▶ One-time impacts
 - ▶ Service Line Inventory – Galvanized Steel
 - ▶ Risk Plan – Regulatory
 - ▶ Reservation for planned capital investment
 - ▶ Plant 2 repairs – anticipation of Plant 1 Replacement Project
- ▶ Recurring impacts -
 - ▶ Planned rate revenue increase – 6%
 - ▶ Water Treatment increased carbon change-out cycle
 - ▶ Addition of Water Treatment Plant FTE – 1.0
 - ▶ Customer Portal Annual License Agreement
 - ▶ Increased Line Stops

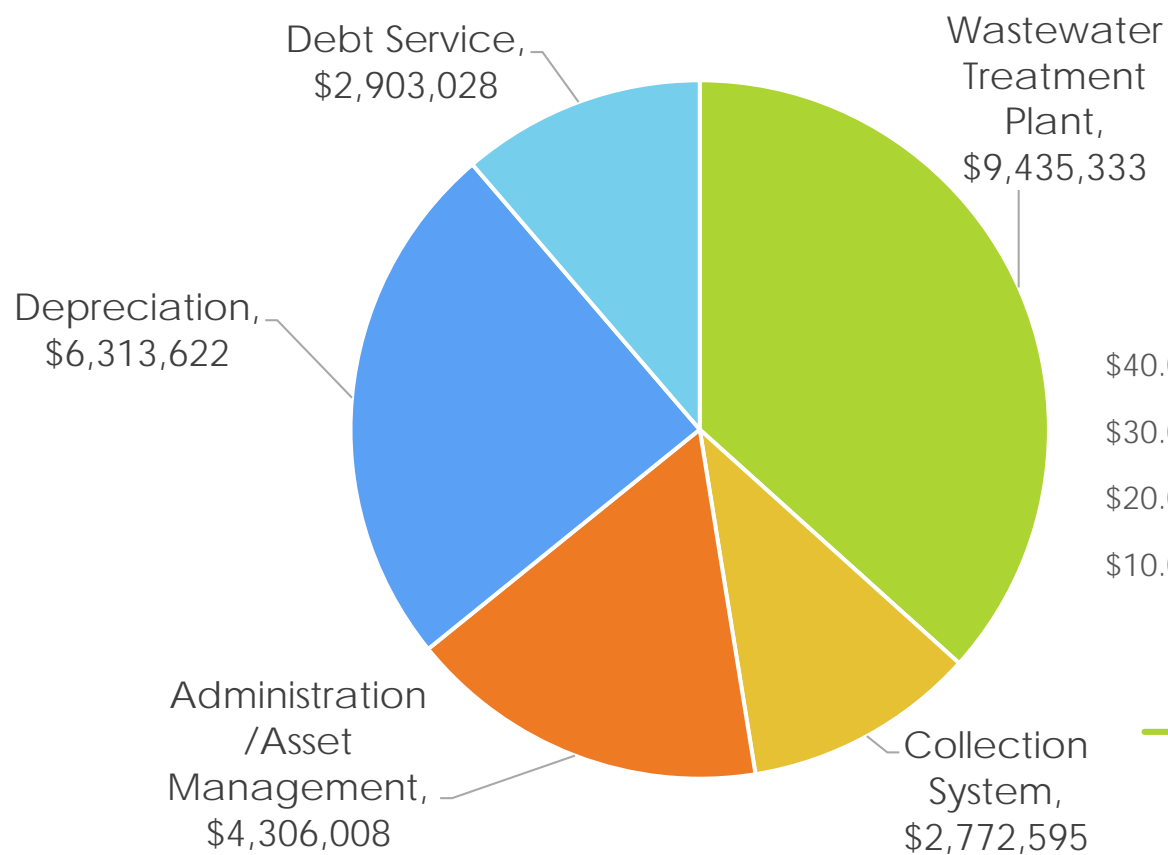
Water System Priorities

- ▶ Strategically address threats to the City's drinking water
 - ▶ 1,4 Dioxane
 - ▶ PFAS
 - ▶ Lead
- ▶ Plan and update aging infrastructure

