This presentation provides an overview of the Public Service Area FY 23 Budget, including the following:

- Service Area Overview
- Financial overview
  - Fund summaries
  - Utility rates
- Service Unit Highlights
- Service Area Horizon Issues
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

Operating Fund

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flows</th>
<th>Capital Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash In</td>
<td>Debt</td>
</tr>
<tr>
<td></td>
<td>Cash Out</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>23</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>24</td>
<td>32</td>
<td>20</td>
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<tr>
<td>25</td>
<td>40</td>
<td>30</td>
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<tr>
<td>26</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>27</td>
<td>32</td>
<td>20</td>
</tr>
</tbody>
</table>
SEWAGE DISPOSAL FUND FINANCIAL SUMMARY

Operating Fund

- **Current Plan**

Cash Flows

- **Cash In**
- **Cash Out**

CIP Funding

- **Operating**
- **Debt**
STORMWATER FUND FINANCIAL SUMMARY

Operating Fund

Millions ($)

21 22 23 24 25 26 27

Current Plan

Cash Flows

Cash In  Cash Out

Cash Flows

Millions ($)

22 23 24 25 26 27

CIP Funding

Cash  Other Debt  Bond Debt

Millions ($)

22 23 24 25 26 27 28 29 30 31
RATE PLAN

Current

Average Quarterly Residential Customer Bill
(18 CCF Usage/Storm Tier 2 with on-time discount)
Water: $75.27
Sewer: $129.90
Storm: $62.21
Total: $240.64

Proposed July 1, 2022

Average Quarterly Residential Customer Bill
(18 CCF Usage/Storm Tier 2 with on-time discount)
Water: $79.84
Sewer: $129.90
Storm: $64.61
Total: $246.92

<table>
<thead>
<tr>
<th></th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Sewer</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Storm</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>
FY23 Overview

MAJOR AND LOCAL STREET FUNDS FINANCIAL SUMMARY

Fund Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Major</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17</td>
<td>$20,000,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>FY 18</td>
<td>$25,000,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>FY 19</td>
<td>$30,000,000</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>FY 20</td>
<td>$35,000,000</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>FY 21</td>
<td>$40,000,000</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>FY 22</td>
<td>$45,000,000</td>
<td>$35,000,000</td>
</tr>
</tbody>
</table>

Revenue vs. Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17</td>
<td>$15,000,000</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>FY 18</td>
<td>$20,000,000</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>FY 19</td>
<td>$25,000,000</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>FY 20</td>
<td>$30,000,000</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>FY 21</td>
<td>$35,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>FY 22</td>
<td>$40,000,000</td>
<td>$45,000,000</td>
</tr>
<tr>
<td>FY 23</td>
<td>$45,000,000</td>
<td>$50,000,000</td>
</tr>
</tbody>
</table>

FY 23 Expenditures

- Right-of-Way: 50%
- Traffic Control: 31%
- Debt Service: 5%
- Alternative Transportation: 4%
- Other: 10%
STREET, BRIDGE, SIDEWALK MILLAGE FINANCIAL SUMMARY

FY23 Overview

**Annual Resurfacing**
63%

**Annual Capital Maintenance**
4%

**Bridge Capital Maintenance**
17%

**Road Projects**
9%

**Sidewalk/Ramp Repair**
3%

**Crosswalk/Safe Routes**
2%

**All Other**
2%

**Revenue vs. Expenditures**

**Fund Balance**

FY 18

FY 19

FY 20

FY 21

FY 22

FY 23

**Revenue**

FY 23 Expenditures

- **All Other**: 2%
- **Annual Resurfacing**: 63%
- **Crosswalk/Safe Routes**: 2%
- **Bridge Capital Maintenance**: 17%
- **Annual Capital Maintenance**: 4%
- **Road Projects**: 9%
- **Sidewalk/Ramp Repair**: 3%
SOLID WASTE FUND FINANCIAL SUMMARY

