



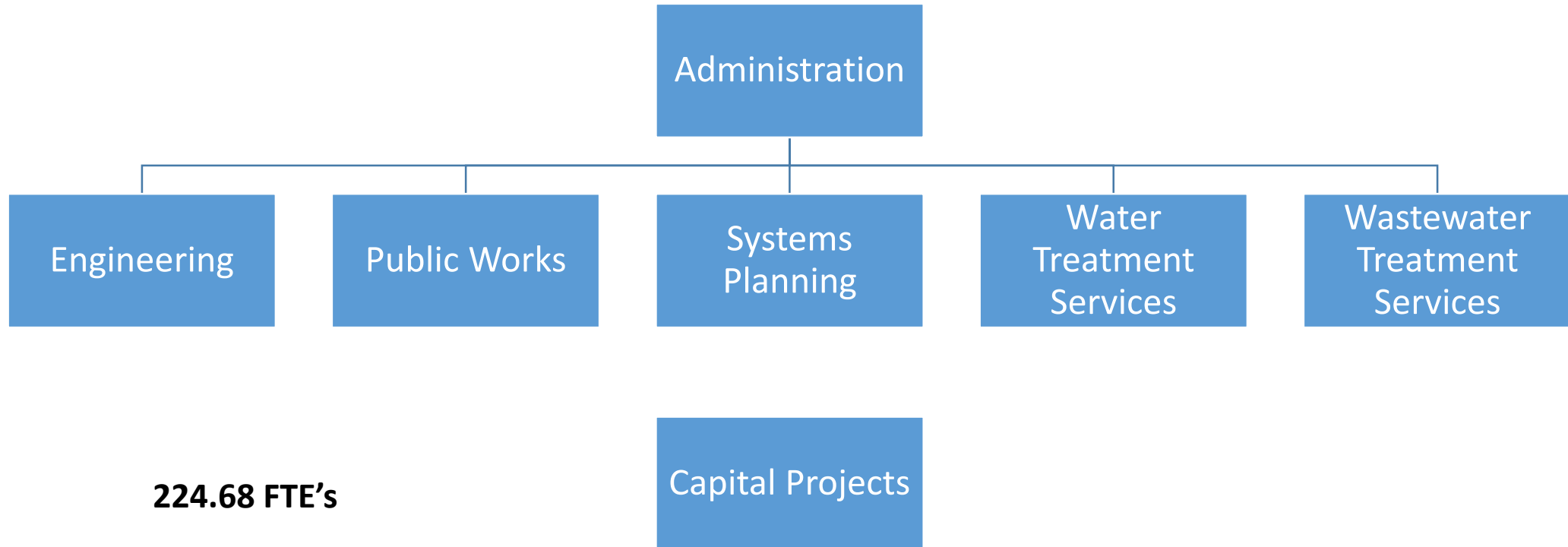
# PUBLIC SERVICES FY22/23 BUDGET OVERVIEW MARCH 8, 2021

# INTRODUCTION

This evening's presentation provides:

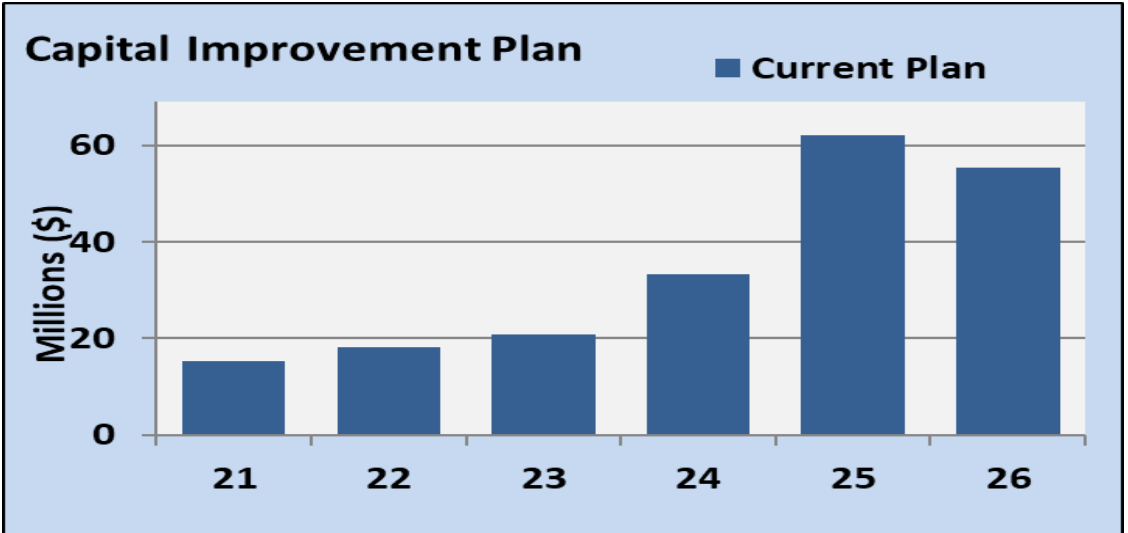
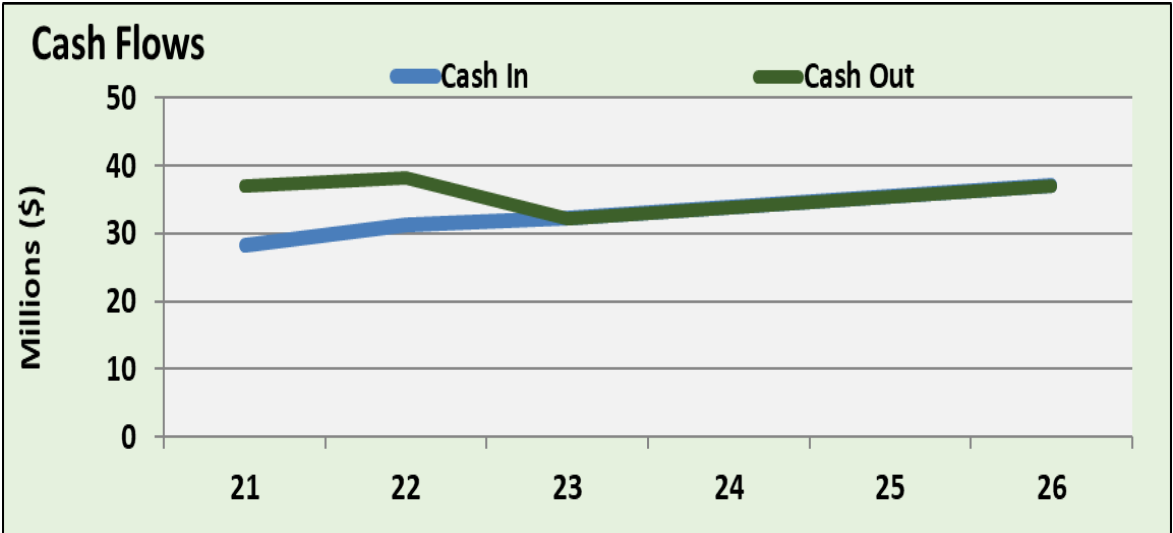
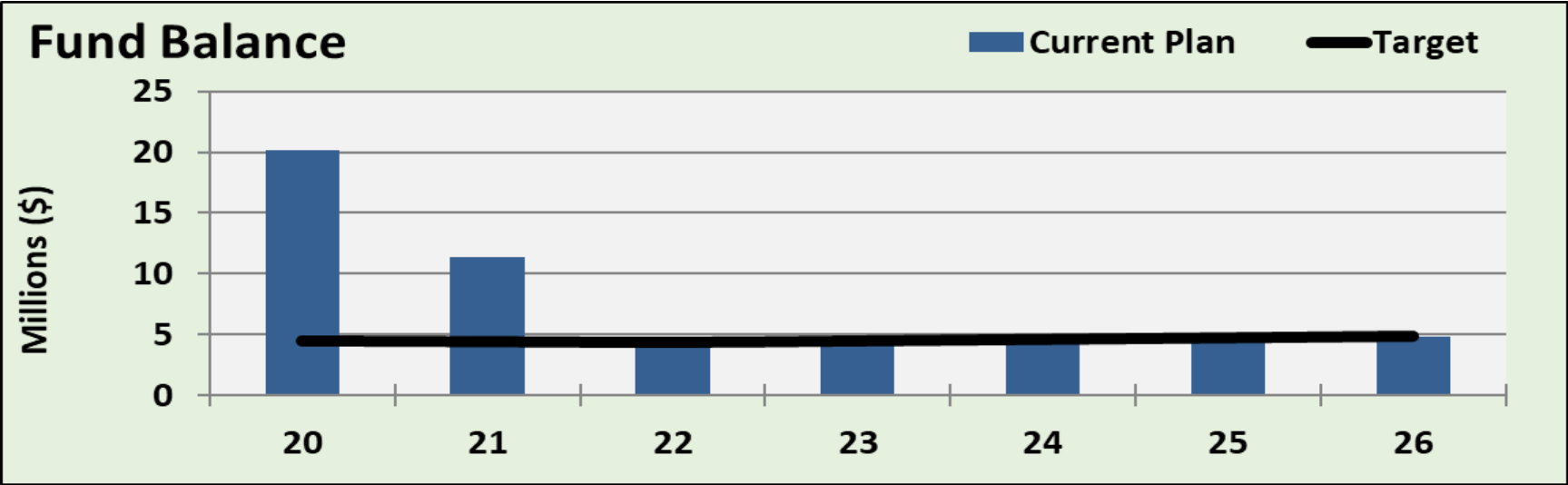
- Public Service Area Overview
- Financial overview
  - Fund Summaries
  - Utility Rates
- Service Unit presentations:
  - Draft City Strategic Plan from the December Planning Session
  - Measures of Success/Key Performance Indicators
  - Impacts for FY 22/23
- Horizon Issues

