

City of Ann Arbor
City Council Strategic Planning Retreat

Report

December 10, 2018



On December 10, 2018, the Ann Arbor City Council held their annual planning retreat at the Ann Arbor Library. The Novak Consulting Group facilitated the meeting which had the following stated purpose:

- Establishing a foundation for effective governance
- Transitioning from campaigning to governing
- Staff presentations and providing operational context
- Sharing individual priorities and developing priorities for the body

Introduction & Expectations

The Mayor and Councilmembers introduced themselves and shared their expectations for the evening:

- Good conversation about governance and help winnow some priorities.
- Good framework to get our arms around governance; hopefully get consensus on priorities. Looking forward to hearing from folks.
- Policy and discussions about tradeoffs, consider the economics of our decisions, look at priorities next to one another.
- Learn more about my colleagues and how they define good governance and get a sense of the values they'll bring to the budget process moving forward. Learn how we can work together.
- Look forward to hearing updates from staff.
- Talk about how we can pursue public service excellence; Council is the voice of the people and is responsible for community engagement.
- Listen and get to know colleagues better. Find common ground on how our strategic decisions can reflect what our residents are asking for.
- We went through a tough primary and have some community healing to do. A thousand issues come across our desk. How do we get to consensus? Challenging discussions about tradeoffs and developing priorities.
- Learn how to work with colleagues and build consensus. Ran campaigns and knocked on doors and are now coming back with a report card about what our residents are telling us they need/want. Find areas of agreement.
- Opportunity for listening and to ask questions. Interested in learning about the process.
- Focus on the culture of the organization, making it more responsive to constituents. While consensus is important, in a democracy majority rules.
- Opportunity for some great and wonderful things. Staff provide us high level of expertise. Guidance for the two-year budget process and define what success looks like.

Governing Together

The facilitator discussed the topic of good governance and explained that as a body the Council is asked to vote on issues where there are no empirical correct answers. It is when all the facts are known, and reasonable people can still disagree, that you are asked to vote.

Prior to the retreat, the Council was asked to think about a series of questions about the topic of governance and "Governing Together." Each Councilmember was asked to share their individual thoughts on what it means to govern well together.



What does good governance look like to you?	What values are important to you in governing?
<ul style="list-style-type: none"> Transparency Fiscal responsibility Consistency Being responsive to constituent needs Being responsive and accountable to residents and when spending is aligned with community priorities Transparent government An engaged community Customer focused Balancing the public interests – short-term and long-term goals Recognizing competing interests and ultimately arrive at something that acknowledges all sides Having an intentional approach to learning; learning and reevaluating policy to learn all we can from implementation Focusing on fixing the system, not just the symptoms of bad policy Collaboration among elected, staff, technical folks, and the community – encourages open and honest discussion Relies on the use of best available data to make decisions Being accountable 	<ul style="list-style-type: none"> Transparency Defending the rule of law Protecting citizens Fiscal responsibility Accountability to residents; engage residents in policy making (listen and be responsive) Civility and mutual respect Fiscal responsibility and budget discipline Consistency Transparency, honesty, and full disclosure Honesty, respect, cooperation rather than divisiveness Honesty, efficiency, communication, accountability Honesty, consistency, fiscal responsibility Trust, honesty, consistency Believe we vote our values We have a fiduciary responsibility to our residents; treat them the way we want to be treated; advocate for residents Amplify the voices of our residents Transparency and full disclosure Civility, trust, transparency, mutual respect, balance Transparency, responsiveness, accountability, and honesty

What does good governance look like to you?	What values are important to you in governing?
<ul style="list-style-type: none"> • Communicating what we are doing well and not doing well • Being visible to people inside and outside the system • Solving problems without creating other problems • Making decisions in a way that creates the best outcomes with the resources available • Making fiscally responsible decisions that are in the best interest of the community and considering the community's needs • Responsive to residents 100% of the time, listening to their concerns and amplifying their voices and concerns • Communicating in plain language; needs to be crystal clear and easy to understand • Involving and engaging the public at the beginning of the process • Checks and balances • Listening to colleagues in public without an automatic belief that listening requires agreement • Good governance seeks out and honors expertise • Requires establishing long-term planning; based in respect for our constituents' priorities • Good stewardship of our resources • Safe environment for brutally honest conversation • Speaking with one voice; having a strong, clearly defined process that the community understands • Strong leaders, setting specific policy, not wasting community members' time • Stewards and mindful of future generations 	<ul style="list-style-type: none"> • Servant leadership; view the customer's perspective

What is important to remember when your position is the prevailing decision and what is important to remember when your position is not the prevailing decision?	What expectations do you have for your colleagues on the City Council as you govern together?
<ul style="list-style-type: none"> • Respecting the other side; shutting others out is dangerous. • There is always something to take away from all sides. • Regardless of which side you are on, reasonable people can disagree, and it shouldn't be personal. We all want what is best for Ann Arbor. • Each Councilmember has constituents with specific concerns that are just as important to the issues in your ward. • Goal is to find common ground and to look ahead to where we can have better agreement. • Remember that I have considered all sides of the matter and have viewed the question thoroughly from another individual's perspective; recognize the impact of the decision. • If you are following good governance, it shouldn't matter what side you voted on. Important to explain your rationale and understand the consequences of your decisions. Try to remember that everyone has the best interest of the community at heart. • Reasonable people disagree; no one should take anything personally as we debate and vote on policy. • Avoid personality when it comes to prevailing sides, and honor and respect the decision of the body and proceed on that basis. • You have to show respect for the view of others, during discussion and after the vote. • Truism is that we all want what is best for the City, but it may look different for each of us. • Believe that we all have the best intentions. 	<ul style="list-style-type: none"> • Honesty • Representation of their constituents • Defend the rule of law • Agree to disagree in a respectful tone • Adhere to their ethics • Mutual respect • Never get personal • Accept with grace, win or lose • Reasonable people can disagree • Integrity, honesty, and commitment to the job • Hear what I have to say and understand where I'm coming; will do the same • Presumption of good motives, intellect, and abilities • Be prepared, honest in motivations and actions, and efficient in deliberations • Listen and respect what others are saying • Committed to the job • Objective and flexible • Speak to the matter at hand • Practice ethical behavior • Respectful of one another, staff, residents and understand consequences of the decisions we are making, and recognize that there are tradeoffs in the decisions we are making • Intellectual honesty and thoughtful of how the decisions we will make will impact the residents who live here • Strive to be good to each other as we deliberate • Be good bosses – treat staff with the honor and respect they deserve • Respect for differing opinions; add to the quality of discussions • Work together to set strategic objectives; a strong Council is not a negative; the stronger and clearer we are, the more efficient and effective staff and community volunteers will be

How do you distinguish between Policy (the role of the governing body) and Administration (the role of the staff)?	What do you need from the City Administrator and his team in order for this Council be effective?
<ul style="list-style-type: none"> • Council sets the policy, and staff implements; follow up to ensure that policy is being adhered to, but in a way that is respectful to administrator and staff • Civility and respect for each other's roles • At the outer end it is easy and clear – the role of the Council is to set policy, and role of staff is to conduct the day-to-day operations of the City. Councilmember is both policy maker and problem solver; part of the job is to engage in neighborhood matters • More like representatives and senators; hands-on customer liaison role to constituents • Policy is figuring out larger goals, administration is finding out how to get there • Policy is who gets what when, and administration is the nuts and bolts, get it done in a quality way • Work together on community engagement • Policy tells us where we want to go; staff tells us how to get there (money, process, etc.) • Allowed to ask questions and get the information we need • Circular process; policy and administration inform the other • Don't want to limit staff's ability to think critically and bring forward policy ideas; like when staff come to Council with ideas for policy based on priorities and stated goals • Must give staff the space to implement policy, and it is not our role to question every step • Council is out engaging with the community; we should be the ones who are supportive, so we can have time to be out talking with residents, then work toward implementing it; administration carries out the Council's priorities • What, when, how • Council sets policy through its budget priorities; the role of staff and administrator is to enact those policies and keep us informed of implementation 	<ul style="list-style-type: none"> • Consistency in their relationship with Councilmembers; all information each member gets should be the same • Responsiveness • Transparency • Understand that their role is not to make policy; need expertise and avoid biases • Consistency in how Councilmembers are treated • Genuine interest to listen to community members • Appreciative of staff and how helpful they have been • Respect as a colleague and peer • Responsible for the organizational health of City Hall and the hiring and retention of quality staff; expert staff • The administrator and his team provide us the tools we need to be successful • Good communication; provide information available as soon as possible • Can be effective with the current administrator • Timely updates • Information • Follow through • Pointed in the same way of service excellence • Willingly, cheerfully implementing our mission – to serve the people of Ann Arbor • Administrative support or room inside City Hall to meet with residents, print documents, case manager, etc. • Options, advice, results analysis • Treat all Councilmembers equally and respectfully • Staff treats our constituents well; commend them and ask they continue to do that • Metrics – continuous quality improvement process; always evaluating what we are doing and looking for ways to improve • Need the right people in the right positions • Clarity could clear up friction between administration and council

Good Governance Discussion

The Council was asked their thoughts on what their colleagues shared during the conversation on good governance.