Fund Balance

Revenue vs. Expenditures

FY 23 Expenditures

- Waste (33%)
- Material Recovery (30%)
- Compost (8%)
- Depreciation (4%)
- OPEB/GASB (6%)
- Other (19%)

FY 23 Overview
FY 23 Budget

City of Ann Arbor

- Sustainability
- Quality of Life
- Positioning for Investment
- Infrastructure

FY23 Overview
### PUBLIC SERVICES AREA

<table>
<thead>
<tr>
<th>PILLAR 1 – SUSTAINABILITY HIGHLIGHTS</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Engineering:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modification of specs to include low carbon embodied concrete</td>
<td>TBD</td>
<td>R</td>
</tr>
<tr>
<td>Green Fleet – Electric Vehicle Conversion</td>
<td>116,000</td>
<td>O</td>
</tr>
<tr>
<td><strong>Public Works:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green Fleet – Electric Vehicle Conversion</td>
<td>234,000</td>
<td>O</td>
</tr>
<tr>
<td>Electric Charging Station at Wheeler</td>
<td>30,000</td>
<td>O</td>
</tr>
<tr>
<td>Solid Waste Education, Outreach, &amp; Marketing to advance solid waste diversion goals</td>
<td>250,000</td>
<td>R</td>
</tr>
<tr>
<td>Improving Commercial and Downtown Solid Waste Service including new Solid Waste Project Management Assistance</td>
<td>100,000</td>
<td>R</td>
</tr>
<tr>
<td>Construction of Regional Drop Off Station</td>
<td>4,000,000</td>
<td>O</td>
</tr>
</tbody>
</table>

*R = Recurring Cost  O = One-Time Cost*
## PILLAR 1 – SUSTAINABILITY HIGHLIGHTS

<table>
<thead>
<tr>
<th>Systems Planning:</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resiliency and Adaption planning for Utilities</td>
<td>TBD</td>
<td>O</td>
</tr>
<tr>
<td>Continued Implementation of the Asset Management strategies for all utilities</td>
<td>250,000</td>
<td>O</td>
</tr>
<tr>
<td>• includes a Water Model Update in FY23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Water data migration to Assetic Asset Management software in FY23</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wastewater Treatment:</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land application of biosolids (beneficial reuse, waste diversion)</td>
<td>~600,000</td>
<td>R</td>
</tr>
<tr>
<td>Completion of Biodigester feasibility study</td>
<td>50,000</td>
<td>O</td>
</tr>
</tbody>
</table>
### PUBLIC SERVICES AREA

<table>
<thead>
<tr>
<th>PILLAR 2 – QUALITY OF LIFE HIGHLIGHTS</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Engineering:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vision Zero Transportation Plan</td>
<td>*363,000</td>
<td>O</td>
</tr>
<tr>
<td>• Complete the action plan for the Moving Together Towards Vision Zero Master Transportation Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develop a major streets traffic calming program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Communication and outreach on pedestrian safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic Calming on Local Streets</td>
<td>265,000</td>
<td>R/O</td>
</tr>
<tr>
<td><strong>Public Works:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased maintenance on non-motorized assets due to the increased mileage of protected bike lanes</td>
<td>290,000</td>
<td>R</td>
</tr>
<tr>
<td>Inspection and maintenance of our sanitary sewer system to comply with Administrative Consent Order and minimize potential for backups and overflows</td>
<td>625,000</td>
<td>R/O</td>
</tr>
</tbody>
</table>

*already approved by Council in FY22 budget

R = Recurring Cost  O = One-Time Cost
## PUBLIC SERVICES AREA

<table>
<thead>
<tr>
<th><strong>PILLAR 2 – QUALITY OF LIFE HIGHLIGHTS</strong></th>
<th><strong>AMOUNT</strong></th>
<th><strong>TYPE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Systems Planning:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ongoing investment in Flood Mitigation Activities</td>
<td>4,900,000</td>
<td>O/R</td>
</tr>
<tr>
<td>• Stormwater Storage and Outlet Modifications (including Briarwood Mall Ponds, Churchill Pond, City-owned detention pond restoration)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Flood Mitigation Grant Matching – allow City to remove structures in the floodplain/floodway</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Public Education &amp; Community Engagement Efforts</strong></td>
<td>TBD</td>
<td>R</td>
</tr>
<tr>
<td>• Includes retaining on-call public engagement services to augment staff capacity to meet increasing project demand for high quality public engagement for a various projects and initiatives.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### PUBLIC SERVICES AREA