# PUBLIC SERVICES AREA

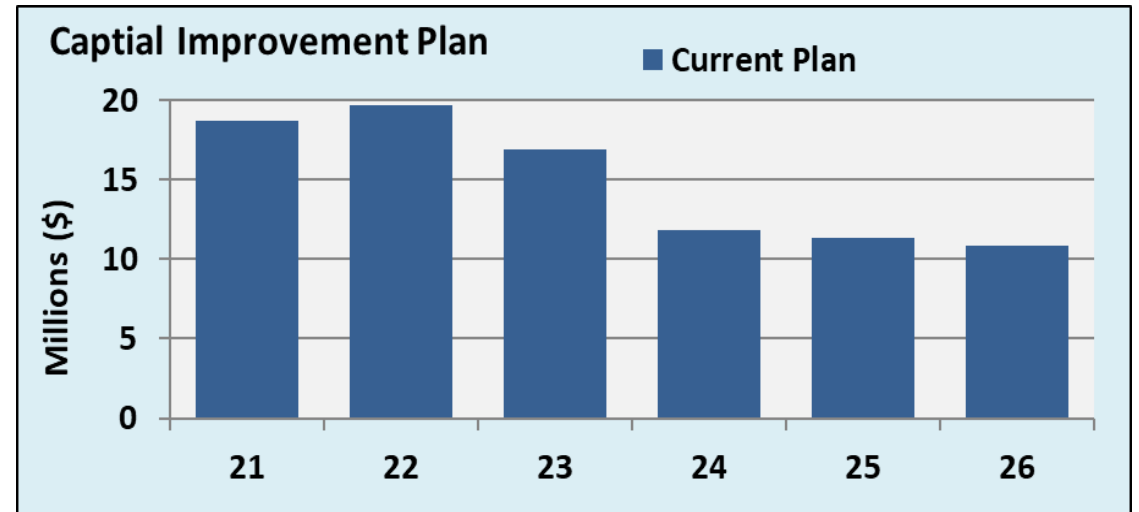
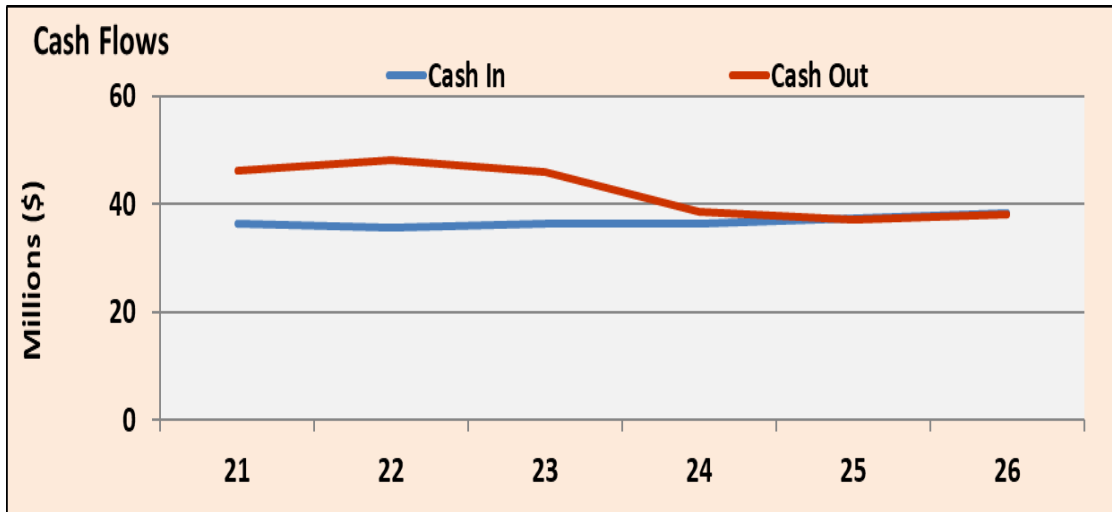
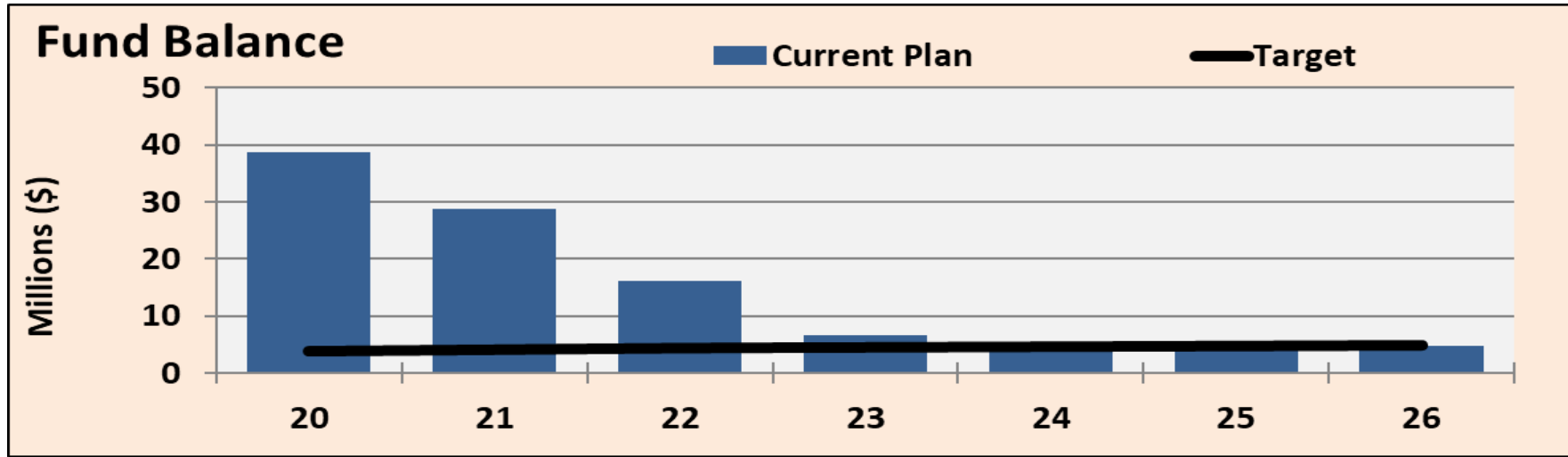


The Public Services Area is comprised of six Service Area Units: Administration, Engineering, Systems Planning, Public Works, Water Treatment Services and Wastewater Treatment Services . Capital Projects represent the partial FTE allocations to support the design, management, and implementation of capital projects.

