• 2018 Budget Overview
• Utility Rate Discussion
• Measurements, Scorecards & Accountability
• 2018 Programs & Projects
• Human Resources
• Foundation for Excellence (FFE)
• 2017 Accomplishments
• Next Steps
• Citizen Comments
• Commissioner Comments
2018 Overview

- General Fund: 2018 balanced with 17% fund balance
  - FFE revenue due to indexing property tax backfill revenue
  - Improved state revenue; shared revenue & fire reimbursement
  - Improved property tax revenue due to property values
  - Dispatch operational expenses $1.2M annually
  - Increased Capital Improvement Program (CIP) contribution
2018 Overview: The Way Forward

- General Fund: 2019-2023: 15% fund balance
  - Maintained positive annual net revenue
  - FFE revenue due to indexing property tax backfill revenue
  - Improved property tax revenue due to values/growth
  - Improved state revenue; shared revenue & fire reimbursement
  - Dispatch expenditures due to lack of surcharge revenue
  - Salary adjustments to market
Fiscal Health: Balanced

The graph shows the trend of ongoing revenues and ongoing expenses from 2012 to the fiscal year 2022. The data indicates a consistent increase in both revenues and expenses over the years, with revenues generally exceeding expenses.
Fiscal Health: Aligned

General Fund One-Time Alignment

Sources (Fund Balance + One-Time Revenues)

Uses (One-Time Expenditures)

Total Reserves
2018 Overview: The Way Forward 2018-2023

- **Major & Local Streets**
  - Fiscal plan: balanced by new state funding (same as 2017)

- **CIP**
  - Fiscal plan: balanced, increase in projects

- **Insurance Fund**
  - Fiscal plan: balanced, adequate reserves will be maintained
2018 Overview: Retirement Systems

- **Pension Fund**
  - 130% funded (as of 12/31/16)

- **Retiree Healthcare (OPEB) Fund**
  - 57% funded (as of 12/31/16)

- **Metro Transit handoff to Central County Transportation Authority (CCTA)**
  - Successful rollout
  - City administers pension & retiree healthcare
2018 Overview: Priority Based Budgeting (PBB)

- Program categories
  - **Direct**: programs that include personnel and non-personnel expense
  - **Administrative**: programs to support government activities and direct programs
- **City-wide**: 478 programs, $132.5 million of direct and indirect costs
2018 Overview: Priority Based Budgeting (PBB)

- **Types of programs:**
  - **Community:** provide services, ranked based on results maps
  - **Governance:** provide internal support for City functions

![Pie chart showing City of Kalamazoo PBB Programs with $101.1 million for Community Programs and $31.2 million for Governance Programs.]
## 2018 Overview: Priority Based Budgeting (PBB)

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Program Dollars</th>
<th>FTE’s</th>
<th>Programs</th>
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<tr>
<td>Q1</td>
<td>$10,791,678</td>
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<td>76</td>
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<tr>
<td>Q2</td>
<td>$50,178,446</td>
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<td>Q3</td>
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<td>147</td>
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<td>Q4</td>
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<tr>
<td>Admin</td>
<td>$12,548,027</td>
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<td>22</td>
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<tr>
<td>Total</td>
<td>$132,475,944</td>
<td>638</td>
<td>478</td>
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Discussion
Water System Overview

- 766 miles of water main
- 5,836 hydrants
- 14,023 valves
- 99 wells
- 17 source stations, 19 booster/bleeder stations
- 9 pressure districts
- 8 storage facilities
Wastewater System Overview

- Treatment plant capacity: 53.5 million gal./day
- Treatment plant average: 27 million gal./day
- 800 miles of sanitary sewer lines
- 62 lift stations
Utility Infrastructure Needs & Trends

- Proposed rate structure supports $106.1M 5-year CIP
- Non-funded replacement needs of cast iron $188M
- Total 20 year CIP needs: $613M
- Treatment plant unit process improvements and interceptor rehabilitations
  - Station and elevated storage tank replacements
  - Water main and lead service replacements
Prioritizing Infrastructure Investment

- Michigan Department of Environmental Quality (MDEQ) Reliability Study (5 years)
- MDEQ Sanitary Survey (5 years)
- MDEQ Needs Survey
- Asset Management
  - Water main break history & age
Cast Iron Water Pipe Replacement Needs

The graph shows the replacement needs for Cast Iron Water Pipe over the years from 2015 to 2045. The costs are measured in millions of dollars, with a peak expenditure projected for around 2035.
# Water & Wastewater Rates