#### PILLAR 3 – POSITIONING FOR INVESTMENT HIGHLIGHTS

<table>
<thead>
<tr>
<th>Engineering:</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
</table>
| Seeking out grant and funding partnership opportunities.  
- Transportation Economic Development Fund (TEDF) grant application for Research Park Dr.  
- Cost sharing with UM on other projects | TBD | O/R |

<table>
<thead>
<tr>
<th>Systems Planning:</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seeking out opportunities to access State and Federal Grants (IIJA, WIFIA)</td>
<td>$30,000</td>
<td>O</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water Treatment:</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barton Pump Station Valve Replacement</td>
<td>*2,700,000</td>
<td>O</td>
</tr>
<tr>
<td>WTP – Plant 1 Replacement pilot plant</td>
<td>3,000,000</td>
<td>O</td>
</tr>
</tbody>
</table>

*includes grant funding*
## PILLAR 4 – INFRASTRUCTURE HIGHLIGHTS

<table>
<thead>
<tr>
<th>Engineering:</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of the public infrastructure projects in the Capital Improvements Plan including:</td>
<td>~47,400,000</td>
<td>O/R</td>
</tr>
<tr>
<td>• Pavement Condition improvements, including resurfacing, crack sealing, capital preventative maintenance (~$20M*)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Bridge maintenance and repair ($5M*)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Sidewalk repair and sidewalk gaps ($3M)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ongoing Sanitary Sewer &amp; Storm Sewer lining (~$4.8M)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ongoing Water, Sanitary, and Storm pipe replacement and upsizing (~$14.6M)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public Works:</th>
<th>~5,625,000</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing Repair and Capital Maintenance Activities of City’s infrastructure, Including utilities televising, cleaning, main repair; street base and pothole repair</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*includes external funds from UM and State/Federal Sources*
## PUBLIC SERVICES AREA

<table>
<thead>
<tr>
<th>PILLAR 4 – INFRASTRUCTURE HIGHLIGHTS</th>
<th>AMOUNT</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Works/Systems Planning:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Meter Replacement Program (large meters)</td>
<td>1,100,000</td>
<td>O</td>
</tr>
<tr>
<td><strong>Water Treatment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barton Dam Embankment Repairs</td>
<td>650,000</td>
<td>O</td>
</tr>
<tr>
<td><strong>Wastewater Treatment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headworks Screening &amp; Grit Replacement System</td>
<td>15,100,000</td>
<td>O</td>
</tr>
</tbody>
</table>

18 R = Recurring Cost  O = One-Time Cost
PUBLIC SERVICES AREA  
HORIZON ISSUES

Human Resources
• Succession planning
• Workforce development

Financial & Infrastructure
• Economy impacts on Capital Project costs
• Funding for rehab and replacement of aging infrastructure
• Funding for maintenance of increased non-motorized assets
• Dam Rehabilitation Costs at all four dams

Community
• Restructuring commercial solid waste fees
• Regional Drop off Station – establishing operational funding structure
• Urban Forest Management Plan – recommendations could have future budget impact
• Increasing need and demand for Community Engagement support

Utilities
• Water treatment plant rehabilitation
• Gelman Plume
• Environmental/Legislative Changes
FY23 CITY COUNCIL BUDGET QUESTIONS PROCESS

Please send any FY23 budget questions to Sara Higgins, copying Milton Dohoney, Marti Praschan, and Kim Buselmeier. Responses will be organized by topic and responded to throughout the budget season.