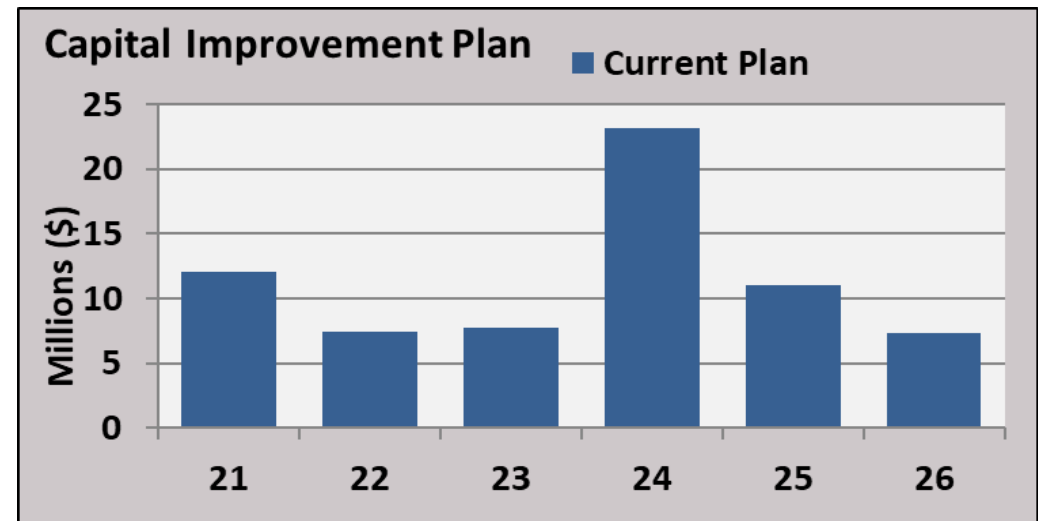
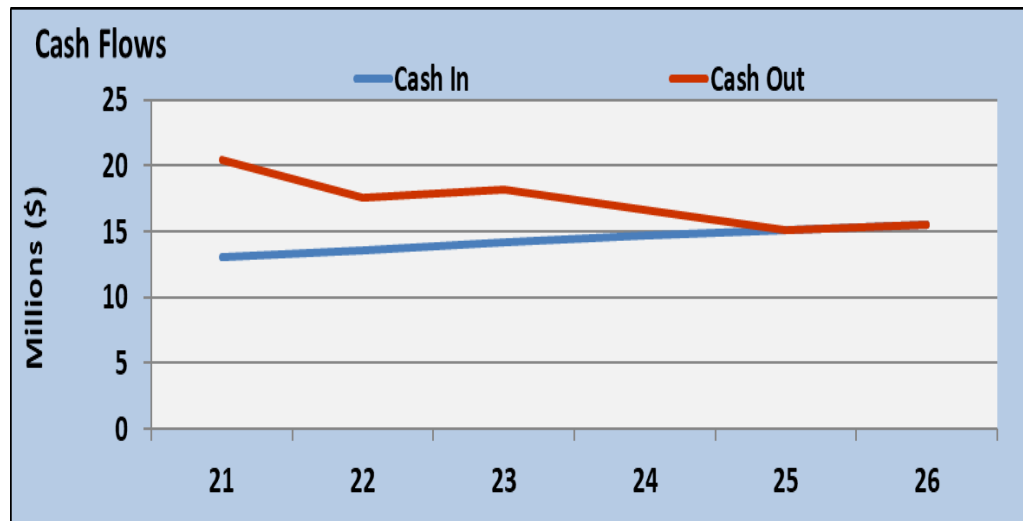
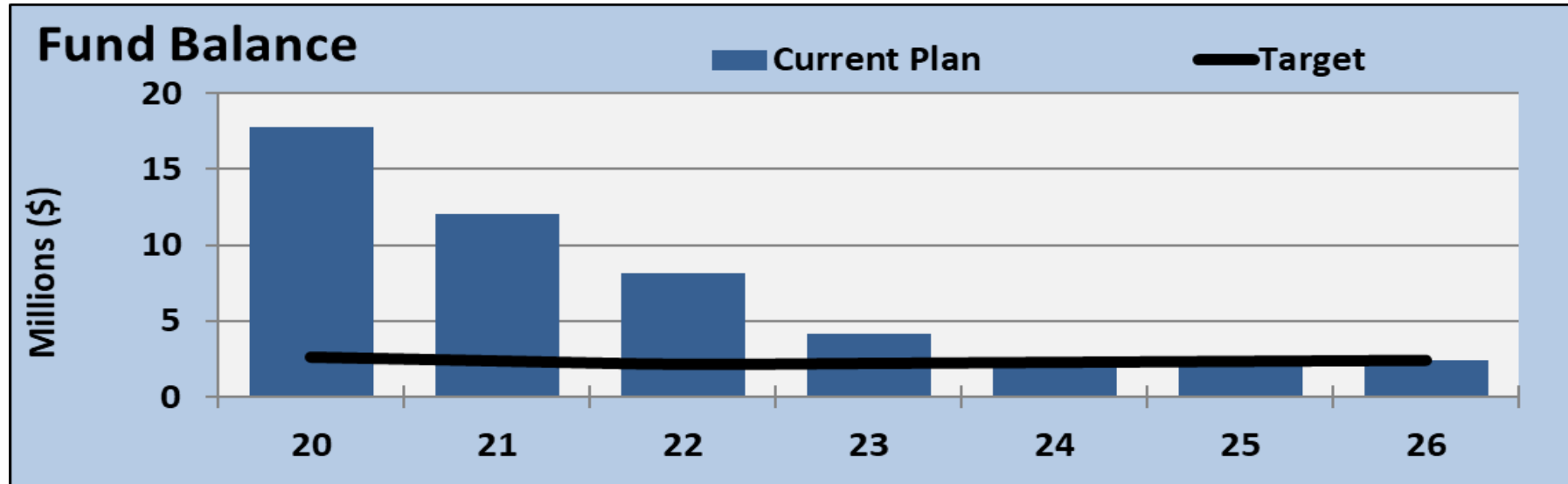
# WATER SUPPLY FUND FINANCIAL SUMMARY