## Typical residential household, combined rates:

<table>
<thead>
<tr>
<th></th>
<th>IN-CITY</th>
<th></th>
<th>OUT-CITY</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td><strong>2017</strong></td>
<td><strong>2018</strong>*</td>
<td><strong>2017</strong></td>
<td><strong>2018</strong>*</td>
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<tr>
<td>Quarterly Rate</td>
<td>$ 68.55</td>
<td>$ 76.79</td>
<td>$ 115.28</td>
<td>$ 120.08</td>
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<tr>
<td>Quarterly Increase</td>
<td>-</td>
<td>$ 8.24</td>
<td>-</td>
<td>$ 4.80</td>
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<td>Monthly Increase</td>
<td>$ 2.75</td>
<td></td>
<td>$ 1.60</td>
<td></td>
</tr>
</tbody>
</table>

*proposed rates
Water & Wastewater Rate Factors

- Aggressive Capital Improvement Program ($10M+ per year)
- Aggressive lead removal program ($2M per year)
- Increased maintenance, staffing, level of service
- Moving closer to rate parity with townships over time
- Kalamazoo maintains one of the lowest rates in the state
1 gallon: store bought
~ $1.50

5 gallons: City water
< 2 ¢
Discussion
Measurement, Accountability, Scorecards

Steven Brown
Foundation for Excellence Coordinator
Resource Specialist
Priority Alignment and Need

- Imagine Kalamazoo 2025
- Priority Based Budgeting
- Department Plans
- Foundation for Excellence
- Open Data Initiative
- Employee Performance

- High Performing Organization
- Continuous Improvement
- Telling Our Story, Engagement
Working with Imagine Kalamazoo

Goals (10)

Sub-Goals (59)
Community Scorecard "Quick View" Example

- Safe Community
- Inviting Public Places
- Environmental Responsibility
- Connected City
- Economic Vitality
- Complete Neighborhood
- Strength Through Diversity
- Shared Prosperity
- Youth Development
- Good Governance
2018 Projects

City Staff
2018: Youth Development

- Increase participation in youth programming
- Comprehensive Youth Strategy
- FFE: Super Rec, All Things Possible (ATP), MyCITY
- Additional Community Policing Officers to work with Parks & Recreation
- Group Violence Intervention (GVI) - Youth program
2018: Safe Community

- Multi-use Station 2 Design
- Consolidated Dispatch
- Enhance Community Policing with additional PSOs
- Crime Analysis Unit
- GVI Continuation
- Medical Marihuana
- FFE: Continue lead service replacements
2018: Connected City

- Two-way street conversion
- Complete Streets Policy
- Expand trail network and bicycle amenities
- Connectivity between WMU/K-College/Downtown
- FFE: Great Neighborhoods Infrastructure
2018: Environmental Responsibility

- Climate Action Plan
- FFE: Flood Control
2018: Complete Neighborhoods

- Blight Elimination Strategy
- Zoning Ordinance overhaul
- FFE: Neighborhood Engagement & Activation
- Neighborhood Plans
2018: Inviting Public Places

- Farmers Market Funding Plan
- FFE: Great Neighborhoods
  - Crane Park
  - Henderson Tot Lot
- Public Safety (KDPS)/Parks & Rec Block Parties
- Bates Alley
Activated and engaging public spaces
  - Events and activities for all ages
Accessible to all
  - Connectivity to neighborhoods
  - Safe, easily navigable streets with bicycle and pedestrian infrastructure
Downtown Zoning – Partner with City
Downtown Marketing
  - Expanded marketing and communications
Downtown Events – Partner with Parks & Rec
DKI: 2018 Projects and Priorities

- Organizational restructuring
  - Focus on engagement and inclusion: Downtown Engagement Center
  - New brand for downtown and organization
  - Sustainable, resilient revenue model
- Retail Growth Strategy
  - Small business professional development series
  - Retail Attraction
DKI: 2018 Projects and Priorities

- Downtown Infrastructure Improvements Planning
  - Street network, sidewalks, streetscape and lighting, wayfinding
- Modernize Parking Strategy and Management Plan
- Arcadia Creek Festival Place Analysis and Plan
2018: Economic Vitality

- Consolidate Community Planning & Economic Development Departments
- Riverfront Development Interest
- FFE: Entrepreneurship Center (feasibility)
- FFE: Neighborhood Business Accelerator Program
2018: Shared Prosperity

- Late December: draft SPK Action Plan finalized
- January Work Session: SPK Plan/2018 Action Plan
- Integrate SPK with community efforts to develop long term strategy
- Expand "Show Me the Money" program
- Decriminalization of City ordinances
2018: Shared Prosperity

- Civic Engagement
- Kzoo Promise
- Truth, Racial Healing, and Transformation
- Imagine Kalamazoo
- Cradle Kzoo
- HUD Plan
- Neighborhood Plans
2018: Strength Through Diversity