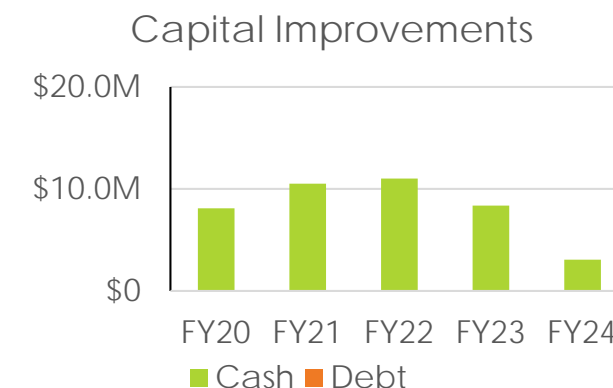
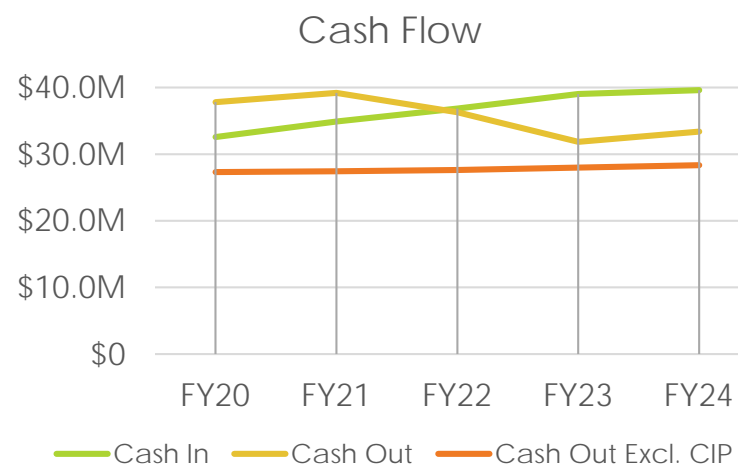


Public Services – Sewage Disposal Fund

Total Budget: \$25,730,586



Collection, Treatment & Discharge of Sewage
Maintenance of Collection System
Customer Billing and Service
Debt Service
Depreciation
Asset Management



(\$ Mil.)	FY19	FY20	FY21	FY22	FY23
Unrestricted Fund Balance	\$18.3	\$13.1	\$8.5	\$10.7	\$19.9

Sewage Disposal Fund Impacts

► One-time impacts

- Holding tank maintenance
- Switch gear maintenance
- Odor Study
- Plant Asset Management Plan

► Recurring impacts

- Planned increased rate revenue – 7%
- Solids removal contract increase
- Increased Principal Payments
- Contracted Engineering support