- I heard a lot about wanting to be responsive to what constituents want; however, constituencies often disagree. It is important to vote your priorities and values and not always having your constituents tell you how to vote. Important to listen both sides of an issue.
- I don't vote based on my values but on my priorities – we have a finite amount of resources. Within my set of values, there may be priority rankings due to our limited resources. How I vote should not reflect what I do or don't value.
- Don't let my votes define who I am personally in terms of my personal values.
- Important to put things into context; any topic we discuss can be oversimplified so there could be a misunderstanding.
- Good governance involves courage.
- Important to recognize or talk about the gray area between policy and administration.
- Residents, constituents should not be viewed or discussed as “customers” – feel it cheapens the relationship, looking at them as dollar symbols.
- Can we think about “customers” in the realm of “customer service” and the attributes/behaviors of good customer service that can be brought to the table?
- When making decisions, it is also important to consider future residents, or the need to plan for future generations (thinking about the future of our community).
- Concerned when we think about our job as a vessel to relay community concerns or if it should be more nuanced based on the information and data available in terms of accountability to residents. Our preferences, priorities and aligning them with spending – which is informed by the technical guidance we are provided.
- In terms of customer focused, it is all about accountability and commitment to our residents and those we serve; “customer first” mindset; shouldn't be a negative connotation. Would like to align our priorities and goals with customers.
- Look at book called “Servant Leadership;” maybe a better term to use is constituents
- When we talk about future residents are we talking about developers? Should we be focusing on this before we can get a hold on our current infrastructure situation?
- Where did we fail to make decisions that consider future generations (water, etc.)?
- We are living in an age where we don't have functioning press; transparency is important, we are missing things that we should help and address and ensure information is getting out to the public.
- When I talk about the future, believe I am discussing population growth and responsible growth; don't believe it is a bad thing; don't feel you need to be ashamed to be planning for the future.
- While I heard there is a need to communicate in a clearer message, a lot of what we do is really complicated and nuanced; it requires a lot of in depth of expertise.
- As a parent, there is rhetoric that is being used here and not correct; perhaps there is an opportunity to refer to staff for metrics on safety issues.
- We don't communicate what we do very well; challenging thing to do.
- Communicating adequately can be difficult.
- Scorecard on voting, communicating how individuals can get involved at meetings, grants that are available to residents, how to get involve with boards and commissions, emergency management.
- Important to think about the needs of our future residents; senior population – what does an aging population need in the future? As a community, we must be able to adapt.

The Council also discussed the concept of consensus and clarified that staff follows the direction of the body, not individual Councilmembers. It is important for Councilmembers to get buy-in or have consensus of the body on new initiatives or legislation. The body discussed how items were brought to the Council for discussion to gain consensus. Staff can help place items on a Council agenda for discussion, but the conversation on a particular issue must take place publicly. It is up to the Councilmember whose issue it is to present or defend the it and gain their colleagues' support.

The Transition: From Campaigning to Governing

The 2018 election returned the Mayor and brought four new Councilmembers to the group. The Council discussed the transition from campaigning to governing and shared what they hoped this governing body will be known for over the next two years.

- Had opportunity to campaign twice in one year. Spent a few hours a day knocking on doors and having good conversations. What I heard will inform my decisions. Need to return to basics. Council often gets too caught up in looking to the future and not the day-to-day housekeeping of the City. Safer cities, better roads, return of city services.
- Feel like if they tell you something you better take care of it; some ideas are factually based, others are not; part of my governance is raising awareness of how issues really stand and understand moving forward that some opinions are not fact based.
- Felt like campaigning was about listening and hearing different perspectives; balance opinions and ideas with what may really be going on; biggest takeaway is the frustration residents feel when they don't feel their position is acknowledged or feel like they are a part of the process. How do I give voice to those I talked to this summer? How do I reflect it back, so I am being accountable?
- Expect to always be able to state the facts and have people agree with me. While campaigning people, didn't want facts; they wanted to have a conversation, so tried to create a connection. A lot of people didn't want to talk about issues. Tried not to be a one issue candidate (pedestrian safety). A lot of people are happy and don't want to talk about issues.
- When talking to residents during campaigning, asked to talk about their issues; a lot is going on in Ward 1. Got to know everyone in the different precincts. Amplify the majority's voices.
- Important for us to acknowledge that we are smart and that we targeted the right constituents – primary voters; 10% of the population are voters. Need to do better community engagement. A lot ends at their driveways. Priority based budgeting has been great. We don't do a great job in talking to the majority of our population. Self-awareness and taking our ethos of trying to engage the community seriously.
- We target those who turn out in August; we don't talk to those in apartment buildings, students; generally we focus on homeowners. This isn't always an adequate substitute for real communication; important consideration. Understanding we have complicated issues around quality of life, affordability, equity – and there is a divide in the community in how we address these issues. We don't have consensus on how to address these issues.
- After four years on council, now much easier to knock on doors as a Councilmember; more information is available and understand the process behind decisions; this leads to much better discussions. Talking to people has never been a problem. Seeing what is happening at the national level, the hope was that our community would lean away from it, but trolling and social media discourse was divisive and twisted on behalf of those sitting at this table during the last election. Hard to imagine governing together at this table. Believe in what we are doing.

- Enjoy walking up to doors, not just hearing what people think on issues, but what they expect their Councilmembers to do. Recently switched from two-year terms to four-year terms. Important process to learn to listen to voters.
- Door to door is where the rubber meets the road; best possible aspect of campaigning. You're hearing from people in a face-to-face setting. Feel less of an outlier when out there in the neighborhood than when I'm sitting at the table. Door to door is a reaffirming experience, hearing from folks that wouldn't normally show up to meetings; important to provide them a voice. Helped me be more focused and determined; believe it is important to give residents a voice. Issues at the door may not otherwise be issues brought up. Door to door campaigning is enjoyable and informs us.
- In the future, I hope we are known for transparency, honesty, commitment, accountability to our residents, as well as openness and having spirited debate with respect, promoting policies that are based on the community's priorities.
- Experience has been fairly consistent; recognize that we are talking about a subset of our residents. Broadly, people love the town, neighborhoods; not that they think we do our jobs perfectly, but in the end, whatever we have done together, the sum total is great. People love it. They do identify challenges, the same ones we do. Often challenges identified are affordability, livability, demand – how do you govern with those issues in mind? Keep them in the forefront, remember what people are satisfied with, and make improvements in the livability and affordability areas.

Campaign to Governing Discussion

The Council had the opportunity to discuss common themes and issues that came up during the campaigning to governing discussion.

- Time to bury the hatchet, move past grudges.
- Time to look forward and not try to settle the score.
- Want to avoid generalizations; I understand you may be talking for the body, but moving forward it is important to not lump groups of residents together.
- Important to remember we can only speak for ourselves.
- Noticed that there is a point during the campaign where people didn't want to talk about issues but characterizations/personalities – federal mentality crept in.
- The four new Councilmembers did not run together, not a platform, but community tends to characterize or generalize the council as factions – Mayor's Party, Party of No, Jack Eaton's Faction, etc.
- Nothing has exhausted me more than the faction discourse in our community. I don't sense a majority faction discourse; look forward to continuing consensus discussion.
- Trust comes from having actions speak more than words; easy to say you think independently; no one wants to be seen as having their strings pulled.
- Changing the culture needs to come from the Mayor and the Council needs to be a part of the messaging (i.e. how you get on a board and commission).
- I feel as leaders we need to correct the bad behavior when we see it; need to check those people in our community.

The Current Context

The City Administrator and City staff provided the Council with a shared understanding of the current fiscal and operating context of the organization. The staff presentations are included as an attachment to this report.

At the conclusion of the City Administrator's presentation, the Administrator asked for direction on the uses of the County Millage Rebate, specifically on survey methodology – who should be surveyed, the questions to be asked, and the use of the results. The Council comments are included below.

Who should be surveyed?

- Residents only – need to determine what we want to learn from the survey, how dollars are utilized

What questions should be asked?

- Not too complicated
- Leave it up to the experts who design the survey
- Should be a closed survey
- Questions should be more open ended to learn how residents want the funds spent
- What are the original concerns, and what are we hoping to solve/address?

Intended use?

- To inform the Council
- Do not want to tie the hands of future bodies
- Concerns about how the funds were to be spent; believed this would help prioritize and develop a process
- View it as a datapoint
- There will be three buckets of interest – those who support the original intent resolution, new Councilmembers who want a broad picture, and those who had process issues with the original resolution intention
- Does not have to do everything – discuss the options, include background on the millage
- Don't believe the survey will give us the answer

At the conclusion of the discussion, the City Administrator indicated that staff will begin drafting the survey and bring it back to Council for their review and discussion.

Public Comment

The Mayor opened the session for public comment. Since there were no public comments, this portion of the meeting was closed.

Adjournment

The Consultant provided a meeting wrap-up and explained that the Council was unable to discuss individual or governing body priorities due to time constraints. The Council will need to work with the City Administrator to develop a plan for establishing priorities to guide the organization's efforts during the next two-year budget cycle and to plan for work session topics for 2019.

Each Councilmember was asked to share a parting thought on how they felt about the work done during the retreat.

- Conversation was useful and engaging – a lot to learn on the infrastructure side
- Personally, apologize we didn't get to the priorities
- A shame we didn't finish
- Appreciate everyone's patience
- Look forward to getting to the meaty part of the work
- Grounding our discussions in reality
- Looking forward to working collaboratively in a positive way
- Thank you
- Thanks for leading the discussion
- Fun to see Tom giddy
- Thanks for everything and we will start working on priorities
- Terms of council of individual priorities and group priorities – we have to find a way to get the information out and discussed as a group

The retreat concluded at 9 p.m.

Attachment A

Listening to the Community

Integrating the Results of Survey Polling into the FY20/21 Financial Plan

December 10, 2018 Council Work Session

Overview

- ▶ Surveys of our community members should help guide policy goals and performance measures.
- ▶ The City is employing three separate surveys to determine resident satisfaction and budget priorities:
 - ▶ National Citizen Survey - completed.
 - ▶ Budget Priorities Community Survey - completed.
 - ▶ Survey on the use of rebated funds from the County Public Safety and Community Mental Health Millage - in development.
- ▶ All three surveys have been or will be made publicly available via the City's web site and noticed via our social media outlets.

National Citizen Survey - Background

- ▶ Conducted biennially to coincide with preparation of Two-Year Financial Plan.*
- ▶ Collaborative effort between the National Research Center and ICMA.**
- ▶ Statistically significant “closed” survey of 706 residents with 4% margin of error.
- ▶ Survey consists of 66 questions.
- ▶ Benchmark data obtained from more than 500 communities.
- ▶ Ann Arbor requested data disaggregated by geography and demographics for the first time in 2018.
- ▶ The survey included two special topics in 2018:
 - ▶ How much of an increase in drive time would you accept to reduce crashes, injuries, and death?
 - ▶ Have you had contact with a member of the Ann Arbor Police Department within the last 12 months? How would you characterize this contact?

*Skipped 2017 to put on coincident schedule with Financial Plan preparation.