# SEWAGE DISPOSAL FUND FINANCIAL SUMMARY

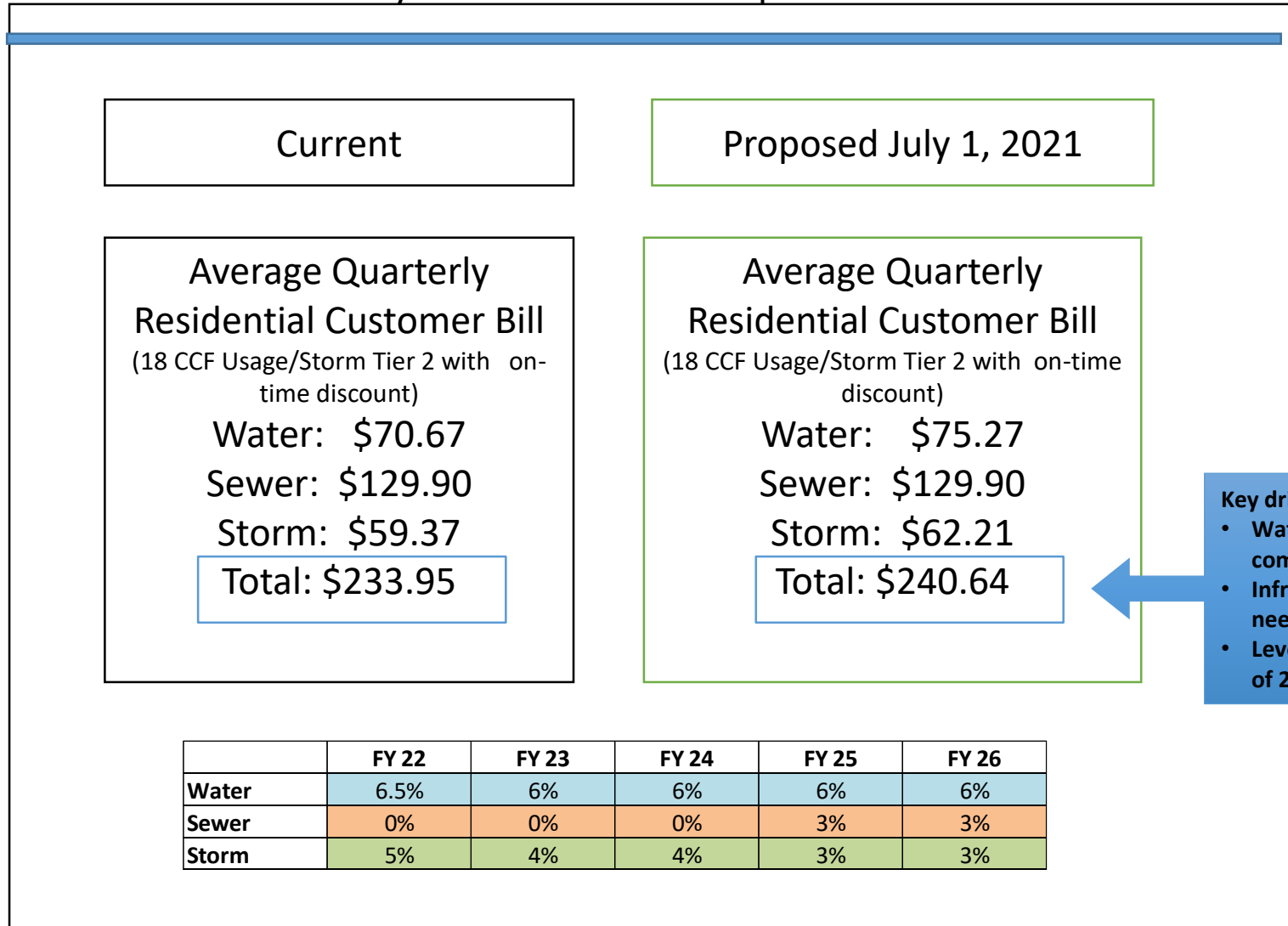


# STORMATER FUND FINANCIAL SUMMARY



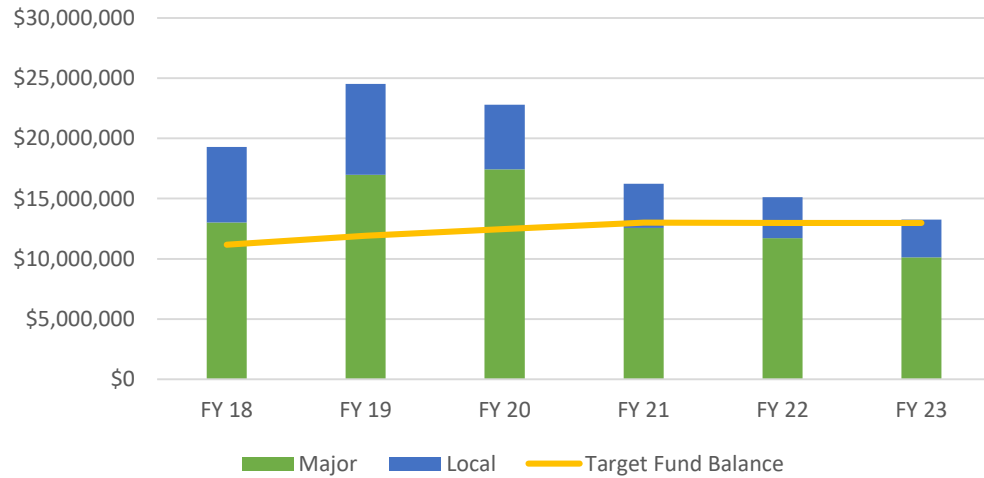
# RATE PLAN

## City of Ann Arbor Municipal Utilities Bill

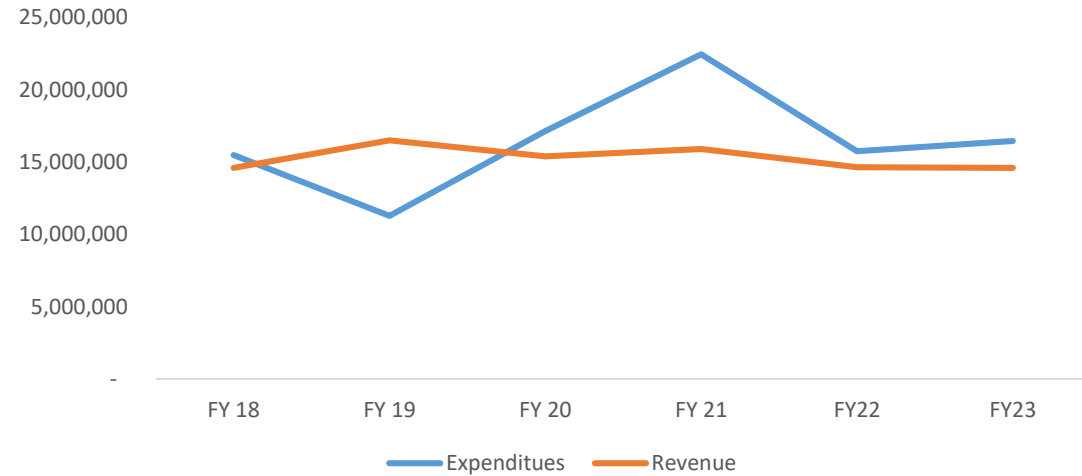


# MAJOR AND LOCAL STREET FUNDS FINANCIAL SUMMARY

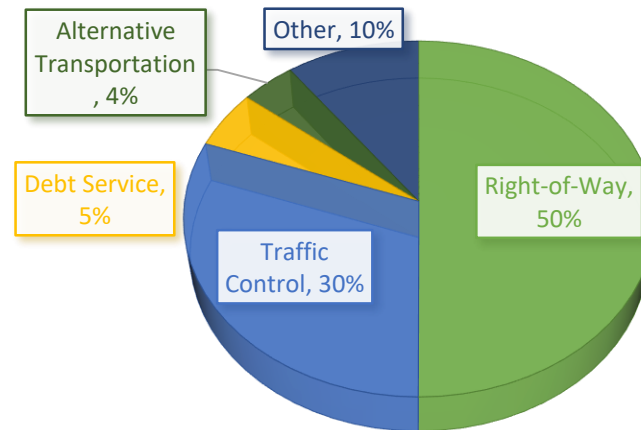
Fund Balance



Revenue vs. Expenditures



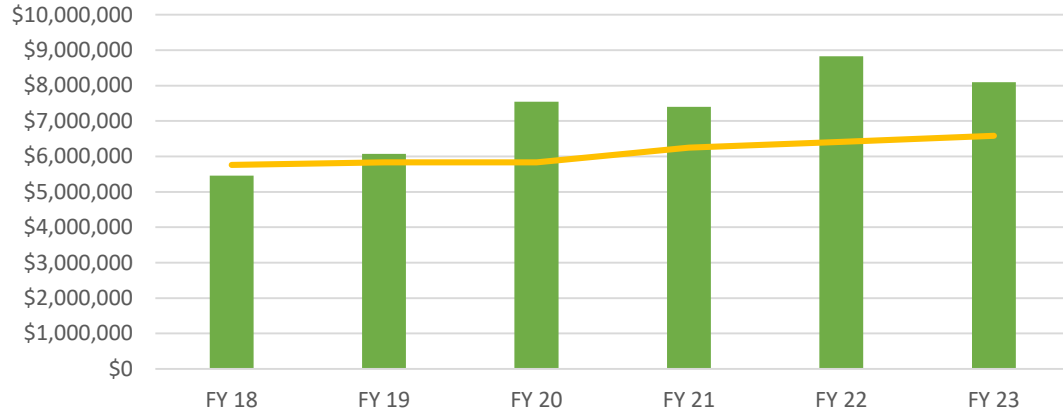
FY 22 Expenditures



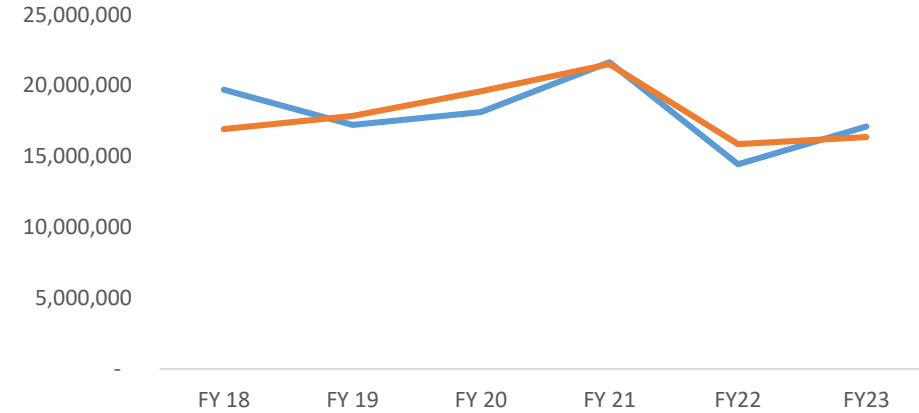


# STREET MILLAGE FUND FINANCIAL SUMMARY

Fund Balance



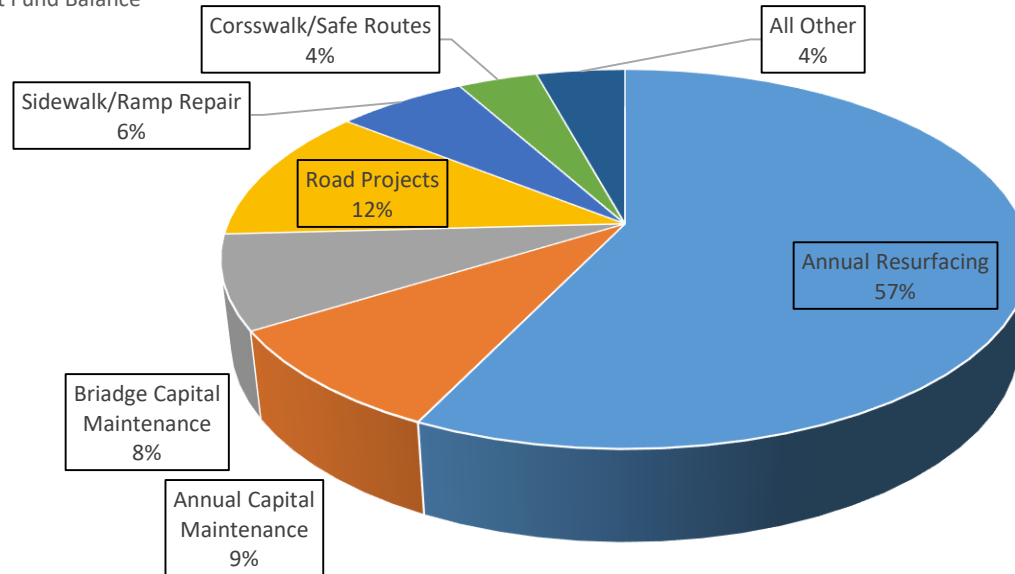
Revenue vs. Expenditures



— Target Fund Balance

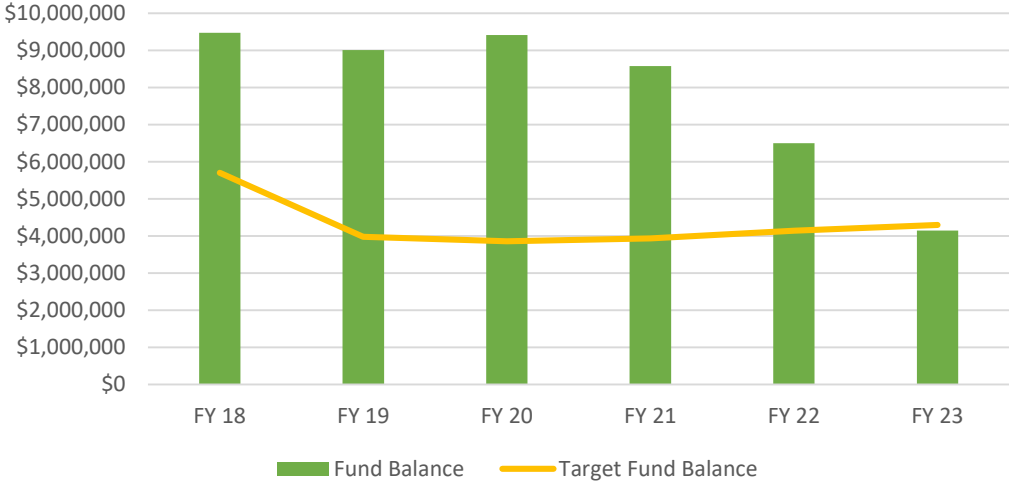
— Expenditures — Revenue

FY 22 Expenditures

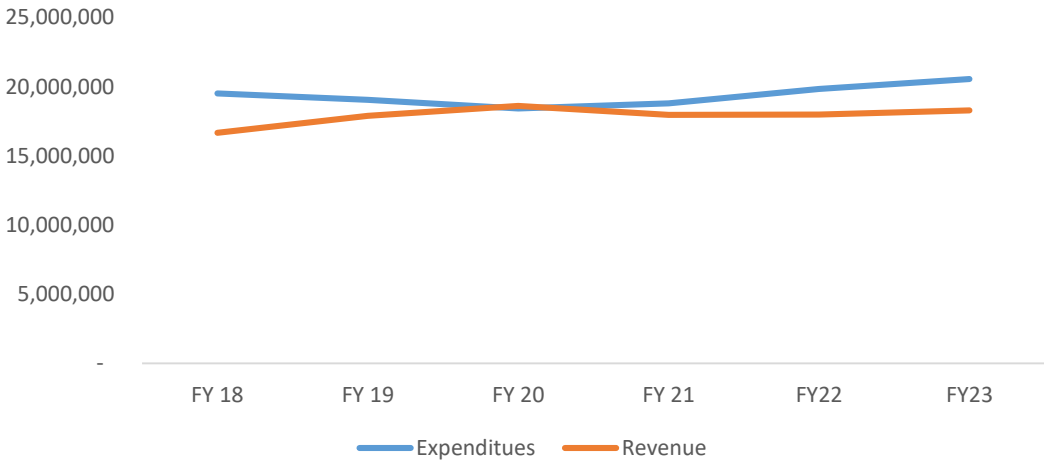


# SOLID WASTE FUND FINANCIAL SUMMARY

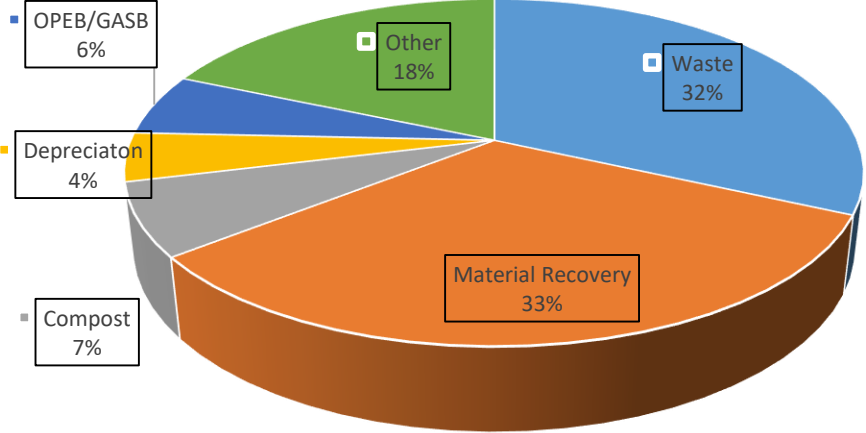
Fund Balance



Revenue vs. Expenditures



FY 22 Expenditures



# DRAFT CITY STRATEGIC PLAN

## **Goals:**

- Safe, Engaged, Vibrant Community with Strong Neighborhoods
- Diverse, Equitable, and Inclusive Community
- Environmental Stewards
- Well Maintained and Sustainable Infrastructure
- Healthy and Sustainable Economy
- Responsible and Responsive Government with Good Governance

## **Objectives:**

Objectives with SMART measures were identified in the draft plan and incorporated into the following departmental budget presentation.

## **Impacts:**

- Staff impacts reflect the impact to services.
- Where needed, requests for funds have also been included to achieve strategic objectives.

# ADMINISTRATION (STRATEGIC OBJECTIVES)

OBJECTIVE	PERFORMANCE MEASURE
City is recognized as being prudently financially managed	<ul style="list-style-type: none"><li>• Achieve a Water bond rating of AA or better.</li><li>• Maintain a Waste Water bond rating of AA+ or better.</li></ul>

# ADMINISTRATION

## (IMPACTS TO ACHIEVE STRATEGIC OBJECTIVES)

IMPACT/ISSUE	AMOUNT	TYPE
No incremental resources requested		

R = Recurring Cost O = One-Time Cost

# ADMINISTRATION (CORE SERVICES)

SCOPE OF SERVICE	PERFORMANCE MEASURE
Provide and Support a Safe and Healthy work environment	<ul style="list-style-type: none"> <li>• 100% completion of Service Area assigned safety training</li> </ul>