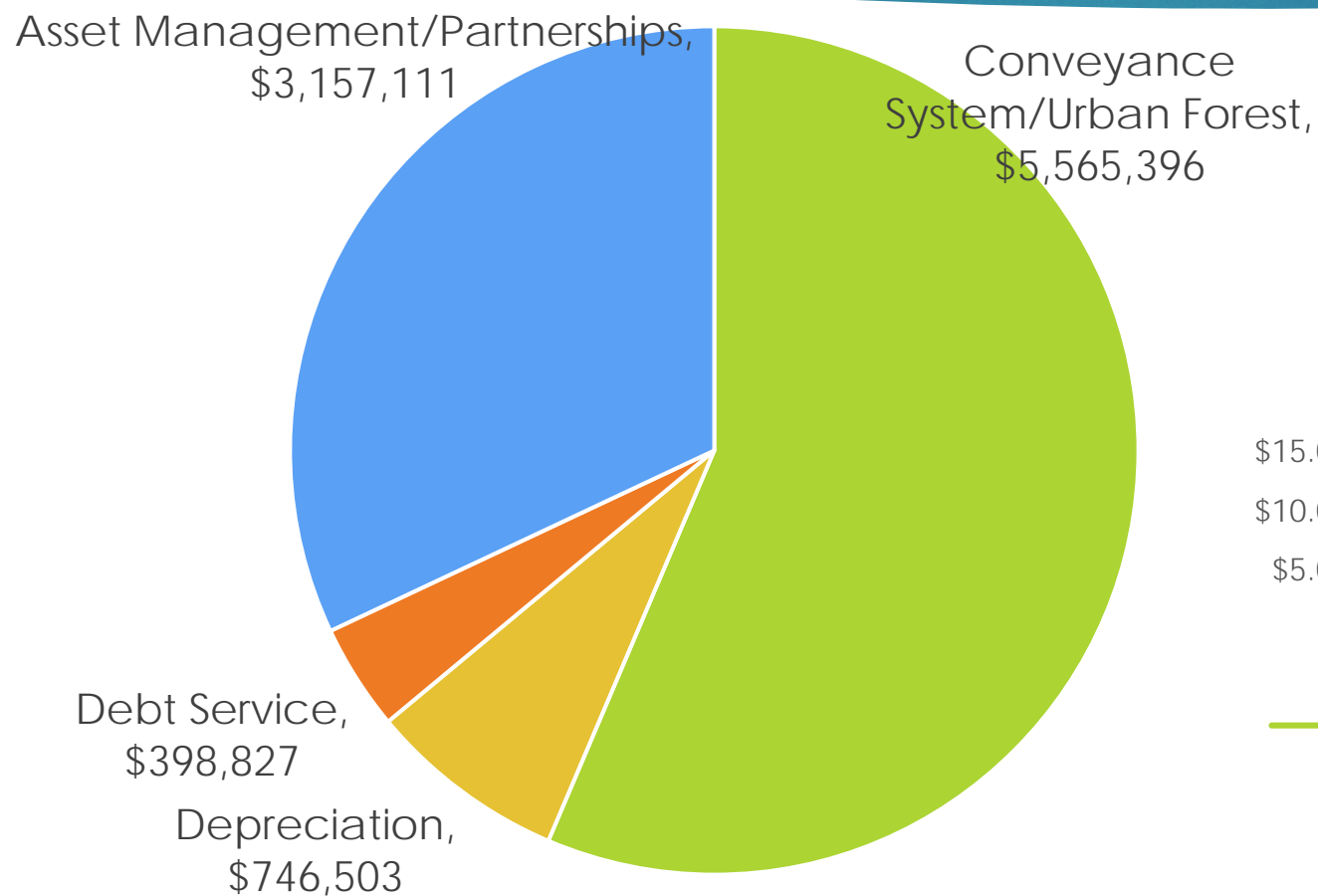
Sewage Disposal Fund Highlights

- ▶ Depreciation Costs increase due to the completion of two significant Wastewater Treatment Plant project:
 - ▶ Residuals Handling \$50 Million
 - ▶ Facilities Renovation \$150 Million
- ▶ Increased maintenance needs due to aging collection system infrastructure
- ▶ Increased plant preventative maintenance.



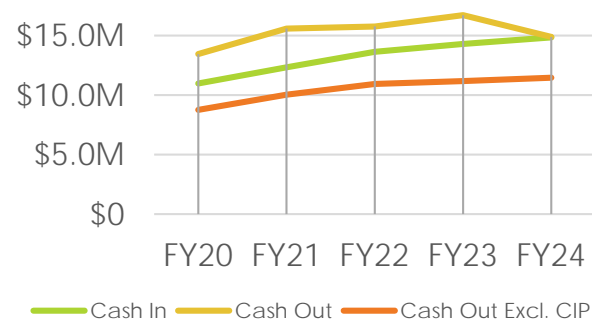
Public Services – Stormwater Fund

Total Budget: \$9,867,837

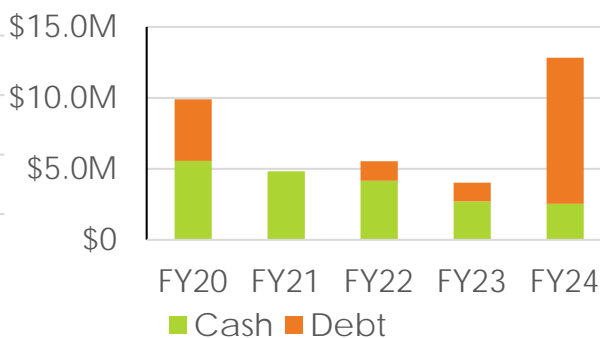


Conveyance & Management of Stormwater Runoff
 Maintain and Manage Urban Forest
 Debt Service
 Depreciation
 Partnerships for Watershed Management

Cash Flow



Capital Improvements



(\$ Mil.)	FY19	FY20	FY21	FY22	FY23
Unrestricted Fund Balance	\$7.6	\$4.9	\$3.4	\$2.5	\$2.5

Stormwater Fund Impacts

- ▶ One-time impacts
 - ▶ Tree Inventory Update
- ▶ Recurring impacts
 - ▶ Planned increased rate revenue – 13%
 - ▶ Tree Pruning
 - ▶ Detention Pond Inspection Program
 - ▶ Stormwater Best Practices – per level-of-service study
 - ▶ Green Infrastructure Maintenance
 - ▶ Increased Rehab and Restoration – Pipes & Culverts