• Truth, Racial Healing and Transformation
  o Housing and Economic Development alignment opportunities

• Diversity in hiring & recruiting
2018: Good Governance

- Program evaluation/Key Performance Indicators (KPIs)
- Integrate budgeting process with Imagine Kalamazoo (IK2025)
- 311 Customer Service Center
- Facility use plan
2018: Building Organizational Capacity

- 2017 Adopted positions: 610
- 2018 Proposed positions: 638

Proposed Net Additions:

- City Manager: 1
- City Clerk: 1
- Treasury: 1
- CPED: 1
- HR: 1
- IT: 2
- Public Safety: 11
- Public Services: 9
2018 Compensation Overview

- **New Non-Bargaining Unit (NBU) Compensation Structure:**
  - Shift to more contemporary salary bands
  - All NBU positions reviewed for scope / complexity and placed in new structure
  - New base salaries will reflect those found in similar municipalities across region
  - January ‘roadshow’ to train managers on new program
  - Employees informed of changes by early February
New NBU Performance Management System:

- Current program to be sunset after 2018 cycle
- Increased focus on **what** is achieved and **how** results are obtained
- Subsequent merit increases will be closely linked to prior year’s individual and City performance
- Manager and employee communications / training in February
2018 Performance Management Overview

Individual performance will be measured against 5 criteria.
Discussion

---BREAK---
Measurement, Accountability, Scorecards

Steven Brown
Foundation for Excellence Coordinator
Resource Specialist
Priority Alignment and Need

- Imagine Kalamazoo 2025
- Priority Based Budgeting
- Department Plans
- Foundation for Excellence
- Open Data Initiative
- Employee Performance

- High Performing Organization
- Continuous Improvement
- Telling Our Story
Working with Imagine Kalamazoo

Sub-Goals (59)

Goals (10)
How Objectives Inform Goals

Type of change measured
1. **Efficiency**: cost per unit
2. **Effectiveness**: item net change
3. **Performance**: customer percept.
4. **State Change**: Area/pop. served
Community Scorecard "Quick View" Example

- Safe Community
- Inviting Public Places
- Environmental Responsibility
- Connected City
- Economic Vitality
- Complete Neighborhood
- Strength Through Diversity
- Shared Prosperity
- Youth Development
- Good Governance
Scorecards at Every Level (Example)

The Community Scorecard accurately captures even street-level service delivery.
Ideas >>> Projects
• **To date**: 36 measures touching 10 of 10 Goals and 22 of the 59 Sub-Goals since 11/1/2017

• **2018**: Have 200 Activity Measures covering all 59 Sub-Goals by 9/30/2018
Foundation for Excellence

Laura Lam
Assistant City Manager
FFE: Continuation of Projects

- **Youth Development**
  - Super Rec
  - All Things Possible
  - MyCITY

- **Safe Community**
  - Accelerated Lead Service Replacement
FFE: Continuation of Projects

- **Inviting Public Places/Complete Neighborhoods**
  - Great Neighborhoods: Parks
    - Henderson Tot Lot
    - Crane Park

- **Connected City/Complete Neighborhoods**
  - Great Neighborhoods: Infrastructure
    - Streets, sidewalks, tree trimming, lights
FFE: Continuation of Projects

- **Personnel**
  - SPK Coordinator
  - Youth Development Coordinator
  - Neighborhood Activator
  - FFE Coordinator
FFE: New Projects

- Economic Vitality
  - Economic Opportunity Fund
  - Strategic site acquisition
  - Entrepreneur & business support, technical assistance
  - Commercial corridors and nodes revitalization
FFE: New Projects

- **Shared Prosperity/Economic Vitality**
  - Local Initiatives Support Corporation (LISC): Economic Development Partnership
    - 2:1 match, coordinated lending consortium
    - Financial Opportunity Center expansion
    - Community Promise Credit Union expansion
    - Façade improvements
    - Small business lending
    - Entrepreneurship Center feasibility study
FFE: New Projects

- Shared Prosperity/Complete Neighborhoods
  - LISC Affordable Housing Partnership
    - 2:1 match, consolidated funding pool
    - Develop new and rehabilitated housing units
    - Prevent foreclosures
    - Provide resident homeowner education
FFE: New Projects

- Shared Prosperity/Complete Neighborhoods
  - Neighborhood Engagement & Activation
    - Neighborhood planning & coalition support
    - "Quick win" IK2025 @work projects
    - SPK focus groups & engagement
FFE: New Projects

- Communication and Evaluation
  - Program evaluation and data analysis
  - Video documentation and story telling
  - View from the Curb style communication
FFE: New Projects