Effectively financially manage Public Service Area funds to ensure sustainable and healthy systems	<ul style="list-style-type: none"> <li>• Reliability of Utility Revenue Projections – 90% of budget</li> <li>• Maintain sufficient Sewage Disposal Systems debt coverage ratio at a minimum of 1.25%</li> <li>• Maintain sufficient Water Supply System debt coverage ratio at a minimum of 1.25%</li> </ul>
Implement Utility Organization Best Practices (AWWA)	<ul style="list-style-type: none"> <li>• Achieve above the 75 percentile in AWWA Organizational Best Practice Index</li> </ul>
Support and Facilitate Public Art Commission	<ul style="list-style-type: none"> <li>• Facilitate and support scheduled meetings</li> </ul>

# ADMINISTRATION

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>General Fund</i></b>		
Reduce resources available to support Public Art efforts and facilitation	(6,332)	R
<b><i>Water Fund</i></b>		
Increased public engagement/communication	25,000	R
Rate revenue	(25,000)	R
<b><i>Administration Total Impacts</i></b>	<b><i>(6,332)</i></b>	

R = Recurring Cost O = One-Time Cost

# Engineering (STRATEGIC OBJECTIVES)

OBJECTIVE	PERFORMANCE MEASURE
<p>Constituents can move safely throughout the community regardless of mode transportation</p>	<ul style="list-style-type: none"> <li>• By 2023, traffic crashes result in less than 5 incapacitating injuries and fatalities.</li> </ul>
<p>Well maintained transportation and utility infrastructure across the city and region</p>	<ul style="list-style-type: none"> <li>• By 2023, ensure that 50% of city roads have a PASER score of 7 or better.</li> <li>• By 2023, achieve 15-minute effective frequency throughout the day on signature transit corridors.</li> <li>• By 2023, complete 100% of near-term sidewalk gaps, enhance 10 uncontrolled crosswalks, and install 10 new uncontrolled crosswalks.</li> <li>• By 2023, install 10 miles of new low-stress bike network and upgrade 10 miles of existing bikeways.</li> </ul>



# ENGINEERING

## (IMPACTS TO ACHIEVE STRATEGIC OBJECTIVES)

IMPACT/ISSUE	AMOUNT	TYPE