Stormwater Level-of-Service O&M Phase-in Plan

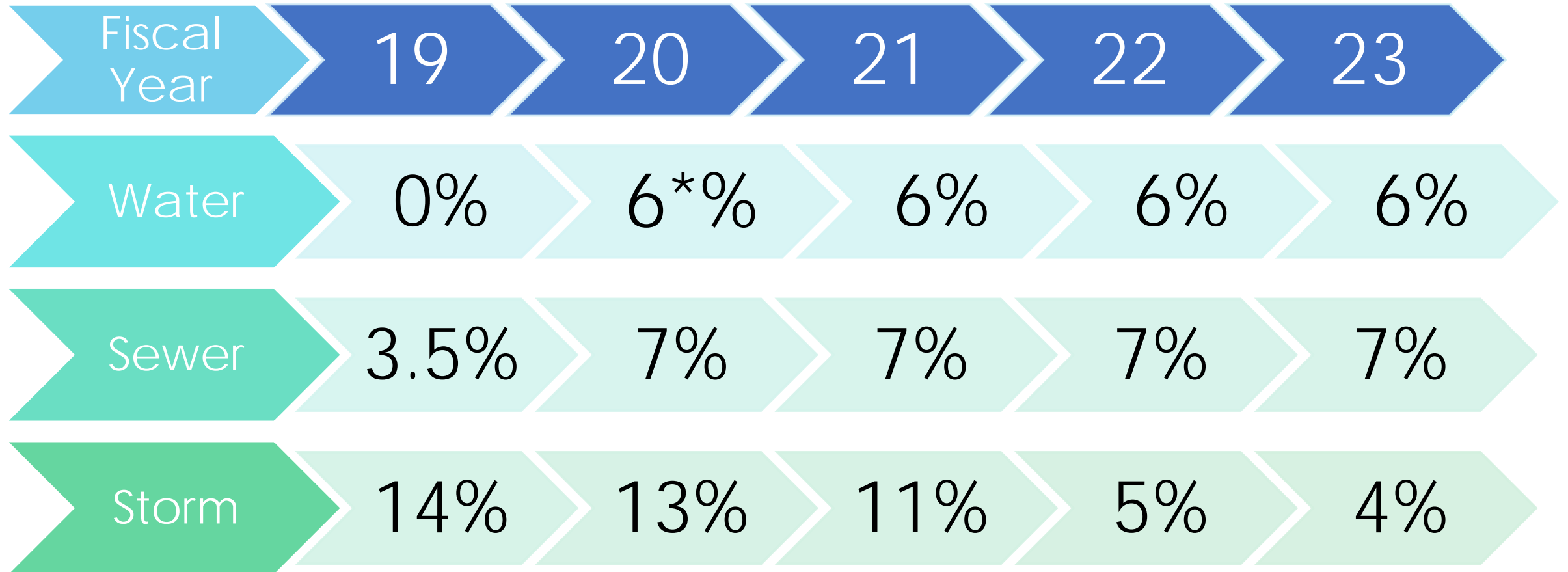
	FY 2018	FY 2019	FY 2020	FY 2021
Public Engagement	\$150,000	\$150,000	\$150,000	\$150,000
Tree Pruning	\$700,000	\$700,000	\$700,000	\$700,000
Best Management Practices		\$200,000	\$200,000	\$200,000
Public Works		\$150,000	\$150,000	\$150,000
Green Inf. Maintenance		\$200,000	\$200,000	\$200,000
System Repair and R&R			\$920,000	\$920,000
Sewer Inspection & Cleaning				\$650,000
Annual Total:	\$850,000	\$550,000	\$920,000	\$650,000
Cumulative Total:	\$850,000	\$1,400,000	\$2,320,000	\$2,970,000

□ Total O&M Enhancements = \$2.97M

□ Phasing plan was created in order to recognize funding limitations, practical limitations and the prioritization of and coordination with other key initiatives