- **Downtown: Inviting, Accessible Public Places**
  - Connecting neighborhoods to Downtown; Increasing safety and accessibility
  - Public art, event planning and partnerships that include our diverse population
  - Welcoming streets with seating, lighting, and social spaces for resting, meeting up, and increased walking and bicycling
## FFE: New Projects

<table>
<thead>
<tr>
<th>IK2025 GOAL/PROGRAM</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safe Community</strong></td>
<td></td>
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<tr>
<td>Lead Services Replacements</td>
<td>$500,000</td>
<td>$500,000</td>
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<tr>
<td><strong>Complete Neighborhoods / Inviting Public Spaces / Connected City</strong></td>
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<tr>
<td>Great Neighborhoods: Infrastructure</td>
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<td>$4,000,000</td>
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<tr>
<td>Great Neighborhoods: Park Enhancements</td>
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<td>Neighborhood Engagement and Activation</td>
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<td>Downtown: Inviting and Accessible Public Spaces</td>
<td>$0</td>
<td>$500,000</td>
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<tr>
<td><strong>Shared Prosperity / Economic Vitality / Youth Development</strong></td>
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<td></td>
</tr>
<tr>
<td>You / MyCity Youth Jobs</td>
<td>$750,000</td>
<td>$750,000</td>
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<tr>
<td>All Things Possible</td>
<td>$50,000</td>
<td>$50,000</td>
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<tr>
<td>SuperRec</td>
<td>$83,000</td>
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<tr>
<td>Shared Prosperity Kalamazoo Action Plan</td>
<td>$106,500</td>
<td>TBD</td>
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<tr>
<td>Economic Opportunity Fund</td>
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<td>LISC: Economic Development*</td>
<td>$0</td>
<td>$2,000,000</td>
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<tr>
<td>LISC: Affordable Housing*</td>
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<td><strong>FFE Operations</strong></td>
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<td>Communication &amp; Evaluation</td>
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<tr>
<td><strong>Total</strong></td>
<td>$3,152,500</td>
<td>$12,128,000</td>
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</table>

* Potential multi-year request
Discussion
2017 Accomplishments

James K. Ritsema, ICMA-CM
City Manager
Priority 1
Create long-term stability/sustainability

Priority 2
Build new org. culture/High Performance Organization

Priority 3
Create shared visions through community engagement

Priority 4
Provide exceptional core services

Priority 5
Lead action to reduce and create shared prosperity

Strategic Vision: Imagine Kalamazoo 2025
City Commission Priorities: Accomplishments

✔️ Create Long Term Stability
   ▪ Structurally Balanced Five-year Plan
     ▪ Reduction in property taxes
       ▪ 19.2705 mills to 12.0000 mills starting in 2017
     ▪ Increase in capital investment
       ▪ $25.33M Adopted in 2017
   ▪ Sale of Ramp 4 to spur economic development
Create a Shared Vision Based on Intentional Community Engagement

- Imagine Kalamazoo 2025
  - Strategic Vision approved in July
  - Public Participation Plan finalized
  - Master Plan approved in October
  - Priority Based Budgeting program review aligned with IK2025 Goals
City Commission Priorities: Accomplishments

✔ Develop a High Performance Organization

- Reorganize Departments; One I.T., One Finance
- Align pay/performance system with IK2025
- Six Sigma training for staff; review/streamline internal processes
- HPO Organizational Survey & 2018 Work Plan
City Commission Priorities: Accomplishments

✓ Provide Exceptional Core Services

- Accelerated Lead Service Replacement program
- New voting equipment
- Expanded youth programs (MyCITY, ATP, Super Rec)
- Downtown/Upjohn Park Trailway (KRVT) segments completed
- Single Stream Recycling
- Implemented Body Worn Cameras for PSO's
- Implemented Group Violence Intervention Strategy
City Commission Priorities: Accomplishments

- **Shared Prosperity Kalamazoo (SPK)**
  - SPK Goals:
    - Promote the healthy growth and development of children
    - Increase access to good jobs
    - Promote strong families
  - Hired SPK Coordinator
  - Initiated SPK Action Planning Process
Other Accomplishments

- Foundation for Excellence Creation
- Medical Marihuana Outreach
- Business Retention & Expansion Program
- Bicycle Friendly Community Certification
- Redevelopment Ready Community Certification
Discussion
Next Steps

• Public Hearing – December 18
• Budget Approval – January 2
• SPK Work Session – January 22
Idea Process:

Plan:
- Jan: Goal Teams Meet

Design:
- Mar: Tactical Team Reviews
- Jun: Department Reviews

Draft:
- Sep: CC >>> FFE >>> CC

Adopt:
- Jan
Comments