**International City/County Management Association.

National Citizen Survey - Governance

- ▶ 72% rated the overall quality of City Services as excellent or good.
 - ▶ 84% rated Customer Service as excellent or good.
 - ▶ All other areas were >60% excellent or good: value of services for taxes paid, overall direction, welcoming citizen involvement, confidence in City government, acting in the best interest of Ann Arbor, being honest, and treating all residents fairly.
- ▶ 36 specific areas were polled:
 - ▶ 12 exceeded the national benchmark.
 - ▶ Recreation and Wellness, Community Engagement, Natural Environment (Drinking Water)
 - ▶ 23 were similar to the national benchmark.
 - ▶ 97% rated AAFD as excellent or good.
 - ▶ AAPD ratings for police (84%) and crime prevention (85%).
 - ▶ Ratings for garbage collection (90%), recycling (86%), and yard waste pick-up(82%)
 - ▶ 1 was below the national benchmark.
 - ▶ Street repair (20%)
 - ▶ Survey was conducted while 2018 construction season was in progress.

National Citizen Survey – Overall Results

- ▶ Nearly all residents rated their overall quality of life as good or excellent.
- ▶ Almost all survey participants (97%) rated Ann Arbor as an excellent or good place to raise children, which outshined national comparisons.
- ▶ The economy in Ann Arbor is an asset and a priority.
- ▶ Residents are engaged in their community.
- ▶ Ease of mobility contributes to quality of life in Ann Arbor.
- ▶ Citizen satisfaction increased or remained the same in every area since 2015.
- ▶ Ann Arbor ranks higher or much higher than the benchmark in 6 out of 7 categories, with the 7th rated as similar.
- ▶ While the overall ratings speak well of Ann Arbor, there are disparities by race in our community, which provides a challenge to us to ensure all residents feel safe and can share equally in the quality of life we enjoy.

National Citizen Survey - Concerns

- ▶ Ann Arbor ranks lower than the national benchmark for the following factors:
 - ▶ Availability of affordable housing (18% excellent or good).
 - ▶ Cost of living (21% excellent or good).
 - ▶ Street repair (20% excellent or good).
 - ▶ Stocked supplies for an emergency (20% excellent or good).
- ▶ Special Topics results:
 - ▶ Mobility
 - ▶ 71% are accepting of a substantial or moderate increase in drive time to increase safety.
 - ▶ An additional 20% are accepting of a slight increase in drive time to increase safety.
 - ▶ Police Interactions
 - ▶ 24% of respondents had contact with a member of AAPD within the past 12 months.
 - ▶ >80% of respondents stated the police performance was fair or better in the areas of respectfulness professionalism, and fairness.
 - ▶ Significant variances existed when data was disaggregated by race, especially among African-American members of our community (45%).

Budget Priorities Community Survey

- ▶ Conducted through National Research Center (same as the NCS).
- ▶ Open, on-line survey conducted from 10/5 through 11/19 2018.
- ▶ 2,022 people completed the survey.
 - ▶ Demographic profile of respondents was compared to all adults in A2.
 - ▶ Results were weighted to reflect A2 population.
 - ▶ Data is disaggregated by age, gender, ethnicity, geography, student/resident status.
- ▶ Reports provides a Summary Report and an Excel crosstab file.
- ▶ Results similar to the NCS:
 - ▶ 94% rate A2 as excellent or good place to live.
 - ▶ 93% would very or somewhat likely to recommend A2 to someone as a place to live.
 - ▶ 72% rate Local Government Customer Service as excellent or good.
 - ▶ 68% rate Value of Services for Fees Paid as excellent or good.

Community Survey - Results

- ▶ In general, survey participants gave favorable ratings to the performance of the City of Ann Arbor government.
- ▶ There were 7 out of 57 categories considered appropriate for a service increase by half or more of the respondents.
 - ▶ 3 were related to road repairs
 - ▶ 2 were related to climate change
 - ▶ 1 was related to affordable housing
 - ▶ 1 was related to water quality
- ▶ There were 44 out of 57 categories where a majority of respondents felt level of services should stay the same.
- ▶ There were no budget items that a majority of respondents thought should be decreased. The leading areas where respondents felt services could be reduced:
 - ▶ Parking and Code Enforcement - 46%
 - ▶ CTN - 39%
 - ▶ Ann Arbor Airport - 33%
 - ▶ Support the creation on new high-tech and bio-tech companies - 31%
 - ▶ Purchase of parkland within the City - 31%

Community Survey Results

Top areas where respondents would **increase** level of service:

- ▶ Road Resurfacing, Reconstruction, and Capital Maintenance - 67%
- ▶ Road Base Repair/Overlay/Surface Treatment - 59%
- ▶ Pot Hole Repair - 68%
- ▶ Drinking Water Supply Treatment, Distribution, Metering, & Oversight - 50%
- ▶ Support to the Ann Arbor Housing Commission - 60%
- ▶ Reduce Energy Consumptions Community-Wide - 50%
- ▶ Prepare for Impacts of Climate Change - 51%
- ▶ Foster Initiatives that Create a Sustainable Community - 48%
- ▶ Funds Non-Profits to Provide Supportive Services to Residents - 44%

In every case above, a greater proportion felt service increases should be funded by paying more rather than by decreasing another service.

Direction on Uses of County Millage Rebate

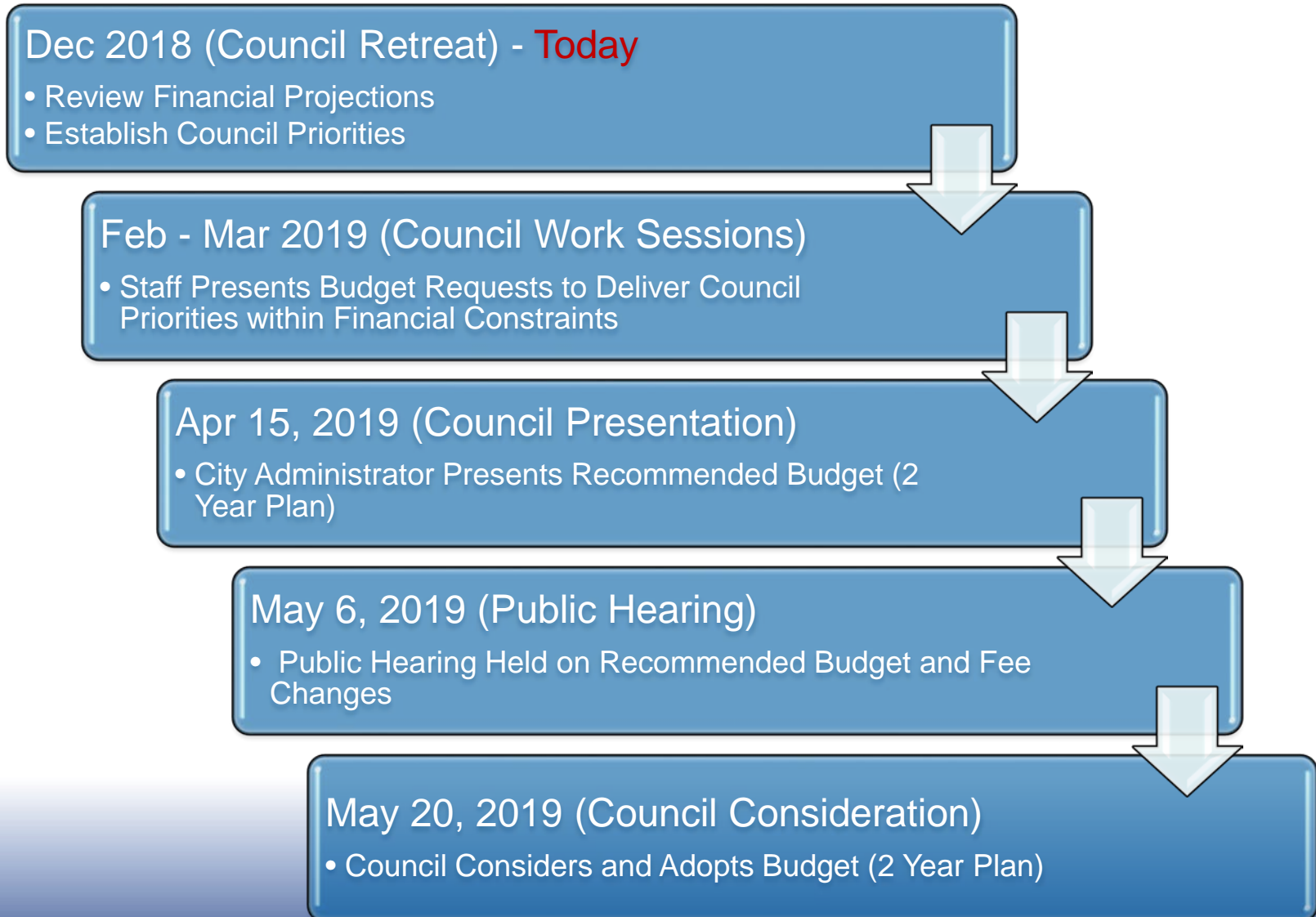
- ▶ Survey methodology
 - ▶ Closed, statistically significant – per Council resolution
 - ▶ How much background should be provided?
- ▶ Who should be surveyed?
 - ▶ Registered voters?
 - ▶ Residents only?
- ▶ What types of questions should be asked?
- ▶ What are the intended uses of the results?



Financial Update FY2020 2 Year Fiscal Plan

December
2018

Budget Process



Development of Recommended Budget

- Two kinds of budgets are adopted – Operating Budget and Capital Improvement Budget.
- Council policies, staff expertise, and public input guide the development of City Administrator's recommended budget.
- Council policies include:
 - Sustainability framework
 - Fund balance policy
 - Pension & OPEB funding policy
 - Capital Improvement program policies
 - Capital repair/replacement policy
 - Enterprise capital repair/replacement policy
 - Parks "fairness" resolution
- Policy guideline – transition statutory state shared revenue from recurring to non-recurring revenue.