Traffic crashes resulting in less than 5 incapacitating injuries and fatalities	tbd	R
Complete 100% of near-term sidewalk gaps	16 -21M	O
Enhance 10 uncontrolled crosswalks	60,000	O
<b>Engineering Total Impacts</b>	tbd	

R = Recurring Cost O = One-Time Cost

# ENGINEERING (CORE SERVICES)

SCOPE OF SERVICE	PERFORMANCE MEASURE
Maintain & Replace City Infrastructure	<ul style="list-style-type: none"> <li>• Complete 90% of CIP programmed projects on-time</li> <li>• Ensure final road patching by private contractors is completed within 30 days</li> <li>• Improve PASER rating of road system to good or better for 80% of streets by 2026</li> </ul>
Transportation Engineering	<ul style="list-style-type: none"> <li>• Complete 100% of traffic reviews on time</li> <li>• Process 100% of TCO and RPP requests within one month of receipt</li> <li>• Respond to 100% of A2 FixIt Requests within the quarter</li> </ul>
Private Development	<ul style="list-style-type: none"> <li>• Complete review of 85% of construction plans within 4 weeks</li> <li>• Complete 80% of ROW permits within 3 weeks</li> </ul>
Install & maintain traffic, signs, signals, and streetlights	<ul style="list-style-type: none"> <li>• 100% of city streetlight outages repaired within 72 hours of receipt of Miss Dig clearance</li> <li>• Migrate Signs, Signals, and Streetlights workflow management systems from current paper-based system to City Works</li> </ul>

# ENGINEERING

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>General Fund</i></b>		
Reduction in Annual Streetlight replacement allocation (\$425,000)	(126,732)	R
Additional FTE to assist with the City’s increasing responsibilities surrounding streetlights (installation, maintenance, smart-city)	97,796	R
Anticipated increased electricity costs for streetlight installs	29,760	R
<b><i>Engineering Total General Fund Impacts</i></b>	<b><i>824</i></b>	
<b><i>County Mental Health Millage – Pedestrian Safety</i></b>		
Increase in Annual Streetlight replacement contribution	126,732	R
Decrease in Pedestrian Safety/School Zone/Electronic Speed Limit Signage	(200,000)	R
Vision Zero Marketing	73,268	R
<b><i>Engineering Total County Mental Health Millage</i></b>	<b><i>0</i></b>	