Rate Increase Plan

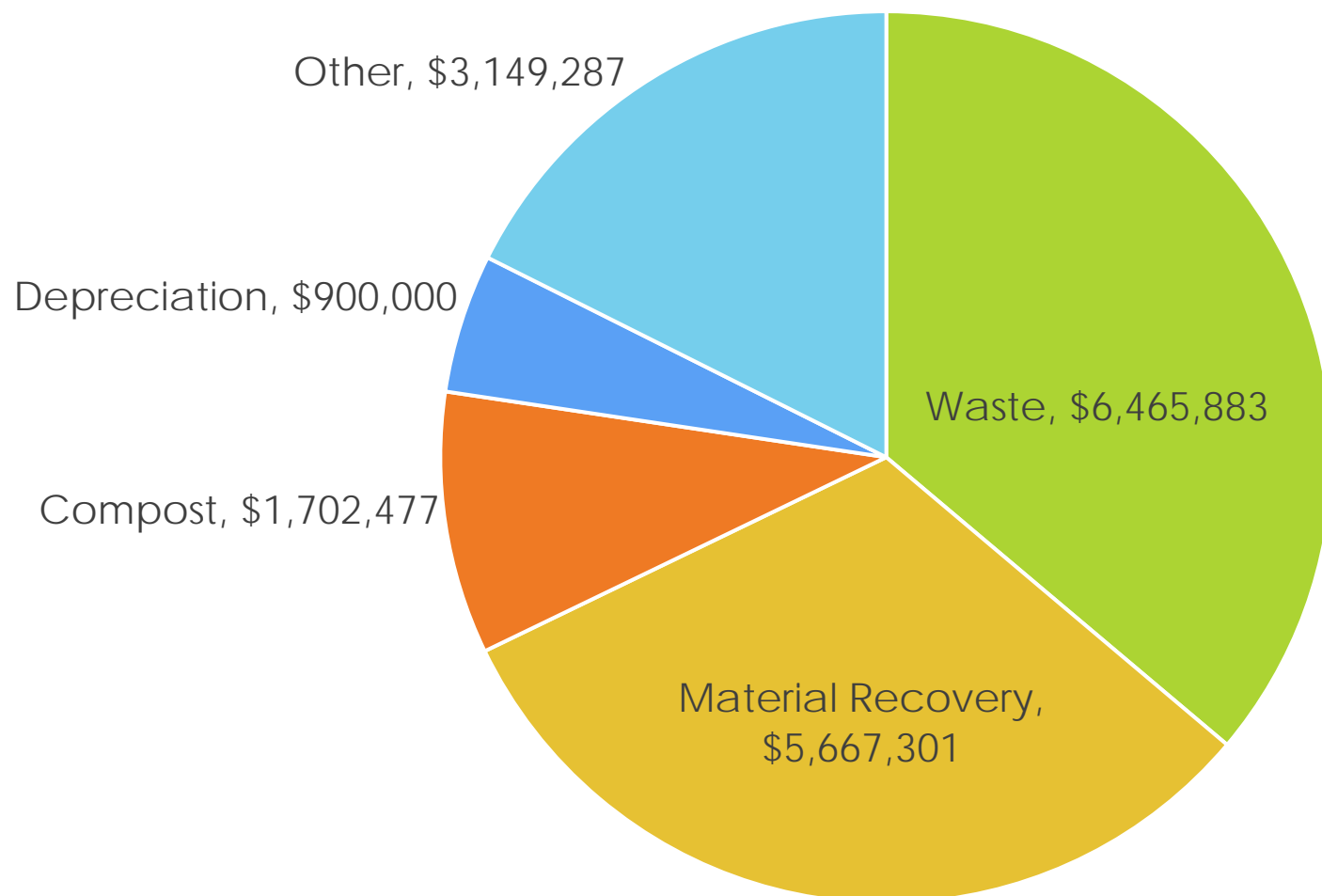
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* Final rate increase will be determined after review of FY19 Rate Structure is complete. There was no water revenue requirement increase in FY19.

Public Services – Solid Waste Fund

Total Budget: \$17,884,948



Waste Collection
Residential and Commercial Recycling
Processing/Collection
Compost Collection
Waste/Recycling Transfer Station
Landfill Maintenance
Customer Service
Sustainability and Innovations

Solid Waste Fund Impacts

- ▶ One-time impacts -
 - ▶ Removal/clean-up of 3 on-site buildings
 - ▶ Recycle Truck Collection Rental – contract extension
- ▶ Recurring impacts -
 - ▶ Labor and equipment costs – 1 week compost season extension
 - ▶ Addition of Solid Waste Enforcement position and vehicle in Public Works – 1.0 FTE
 - ▶ Addition of Solid Waste Manager – 1.0 FTE
 - ▶ Reduction of Solid Waste Program Manager Position – 1.0 FTE
 - ▶ Reduction of Payment to Safety Services Enforcement
 - ▶ Increase of Solid Waste Education and Advertising
 - ▶ Deployment of Downtown compactor trash cans



Solid Waste - Updates

- ▶ Extension of existing contracts for Commercial Waste
- ▶ Extension of Curbside Recycling Collections
- ▶ Extension of Interim MRF Operations/Recycling Processing
- ▶ Continuing efforts in regional services
- ▶ Solid Waste Resource Management Plan anticipated completion by July 2019
 - ▶ Changes to programs/services
 - ▶ Methods of service delivery
 - ▶ Funding methodology
 - ▶ Implementation strategy



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