Rules Surrounding Budget Adoption

- Two year fiscal planning cycle - first year is the budget.
- 7 votes to adopt the budget.
- 6 votes to amend on the night of the meeting.
- 8 votes to amend during the fiscal year.
- If not adopted at the end of the 2nd Council meeting in May, the City Administrator's recommended budget is considered adopted.
- Budgets are adopted by the fund in total, not each line item, with one exception – the General Fund.
- General Fund budget is adopted by Service Area represented in the fund (Safety Services, City Administrator, Community Services, etc.).
- City not allowed to expend monies unless budgeted, so June has year-end budget amendment for areas forecasted to overrun.

City Financial Performance Measures

Independent Assessments

	<u>Status</u>
1. Financial Audit - 0 material weaknesses & 0 significant deficiencies	0 / 0
2. Bond Rating (S&P) - LTGO is AA+, Water is AA, Waste Water is AA+	AA+/AA/AA+

Fiscal Control

	<u>FY2019</u>
3. General Fund structural deficit (recurring revenues - expenditures)	balanced
4. General Fund unassigned fund balance (6/30/2018)	12%

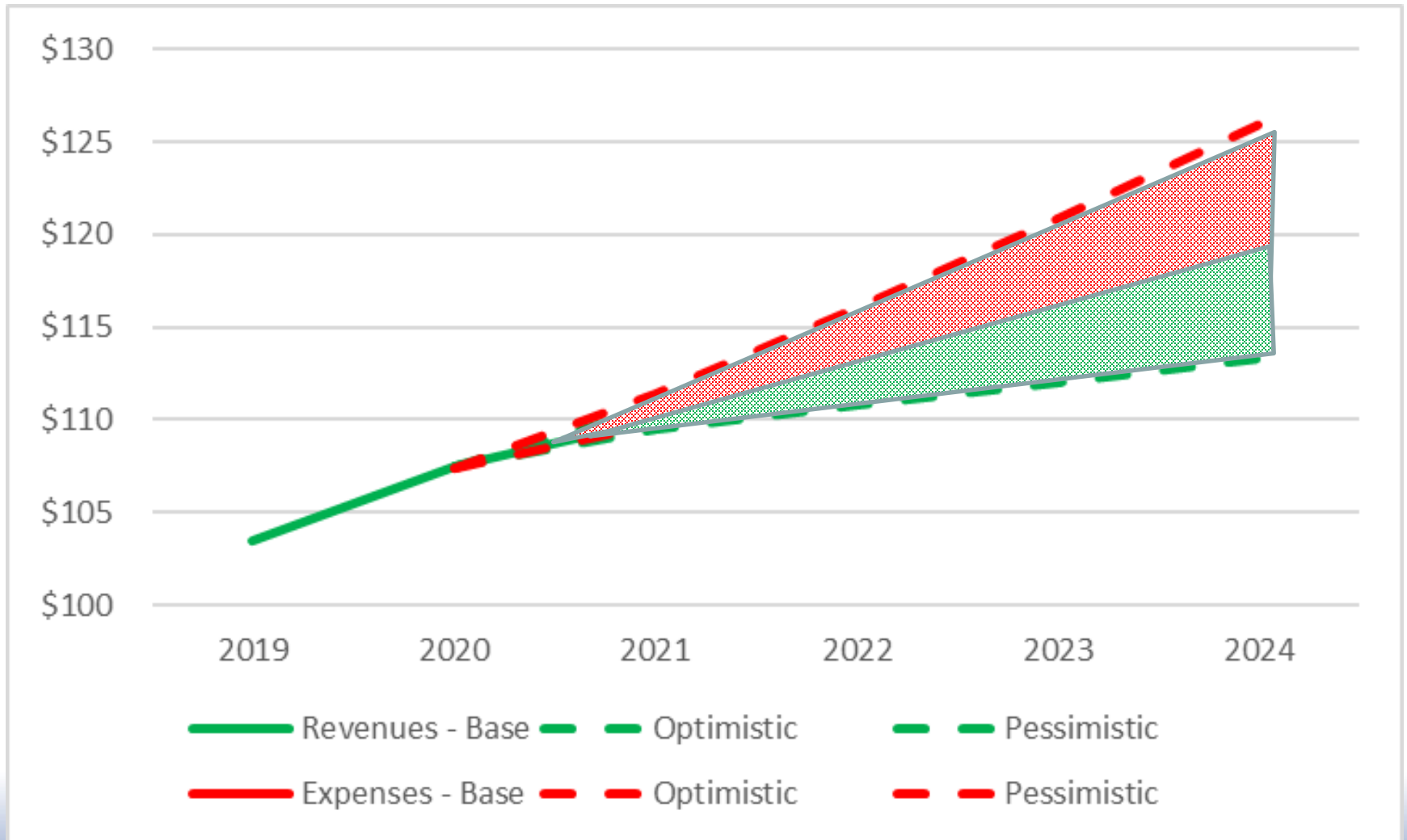
Debt/Liability Management

5. Pension funded ratio	86%
6. VEBA (retiree healthcare) funded ratio	66%
7. Funding General Fund Capital Maintenance	tbd

General Fund Projections

	FY2019 Budget (Mils.)	FY2020				FY2021 Projected (Mils.)
		Initial (Mils.)	Economics (Mils.)	Changes (Mils.)	Projected (Mils.)	
<u>Recurring</u>						
Revenues	\$ 103.5	\$ 104.3	\$ 2.1	\$ 1.1	\$ 107.5	\$ 110.0
Expenditures	(103.5)	(106.2)	0.2	(1.4)	(107.4)	(110.6)
Net Surplus/(Deficit)	\$ -	\$ (1.9)	\$ 2.3	\$ (0.3)	\$ 0.1	\$ (0.6)
<u>One-time</u>						
Revenues	\$ -	\$ -	\$ 0.2	\$ -	\$ 0.2	\$ 0.3
Expenditures	(3.1)	-	-	(1.6)	(1.6)	(1.4)
Net Surplus/(Deficit)	\$ (3.1)	\$ -	\$ 0.2	\$ (1.6)	\$ (1.4)	\$ (1.1)
Net Surplus/(Deficit)	\$ (3.1)	\$ (1.9)	\$ 2.5	\$ (1.9)	\$ (1.3)	\$ (1.7)
Unassigned Fund Balance	\$ 15.9				\$ 14.6	\$ 12.9

General Fund Scenarios



General Fund Opportunities / (Risks)

Opportunities / (Risks) Not Included in Projections	Amount
Personal Property Tax Rebate	\$330k
Supplemental Fire Protection Grant Funding	271k
Marijuana Sales Tax Receipts	Tbd
Planning Fees Restructured	Tbd
FY2019 Restore Funding for Over Hire Program	(500)
Fire Station Renovations	Tbd
Treeline Trail	Tbd
Demo 415 W Washington/Enviro. Assessment 721 N Main	Tbd
County Millage: Move Climate Action into General Fund	(118)
County Millage: Move Maint. of Existing Streetlights into General Fund	(105)

Other Funds

- **Water** – Revenues need to increase approx. 6% / year for the next 3-4 years (2% - 4% thereafter) to fund reinvestment in water treatment facilities. With the recently revised rate structure in place, an overall rate increase is being considered by Council in early 2019.
- **Waste Water** – Revenues need to increase approx. 7% / year for the next 3-4 years as the fund grows into being able to fund all the debt service and depreciation costs related to the recently completed new treatment plant. The annual rate increase is being considered by Council in early 2019.
- **Storm Water** – Revenues need to increase 13%, 11%, 5%, then 3-4%, respectively over the next few fiscal years to fund the services recently established by the Level of Service study.
- **Solid Waste** – Primarily funded from property taxes. Regional services is being explored, and the Solid Waste Master Plan update is in process.
- **Streets** – Funded from a variety of sources, including the Street, Bridge and Sidewalk millage. ACT 51 funding (the primary source) is still being ramping up by the State legislature. The current reinvestment plan for Major streets is on target to meet pavement condition goals. Local streets are a little behind schedule. Funding & contractor availability remain the primary limiting factors.

Challenges on the Horizon

- Economic Downturn
 - General Economy, which affects sales taxes/State resources
 - Financial Markets, which may increase required pension contributions
- State Budget
 - Legislative Risks – roads (effect of electric vehicles on funding), state shared revenue, fire protection grant, etc.
- Federal Policy
 - Changes in policies for affordable housing, infrastructure, ROW, CTN funding, etc.
- Capital Investment Needs
 - Roads, capital repairs/replacement of fire stations, water treatment plant, recycling/solid waste contracts, parks facilities.
- Debt Management
 - Retirement System underfunding
 - Higher interest costs
- Labor Contracts (Police/Fire Costs)
 - Long-term impact to the General Fund for the cost of police/fire pension benefits & wage costs related to turnover.

Questions?

Pavement Asset Management Presentation



**CITY COUNCIL PLANNING SESSION
DECEMBER 10, 2018**

Agenda



- Pavement Asset Management Basics
- Asset Management Plan & Goals
- Road Funding
- Challenges/Limitations
- Policy Decisions

Pavement Asset Management Basics



Street Inventory

Miles of Street by Material and Classification					
Classification	Asphalt	Brick	Gravel	Concrete	Totals
Major	94.99	0.37	0.00	3.54	98.90
Local	187.79	0.37	12.19	1.00	201.35
Subtotal:	282.78	0.74	12.19	4.54	300.25

- Figures Exclude Bridge Decks and State Trunklines
- Miles Shown Are Centerline Miles

Pavement Asset Management Basics



Why?