R = Recurring Cost O = One-Time Cost

# ENGINEERING

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>Major and Local Street Funds -tbd</i></b>		
Healthy Streets	<b><i>tbd</i></b>	
Increased vehicle costs – EV replacement/Green Fleets policy	58,303	O
Coordinated intelligent transportation system strategy development – Professional Services	75,000	O
Signal system software license costs	8,000	R
Act 51 Revenue	(141,303)	
<b><i>Major and Local Street Fund total:</i></b>	<b>\$0</b>	

R = Recurring Cost O = One-Time Cost

# PUBLIC WORKS (STRATEGIC OBJECTIVES)

OBJECTIVE	PERFORMANCE MEASURE
Ann Arbor has embraced a circular economy and is a responsible user of materials.	<ul style="list-style-type: none"><li>• By 2023, Ann Arbor has achieved a 45% diversion rate.</li><li>• By 2023, increase diversion of per capita organic waste to 20%.</li></ul>

# PUBLIC WORKS

## (IMPACTS TO ACHIEVE STRATEGIC OBJECTIVES)

IMPACT/ISSUE	AMOUNT	TYPE
Commercial compost	1,093,150	R
Multifamily compost	1,413,299	R
EV truck option to service multifamily compost (\$200K additional per truck)	400,000	O
Year-round residential compost	99,000	R
Circular Economy grants	100,000	O
Full-service regional drop-off station capital costs	2,255,060	O
Full-service regional drop-off station annual operating costs	156,510	R
Education & outreach	200,000	R
RFP & ITB development in support of diversion goals	200,000	O
Student Move In Move/Out	40,000	R
<b><i>Public Works Total Impacts</i></b>	<b><i>5,957,019</i></b>	

R = Recurring Cost O = One-Time Cost

# PUBLIC WORKS (CORE SERVICES)

SCOPE OF SERVICE	PERFORMANCE MEASURE
Maintain streets to maximize asset life and ensure safe travel	<ul style="list-style-type: none"> <li>• Sweep bike lanes monthly</li> <li>• Complete 2 fall street cycles</li> <li>• 90% of citizen reported potholes patched within 72 hours</li> </ul>
Maintain systems to maximize asset life, protect water quality and minimize disruption in service	<ul style="list-style-type: none"> <li>• No more than 13 sanitary sewer blockages causing backups and/or SSOs annually</li> <li>• Replace 40 water valves annually</li> <li>• Clean 20% of the City's 24" and smaller stormwater pipe and swirl concentrators</li> <li>• Complete acoustic inspections at 50% of crosslots</li> </ul>
Provide Solid Waste Collection Services and Programs to provide essential services while advancing the City's diversion and sustainability goals	<ul style="list-style-type: none"> <li>• Increase commercial recycling by 5% annually</li> <li>• 99% of residential trash, recycling, and compost completed on schedule</li> <li>• Decrease percentage landfilled relative to entire waste stream</li> </ul>
Maintain and improve the health of the City's urban forest	<ul style="list-style-type: none"> <li>• Prune 10% of City's street trees annually</li> <li>• Plant 1,000 ROW plantings annually</li> </ul>

# PUBLIC WORKS

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>Major and Local Street Funds</i></b>		
Brine Applicator	60,250	O
Equipment	360,250	O
Snow Event Fleet Mechanic OT	30,000	R
Wheeler Modifications	26,159	O
Increased vehicle costs – EV replacement/Green Fleets policy	22,686	O
Increased Contribution to Alternative Transportation Fund-Bike Lane Maintenance	150,000	O
Act 51 Revenue	(649,345)	
<b><i>Major and Local Street Fund total:</i></b>	<b>\$0</b>	
<b>Alternative Transportation Fund</b>		
Bike Lane Sweeping – Increased level-of-service/bike lane mileage increase	277,000	R
Increase of Act 51 funding/reduced capital funding	(277,000)	R



# PUBLIC WORKS

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b>Water Fund</b>		
Equipment – Gate Turner	30,000	O
Wheeler Modifications	18,537	O
Service Line Inventory - GIS Temporary	60,000	R
Increased vehicle costs – EV replacement/Green Fleets policy	143,861	O
Rate Revenue	(252,398)	
<b>Stormwater Fund</b>		
Increased Temporary and Professional Services	155,000	R/O
Increased vehicle costs – EV replacement/Green Fleets policy	103,330	O
Interfacing GIS and Cityworks Professional Services – Level-of-Service	60,000	O
Increased Engineering Support – Asset Management/SCREAM/Asstetic	100,000	O
Wheeler Modifications	12,051	O
Rate Revenue	(430,381)	

# PUBLIC WORKS

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>Solid Waste Fund</i></b>		
Green Fleets increased replacement costs	195,544	O
Rapid high powered vehicle charger	50,000	O
Assumed decrease of maintenance/fuel costs	(35,244)	O
New FTE required to maintain existing level-of-service – increase of compost volumes	81,319	R
Residential recycling cart delivery/Multi-Family Recycle Dumpsters	116,000	R
Increased labor, equipment and administrative costs-reallocation of staff time	20,000	R
Expanded compost collection (Dec thru April) –incl rental truck & temp employee	49,000	R
Increased community wide marketing, education, and outreach	50,000	R
On-call consultant support to develop RFPs for new and existing programs	100,000	O
New Truck to service 300 gallon totes	93,600	O
<b><i>Public Works Solid Waste Total Impacts:</i></b>	<b><i>770,219</i></b>	

# SYSTEMS PLANNING (STRATEGIC OBJECTIVES)

OBJECTIVE	PERFORMANCE MEASURE
Ann Arbor conserves, protects, enhances, and restores our natural resources and aquatic and terrestrial ecosystems.	<ul style="list-style-type: none"><li>• By 2023, achieve a Watershed Health Score for Allen Creek of 10, with no decline in other watersheds.</li></ul>

# SYSTEMS PLANNING

## (IMPACTS TO ACHIEVE STRATEGIC OBJECTIVES)

IMPACT/ISSUE	AMOUNT	TYPE
No incremental resources requested		

R = Recurring Cost O = One-Time Cost

# SYSTEMS PLANNING (CORE SERVICES)

SCOPE OF SERVICE	PERFORMANCE MEASURE
Manage Stormwater Programs	<ul style="list-style-type: none"> <li>• Increase volume of stormwater infiltration by continued installation of green infrastructure</li> </ul>
Provide facilitation expertise and support to Community Engagement initiatives	<ul style="list-style-type: none"> <li>• Increase diversity in Community-wide Public Engagement initiatives</li> </ul>
Provide technical expertise in modeling, capital planning, asset management, studies, GIS, and reporting	<ul style="list-style-type: none"> <li>• Establish a decreasing trend in the number of SSOs</li> <li>• Establish a decreasing trend in the volume of SSOs</li> <li>• Establish an improving trend in overall Water Collection and Sanitary Sewer Collection Systems</li> <li>• Establish an improving trend in overall risk score for the Stormwater System</li> </ul>
Plan review, inspection; enforcement of local codes, regulations and standards and specifications.	<ul style="list-style-type: none"> <li>• Complete review of 80% of site plans within 2 weeks</li> <li>• Complete 90% of grading plans within 1 week</li> </ul>

# SYSTEMS PLANNING

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b>General Fund</b>		
Reduction in Public Engagement support for General Fund Projects - (Treeline)	(581)	R
<b>Water Fund</b>		
Water Model Updates	200,000	O
Water model migration to Assetic	50,000	O
Rate Revenue	(250,000)	
<b>Stormwater Fund</b>		
Impervious Update	40,000	O
Rate Revenue	(40,000)	
<b><i>Systems Planning Total Impacts</i></b>	<b><i>(581)</i></b>	