- “**Worst First**” – old philosophy
- Using the right “**Mix of Fixes**”
- Using “**The right fix at the right time**”
- An intermediate fix category called Capital Preventive Maintenance (“**CPM**”) must be employed



Pavement Asset Management Basics



Impacts of Pavement Asset Management

- Maintenance is an ongoing process
- Creates a gradual pathway towards an improved and sustainable pavement system
- Some roads that are rated lower may wait longer (i.e. not doing “worst first”)
- Major, expensive projects (such as reconstruction projects) may need to wait

Asset Management Plan & Goals

PASER Rating Scale

- Rating 10 – Excellent
- Rating 9 – Excellent
- Rating 8 – Very Good
- Rating 7 – Good
- Rating 6 – Good
- Rating 5 – Fair
- Rating 4 – Fair
- Rating 3 – Poor
- Rating 2 – Very Poor
- Rating 1 – Failed



Source: Adapted From ["Paser Manual:" Transportation Information Center; University of Wisconsin Madison](#)

Asset Management Plan & Goals



Roadsoft Model

Treatment: (Position cursor on splitter line above this text to adjust data shown.)						
Treatment	Type	Min Trigger	Max Trigger	Reset	New Surf	Surface
Crack Seal	PM (CPM)	7	7	8	No	\$0.83
Slurry Seal	PM (CPM)	6	6	8	No	\$5.20
Microsurface	PM (CPM)	6	6	8	No	\$5.20
Cape Seal	PM (CPM)	5	6	9	Yes	\$8.40
Mill & Fill - <2" Thick	PM (CPM)	5	5	9	Yes	\$25.00
Resurfacing- Mill & replace $\geq 2"$ & < total)	RH (SI)	3	4	9	Yes	\$52.00
Mill and Fill $> 1.5"$	RH (SI)	3	4	9	Yes	\$65.00
Rehabilitation (Remove & Replace full depth)	RH (SI)	2	3	10	Yes	\$62.00
Reconstruction (Major)	RC (SI)	1	2	10	Yes	\$170.00

Asset Management Plan & Goals



Target Level of Service



- Staff Recommended LOS by 2025:
 - Locals = 80% are 7 (Good) or better
 - Majors = 80% are 7 (Good) or better
- Current PASER Rating (as of June 2017):
 - Local = 29% are 7 or better
 - Majors = 49% are 7 or better
- Reflective of funding practices

Asset Management Plan & Goals



What is the model telling us to do?

- Spend more on locals
- Do more CPM work in the short term
- Eventually return to more resurfacing & reconstruction



Asset Management Plan & Goals



Tracking Progress

- Track miles of road treated by treatment type on a quarterly basis
- Obtain PASER ratings every 3 years (next rating Fall of 2019)
- Assess treatment performances based on ratings
- Evaluate global progress towards 10 year target Level of Service
- Adjust model as needed

Road Funding



Typical Annual Budget for Roads

- Street Millage: \$10.9M
- Surface Transportation Funds (STP): \$1.9M average
- Act 51* Capital Maintenance: \$1.7M
- County Street Millage: \$2.0M

Total: \$16,500,000

*Note: Act 51 largely supports routine maintenance (snow plowing, street sweeping, pavement marking, pothole repair, patching, signs and signals etc.) but is not included in this model which only addresses capital projects.

Road Funding



Recent and Future Spending

Fiscal 2017 Actual	Fiscal 2018 Actual	Fiscal 2019 Plan	Fiscal 2020 Plan	Fiscal 2021 Plan
\$ 18,885,803	\$ 17,543,487	\$ 23,207,625	\$ 13,485,307	\$ 12,444,253

Challenges/Limitations



- Funding
- Other infrastructure needs
- Utility Coordination – internal & external
- Staff Capacity
- Contractor Capacity



Policy Decisions



- Locals vs. Majors
- CPM Work vs. major (reconstruction) projects
- Are target levels of service still appropriate?





Questions?

Council Planning Session

December 10, 2018

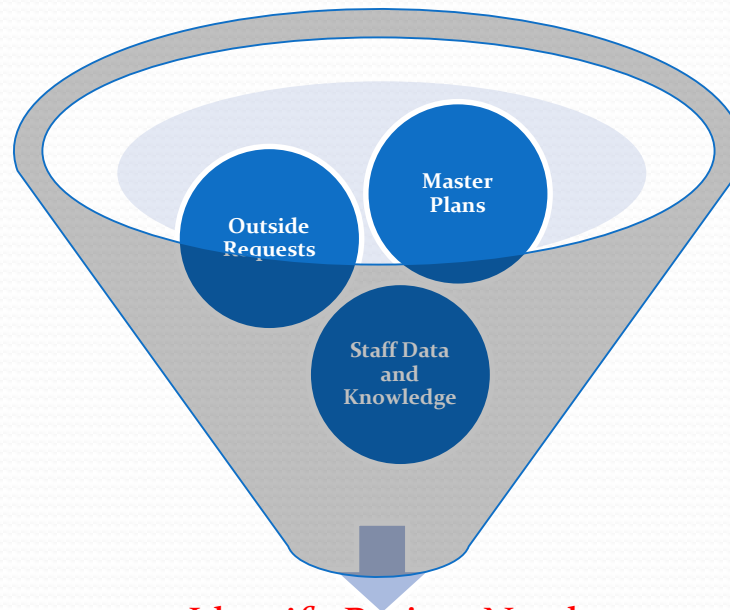


Presentation Agenda

- CIP Program Management
- Ann Arbor Water Supply
- Ensuring Water Treatment Plant Reliability
 - 1938 Plant facilities replacement (Plant 1)
 - Regulatory compliance and future treatment alternatives
- Cost and Schedule
- Sanitary Sewer System Asset Management

CIP Program Management

*Step 1: **P**roject Needs*



Identify Project Needs
and Enter in CIP
Database

CIP Program Management

*Step 2: **P**rioritize Projects*

Prioritize Needs
Using Prioritization
Model

Rating Categories:

Sustainability Framework

Safety/Compliance/Emergency Preparedness
Funding

Coordination with Other Projects or Agencies

Master Plan Objectives

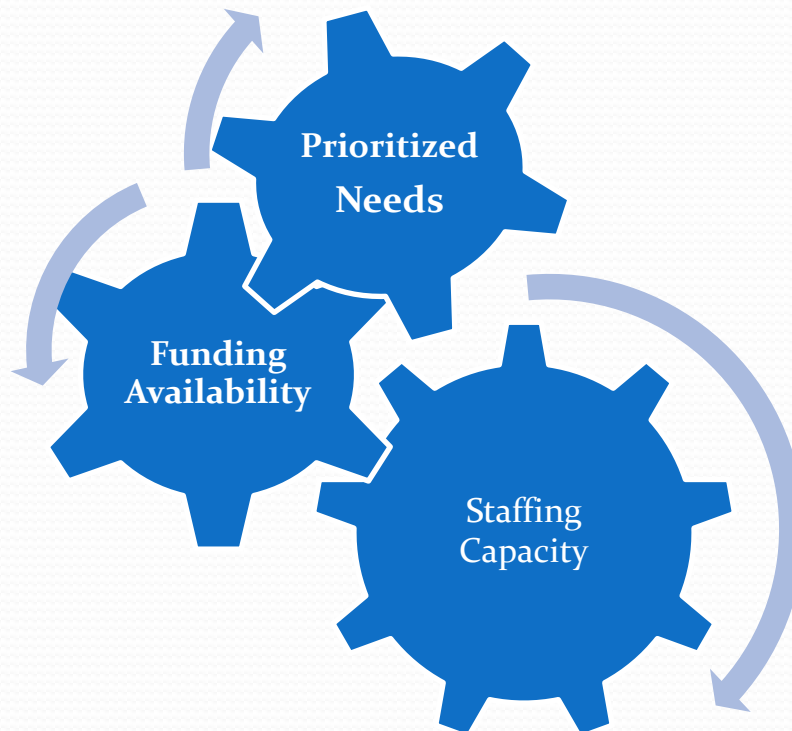
User Experience (Level of Service

System Influence/Capacity

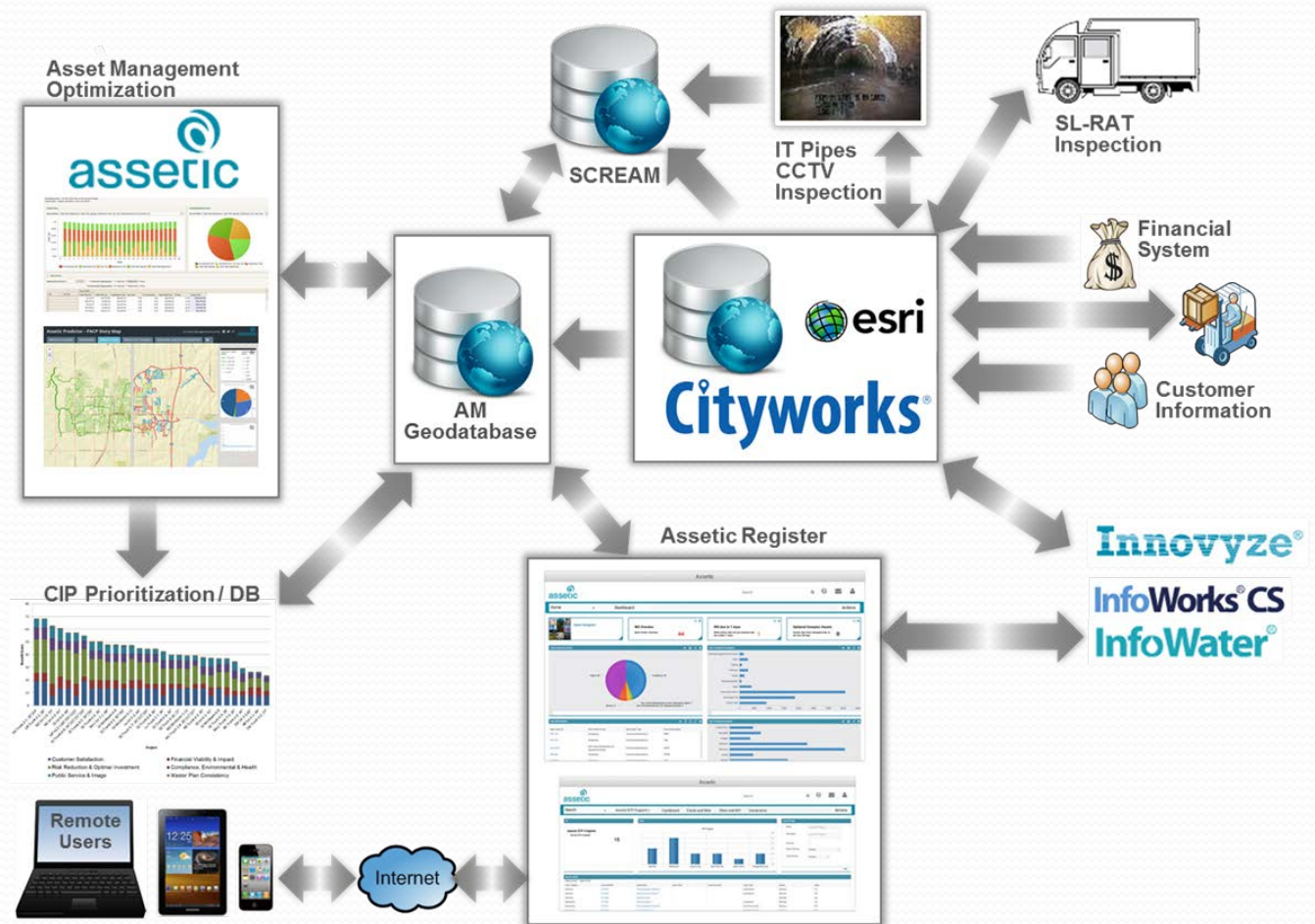
Operations & Maintenance

CIP Program Management

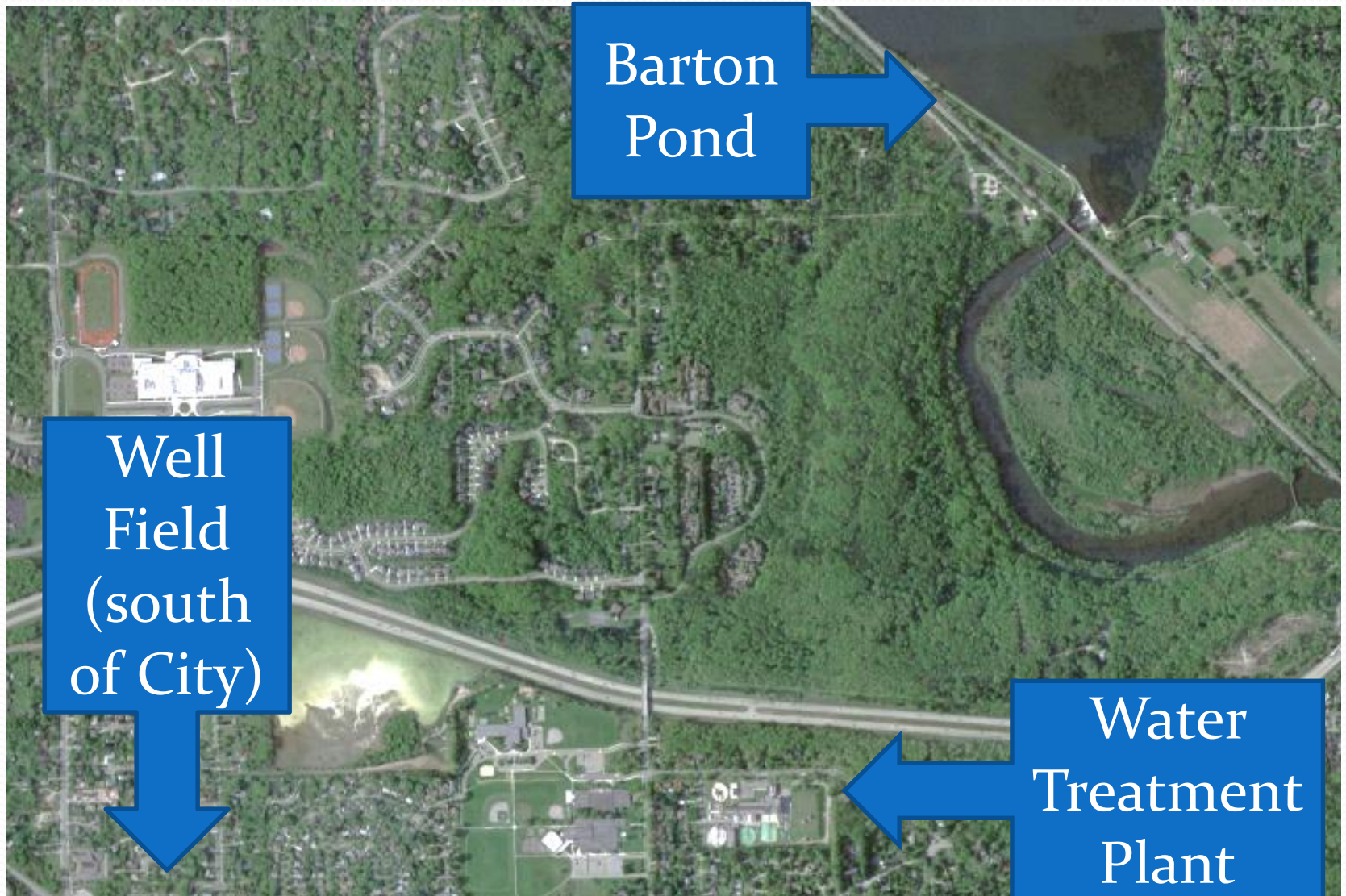
*Step 3: **P**rogramming*



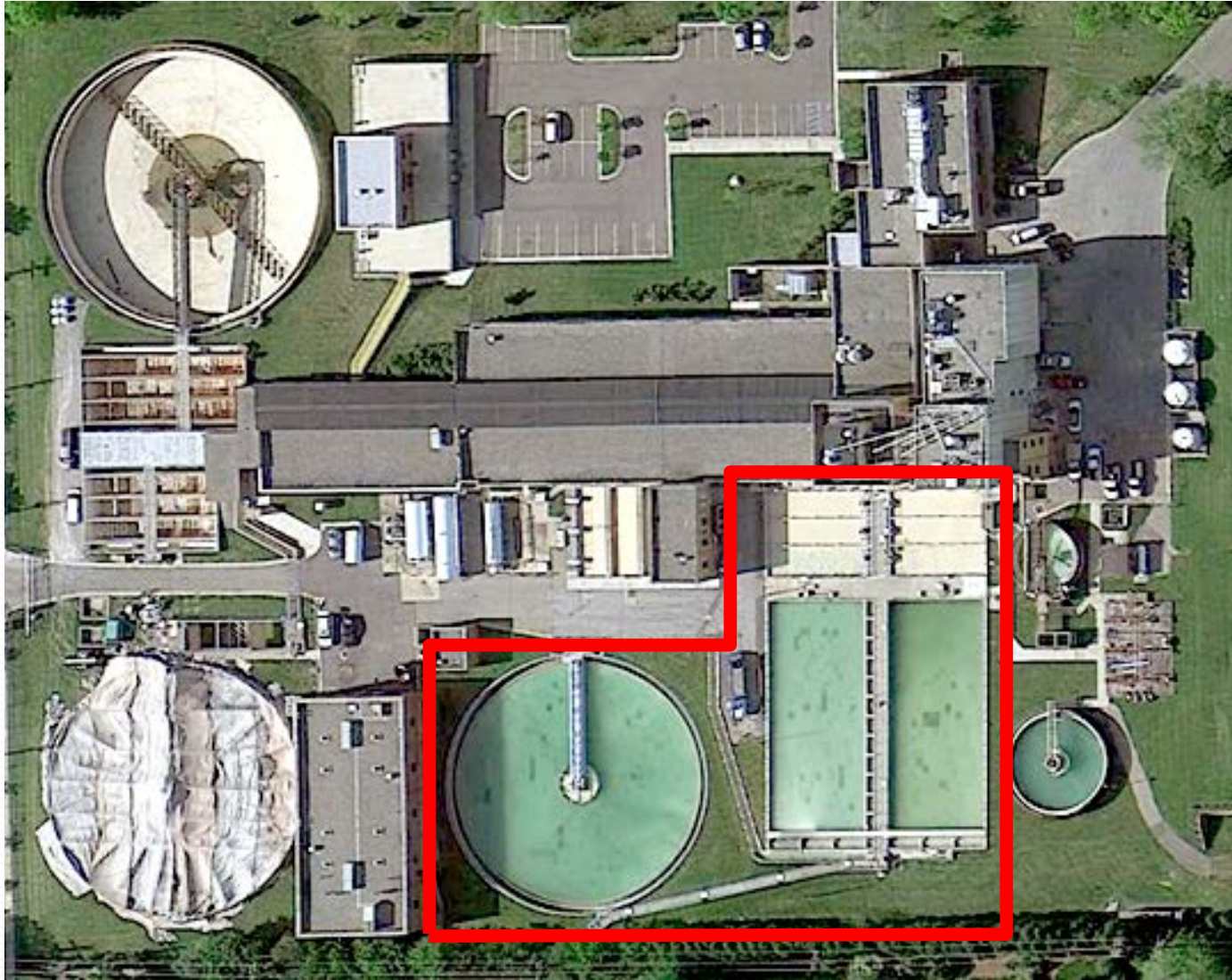
Managing the Data & Data Systems



Ann Arbor Water Supply



Water Treatment Plant



Project Drivers

- Age and condition of 1938 and 1949 infrastructure
- Source water impacts from drought and/or potential contamination
- DEQ Sanitary Survey concerns (uncovered basins; settled water turbidity; 10 States Standards)
- Future regulatory requirements and compliance