R = Recurring Cost O = One-Time Cost

# WATER TREATMENT SERVICES (STRATEGIC OBJECTIVES)

OBJECTIVE	PERFORMANCE MEASURE
Ann Arbor has award-winning, safe, and high-quality drinking water	<ul style="list-style-type: none"><li>• Ann Arbor drinking water meets the Partnership for Safe Water quality goals that exceed regulatory standards.</li><li>• By 2023, zero microbial water quality detections for total coliform and E. Coli.</li><li>• By 2023, filter turbidity (measurements of the cloudiness of the water) exceeds regulatory guidelines.</li><li>• By 2023, PFAS levels in drinking water are less than the city's water quality goal of 10 ppt (PFOS + PFOA).</li></ul>

# WATER TREATMENT SERVICES

## (IMPACTS TO ACHIEVE STRATEGIC OBJECTIVES)

IMPACT/ISSUE	AMOUNT	TYPE
Chemical feed system/filter press improvements	60,000	O
Barton Pump Station rebuild and preventative maintenance on back-up supply	120,000	O
Filter Press Improvements	80,000	O
Distribution system pump station rebuilds	50,000	O
<b><i>WTP Total Impacts</i></b>	<b><i>310,000</i></b>	

R = Recurring Cost O = One-Time Cost



# WATER TREATMENT SERVICES (CORE SERVICES)

SCOPE OF SERVICE	PERFORMANCE MEASURE
Provide continuous supply of safe drinking water	<ul style="list-style-type: none"> <li>• Reduce water quality complaints &lt;38/qtr.</li> <li>• Total coliform detection – 0/qtr.</li> <li>• E.coli detection – 0/qtr.</li> <li>• Maintain individual filter water quality (turbidity)&lt;.1 NTU 95% of the time</li> <li>• Maintain quarterly avg PFOS + PFOA &lt;10 ppt.</li> </ul>
Raise public awareness of drinking water	<ul style="list-style-type: none"> <li>• Engage with &gt; 400 people/qtr.</li> </ul>
Provide laboratory services for existing and future customers	<ul style="list-style-type: none"> <li>• Achieve 24-hour turnaround time for all wastewater sample analyses except for biological oxygen demand</li> </ul>
Maintain WTSU equipment and facilities	<ul style="list-style-type: none"> <li>• Maintain the ratio of preventive maintenance hours to corrective maintenance hours above 1.1</li> </ul>
Assess infrastructure needs, develop a sustainable capital plan; execute and implement capital projects	<ul style="list-style-type: none"> <li>• Maintain ratio of total capital expenditures/budgeted capital between .85 and 1.0</li> </ul>

# WATER TREATMENT SERVICES (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>General Fund</i></b>		
Eliminate conference travel and training for telecom and hydro dams	(5,020)	R
Engineering technical services for 1-4 Dioxane	15,000	R
Eliminate legal services for hydro MPSC Rate case	(15,000)	R
Barton embankment maintenance, grading, tree removal, and buoy line relocation	26,000	R
Diving and Instrumentation services for hydroelectric system operation & maintenance	70,000	R
Additional regulatory compliance requirements by Federal Energy Regulatory Commission	106,924	R
Superior Dam Coating and Steel Repairs- Construction	250,000	O
<b><i>Water Treatment Services General Fund Impacts</i></b>	<b><i>447,904</i></b>	

# WATER TREATMENT SERVICES (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>Water Supply System Fund</i></b>		
Engineering services for asset management and water quality consultant	225,000	R
Water Quality Intern	30,000	R
Diving and Instrumentation Services – Water share	30,000	R
Water Quality research on emerging contaminants (match)	100,000	O
Increased public engagement for water quality	20,000	R
Security System Improvements	50,000	O
Ozone system dewatering equipment	30,000	O
Anticipated chemical price increase and demand fluctuations	245,000	R

R = Recurring Cost O = One-Time Cost

# WATER TREATMENT SERVICES

## (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>Water Supply System Fund Cont.</i></b>		
Electrical price increase	15,000	R
Increased equipment maintenance – plant upkeep	40,000	R
Increased vehicle costs – EV replacement/Green Fleets policy	6,899	O
Scada software maintenance	20,000	R
Rate Revenue	(811,899)	
<b><i>Total Water Treatment Services Water Supply System</i></b>	<b><i>0</i></b>	

R = Recurring Cost O = One-Time Cost

# WASTE WATER TREATMENT SERVICES (STRATEGIC OBJECTIVES)

OBJECTIVE	PERFORMANCE MEASURE
Ann Arbor conserves, protects, enhances, and restores our natural resources and aquatic and terrestrial ecosystems.	<ul style="list-style-type: none"><li>• Maintain 99% compliance with daily NPDES permit limits.</li></ul>

# WASTE WATER TREATMENT SERVICES (IMPACTS TO ACHIEVE STRATEGIC OBJECTIVES)

IMPACT/ISSUE	AMOUNT	TYPE
Biodigester feasibility review and update	50,000	O

R = Recurring Cost O = One-Time Cost

# WASTE WATER TREATMENT SERVICES (CORE SERVICES)

SCOPE OF SERVICE	PERFORMANCE MEASURE
Operate and maintain the WWTP to ensure continuous treatment of sanitary and industrial wastewater that meets or exceeds regulatory standards before discharge to the Huron River.	<ul style="list-style-type: none"> <li>• 99% compliance with daily NPDES permit limits</li> <li>• No bypass of untreated wastewater to the Huron River</li> <li>• Complete &gt;90% of monthly preventive and corrective maintenance work orders on time</li> </ul>
Manage the reuse and disposal of biosolids in an environmentally sustainable manner	<ul style="list-style-type: none"> <li>• Land apply all biosolids from May through November, weather permitting</li> </ul>
Raise public awareness of wastewater treatment	<ul style="list-style-type: none"> <li>• &gt;150 attendees of the annual open hours</li> <li>• &gt;250 people attending tours annually</li> </ul>
Assess infrastructure needs, develop a sustainable capital plan; execute and implement capital projects	<ul style="list-style-type: none"> <li>• Maintain project schedule and budget for capital projects</li> </ul>
Ensure staff have sufficient technical and safety training	<ul style="list-style-type: none"> <li>• 100% of staff have up-to-date safety training</li> <li>• Annually create a career development plan</li> </ul>

# WASTE WATER TREATMENT SERVICES (IMPACTS TO ACHIEVE CORE SERVICES)

IMPACT/ISSUE	AMOUNT	TYPE
<b><i>Sewage Disposal Fund:</i></b>		
NPDES legal fees	50,000	O
Anticipated Natural Gas increase	130,000	R
Anticipated Electricity increase	100,000	R
Solids handling, anticipated landfill service increase	200,000	R
<b><i>Rate Revenue</i></b>	<b>(480,000)</b>	
<b><i>Total Waste Water Treatment Services Sewage Disposal Fund Impacts</i></b>	<b>0</b>	

R = Recurring Cost O = One-Time Cost



# PUBLIC SERVICES - HORIZON ISSUES

- Increased regulatory requirements
  - PFAS regulation
  - NPDES permit phosphorus limits
  - Chlorides and sulfates
  - Lead and Copper
- Emerging contaminants (e.g. PFAS)
- Succession planning/Retirements/Recruitment
  - Competing with the private sector for qualified personnel
  - Training
- Solid Waste Program
- Contractor Capacity/Escalating Costs
- Capital Investment/Aging Infrastructure – Rate support
- Environment Impacts/Land Application
- Galvanized Service Replacements
- Increased non-motorized assets
- Landfill tipping fee increases

# QUESTIONS AND DISCUSSION