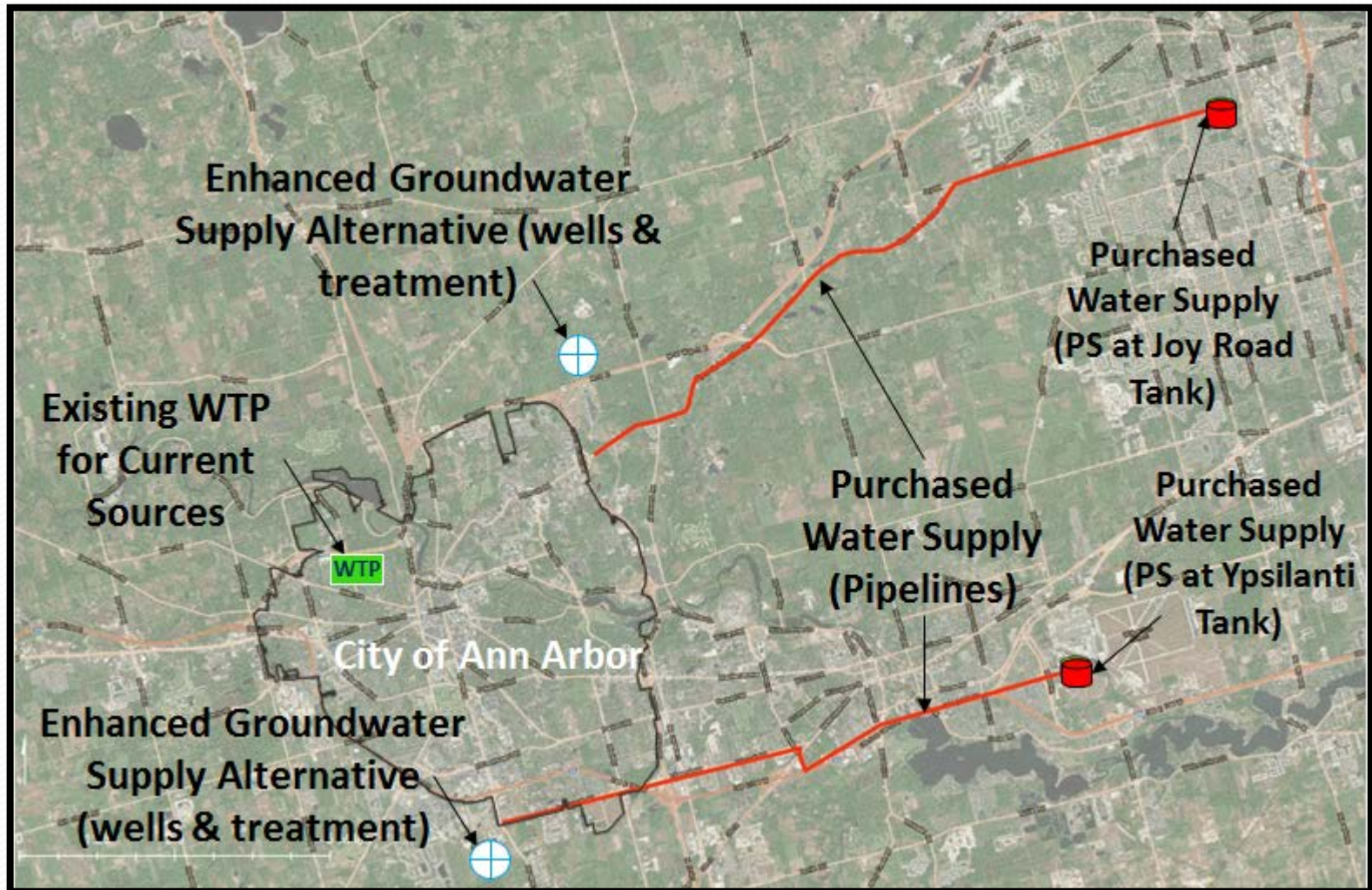


Project Goals

- Ensure a safe and reliable water supply for the future
 - Establish water quality goals and customer service requirements
 - Analyze source of supply alternatives
 - Develop source of supply plan with facility alternatives
- Maintain focus on:
 - Regulatory compliance
 - City Sustainability Framework
 - Customer Satisfaction

Long-term Water Supply Options Evaluation

Water Supply Alternatives



Source of Supply Findings

- Non-economic evaluation rankings:

Alternative	Ranked High	Ranked Low
Existing sources with WTP improvements	Distribution water quality Existing facilities utilization Autonomy/IGA's Sustainability	Raw water quality challenges
New groundwater supply (22 MGD)	Distribution water quality Existing facilities utilization Autonomy	Raw water quality challenges
Purchased water supply	Water quality vulnerability System operations	Distribution water quality Sustainability

- Overall, Existing Sources w/ WTP Improvements ranked highest

Source of Supply Findings (cont.)

- Economic evaluation:

Alternative	Capital Cost
Existing sources with WTP improvements	\$80M to \$90M
New groundwater supply	\$100M to \$130M
Purchased water supply	\$250M to \$300M

- Costs represent a similar level of redundancy and capacity amongst alternatives
- Combined with non-economic rankings, Existing Sources w/ **WTP Improvements is the recommended** long-term supply plan

Source of Supply Findings (cont.)

- Economic evaluation:

Alternative	NPV (30 years)
Existing sources with WTP improvements	\$390M
New groundwater supply	\$500M
Purchased water supply	\$490M

- Costs represent a similar level of redundancy and capacity amongst alternatives
- Combined with non-economic rankings, Existing Sources w/ **WTP Improvements is the recommended** long-term supply plan

Water Rate Impacts

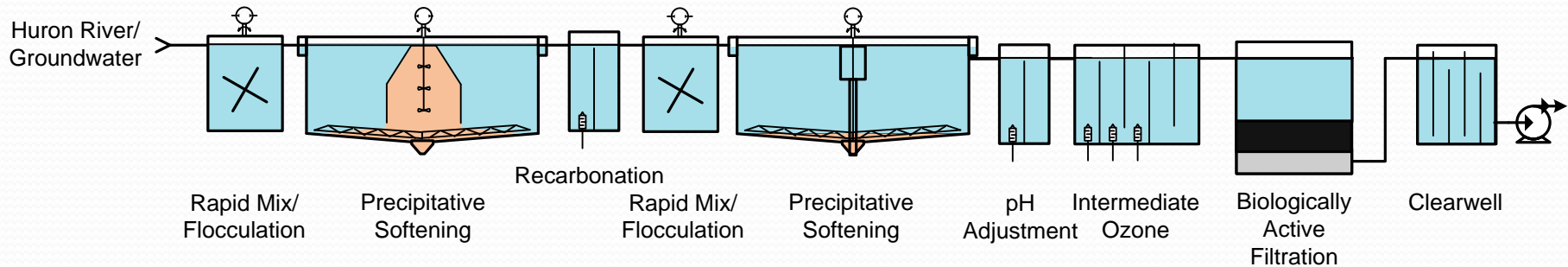
- Proposed revenue requirement increase in January 2019 and subsequent years
 - 6%
 - Meet financial metrics for future capital needs
 - Plant 1 Replacement Project
 - Distribution system water main renewal
 - Goal – 1% per year

Future Treatment Considerations and Regulatory Compliance

Regulatory Horizon

- 10 States Standards
- Contaminants under consideration for regulation
 - Microbial Pathogens – Contaminant Candidate List 4, LT₂ESWTR
 - DBPs and precursors – nitrosamines, chlorate
 - Trace inorganic contaminants – strontium, perchlorate, fluoride, hexavalent chromium
 - Trace organic contaminants – VOCs, algal toxins, PFAS

Current Contaminant Barriers



Turbidity		✓		✓			✓	
Pathogens		✓		✓		✓ ^{4,5}	✓ ⁴	✓ ⁴
DBP Precursors and DBPs		✓				✓	✓	
Inorganic Macro-Pollutants		✓ ¹		✓ ³				
Inorganic Micro-Pollutants		✓ ²				✓	✓ ²	
Organic Micro-Pollutants						✓	✓	
Taste & Odor Compounds						✓	✓	

Legend:

Robust Barrier
 Partial Barrier

¹Ca and Mg

²Fe and Mn

³Ca

⁴Bacteria, viruses, and Giardia

⁵Cryptosporidium, warm water

Recommendations



- 1938/1949 Pretreatment Facilities Replacement (Plant 1):
 - New solids contact clarifiers
 - UV Disinfection
- Recommended improvements position City for future needs

Issues for Council

- UV Disinfection - Construction Contract (Early 2019)
- Lime Solids Residuals Removal (Early 2019)
- Plant 1 Replacement Project
 - Progressive Design Build Contract (FY20)
 - Design (FY21 – 23)
 - Financing Application (FY24)
 - Construction (FY25 – 29)

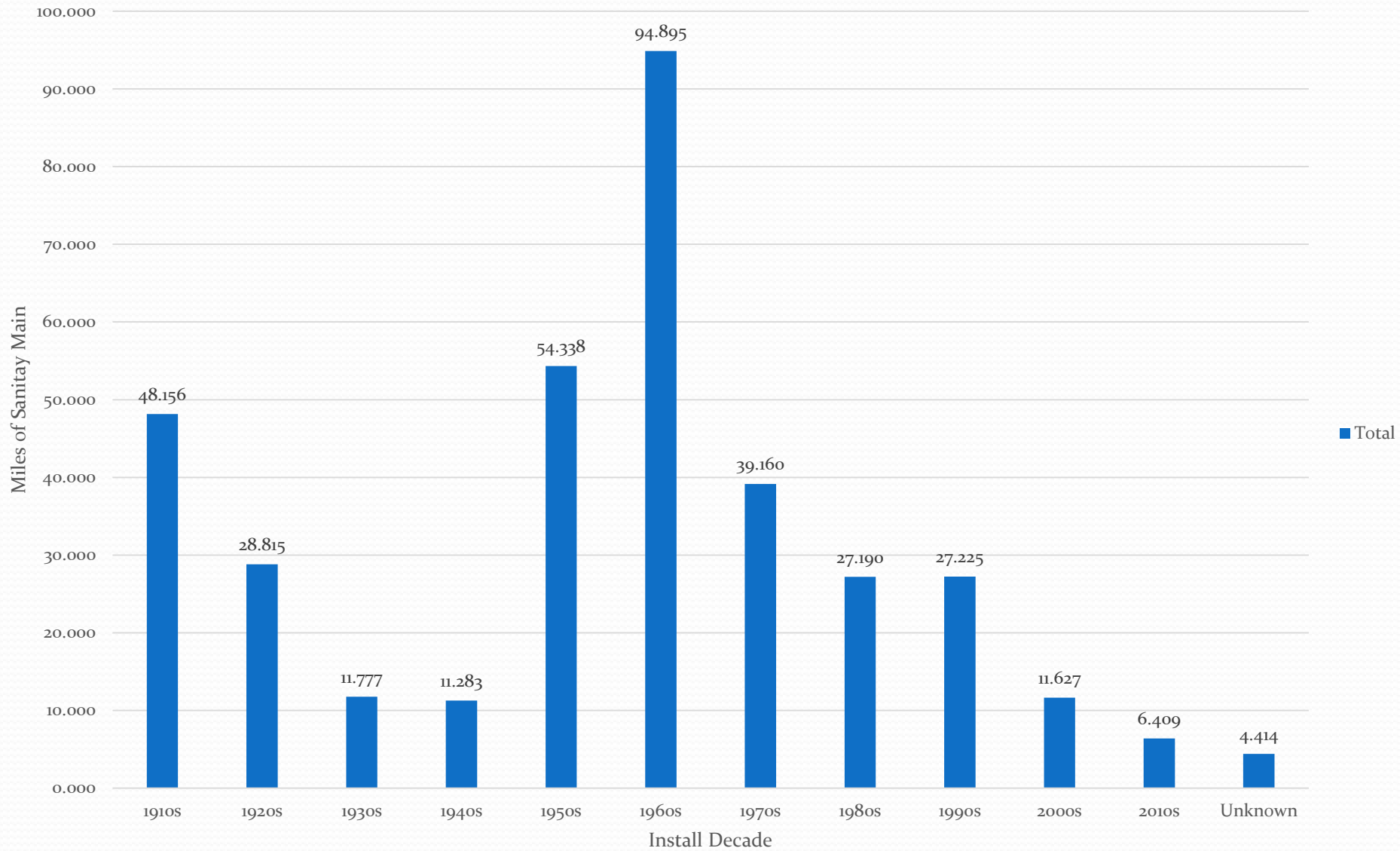
Potential Future Barriers

- Potential advanced treatment processes
 - Advanced oxidation – organic contaminants, pathogens
 - Ozone/Peroxide Treatment (\$15M to \$20M)
 - Upgrade current ozone equipment
 - New Peroxide equipment

Sanitary Sewer Collection System

- 365 Miles of Sanitary Main
 - Size range 8"-72"
- 10,230 Manholes
- 27,000 connections
- 9 Public Works Technicians (maintenance and repair)
- Annual Operating Budget \$2,675,394.00

Miles of Sanitary Mains by Installation Decade



Old Maintenance Program

- Followed a schedule of cleaning by identified “Districts”...
 - Jetting
 - Rodding
 - Televising



...which Led to Problems:

- Old Technology
- Ineffective and Inefficient methods
- Schedules often based on 1-time occurrence
- Unmanageable lists
- Lack of maintenance in all pipes

In Response, City launched Asset Management Project

Asset Management Plan

- Sanitary and Stormwater Project
- \$1,170,537 Total; Sanitary: \$701,917
- Models aids in determining
 - Optimal Maintenance Schedule
 - Capital Repair and Replacement Priority
- Long Term Funding

Departmental Changes

- New Televising Truck and Software
- Root Cutting Nozzles
- Acoustic Pipe Inspection Equipment
- New Vactor to replace rodding truck(delivery June 2019)
- Asset Management Software
- Computerized Work Order Management System
- Staff Training
- On Call Spot Lining Contracts

Truck Inspection View

1_71-71501_71-71482.mp4 - VLC media player

Media Playback Audio Video Subtitle Tools View Help



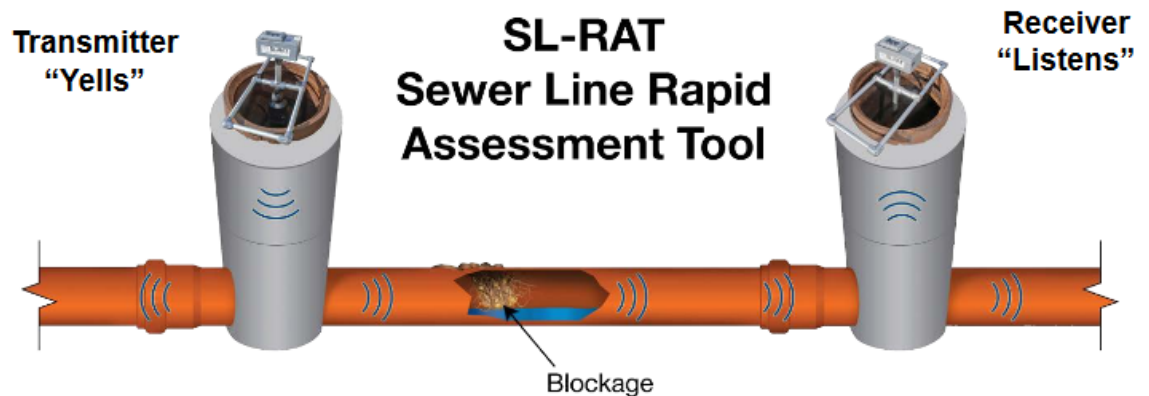
Acoustic Inspections

Identifies potential blockages

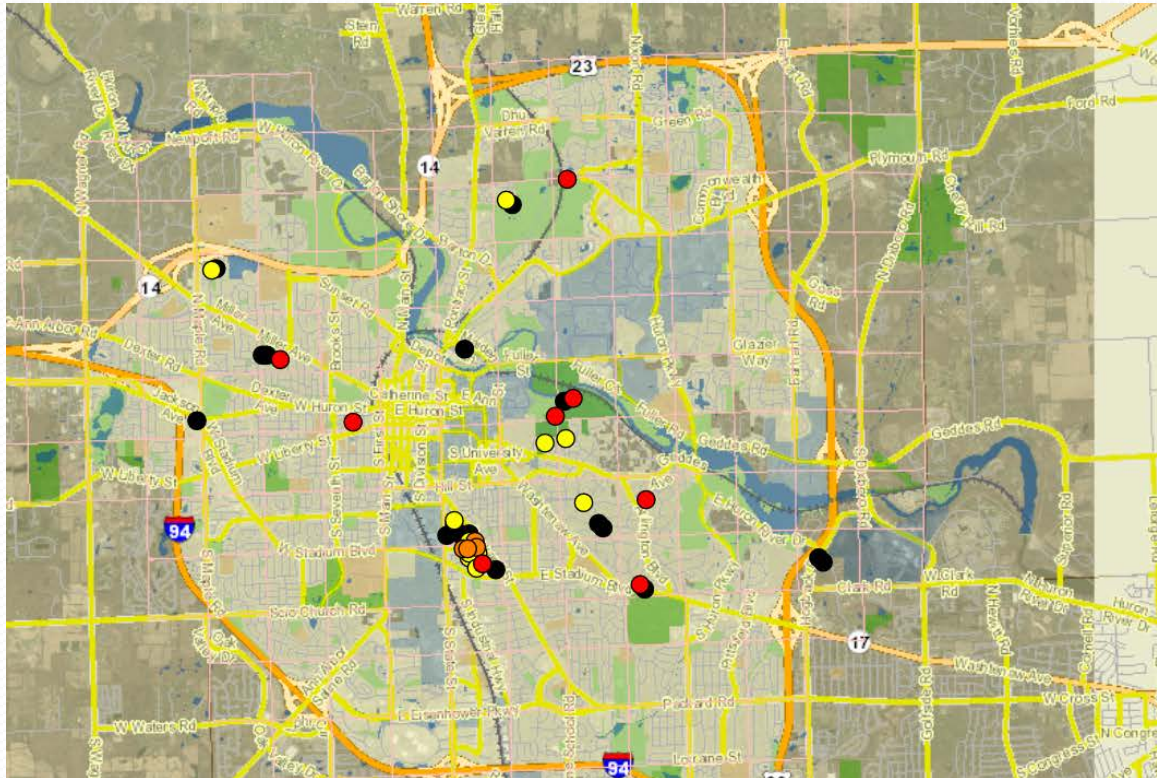
Screening Tool used for:

- Cross Lot* Sewers
- High Risk or Known Problem Spots
- Pre Maintenance

*Sewers located in grassy/wooded areas



Map View of Acoustic Inspections



>

Legend

- Out of Service Hyd ☐
- Progress
- Fiscal 16 Hydrant F ☐
- Quality Complaints
- Fiscal 17 Hydrant F ☐
- Quality Complaints
- Fiscal 17 Non Hydr ☐
- Flushing Quality Complaints
- ▼ SL Rat Score = 1 ☐
- ▼ SL Rat Score = 2 ☐
- ▼ SL Rat Score = 3 ☐
- ▼ SL Rat Score = 0 ☐

Red dot

Orange dot

Yellow dot

Black dot

Where are we now?

- 26% of pipes televised and rated
- FY19: New vactor to replace rodding truck
- In process of renting vactor to use until new vactor delivered (\$75K)
- Goal – 50% of cross lots inspected with acoustic equipment

Challenges:

Evolving Maintenance Schedules cause need for parallel maintenance

Addressing backlog

Data Management and Analysis

Recent and Upcoming Maintenance Activities

- FY17: \$3.8M Lining and Televising
- FY18: \$469K Lining and Televising
- FY19: 1.5M Lining
- FY19: New Vactor \$449K

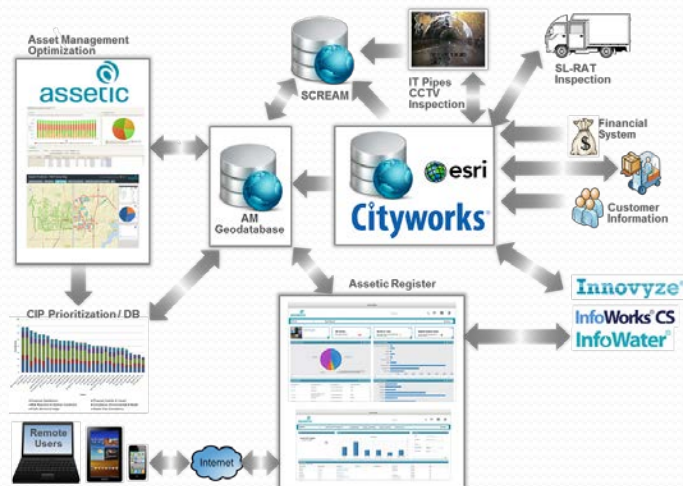
Planned FY20-FY21

- \$1.5M Lining/year
- \$400K/year Spot Repair and Lining
- Replacement Vactor with Recycled Water Feature
- Education and Outreach



Future Needs

- FY20: Replacement Vector Upgrades \$126K
- FY20-22: Finish televising the system \$2.7M
- Ongoing: Additional Staff support
 - Engineer (shared with other Public Works Areas)
 - Data Analyst (shared with other Public Works Areas)





Questions