

**2018
Proposed Budget**

December 11, 2017



Agenda

- **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 Budget Overview

THE CITY OF



Tom Skrobola, CFO

Management Services Director

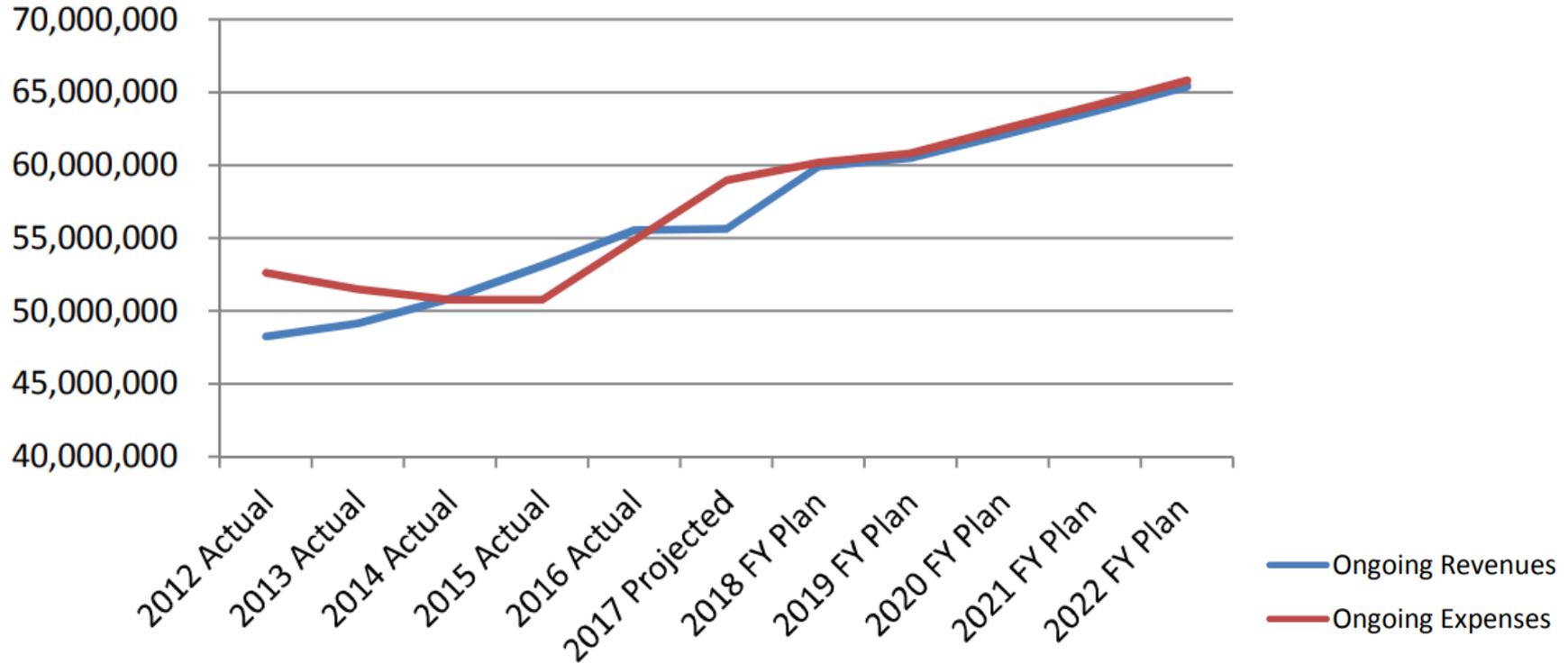
2018 Overview

- 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

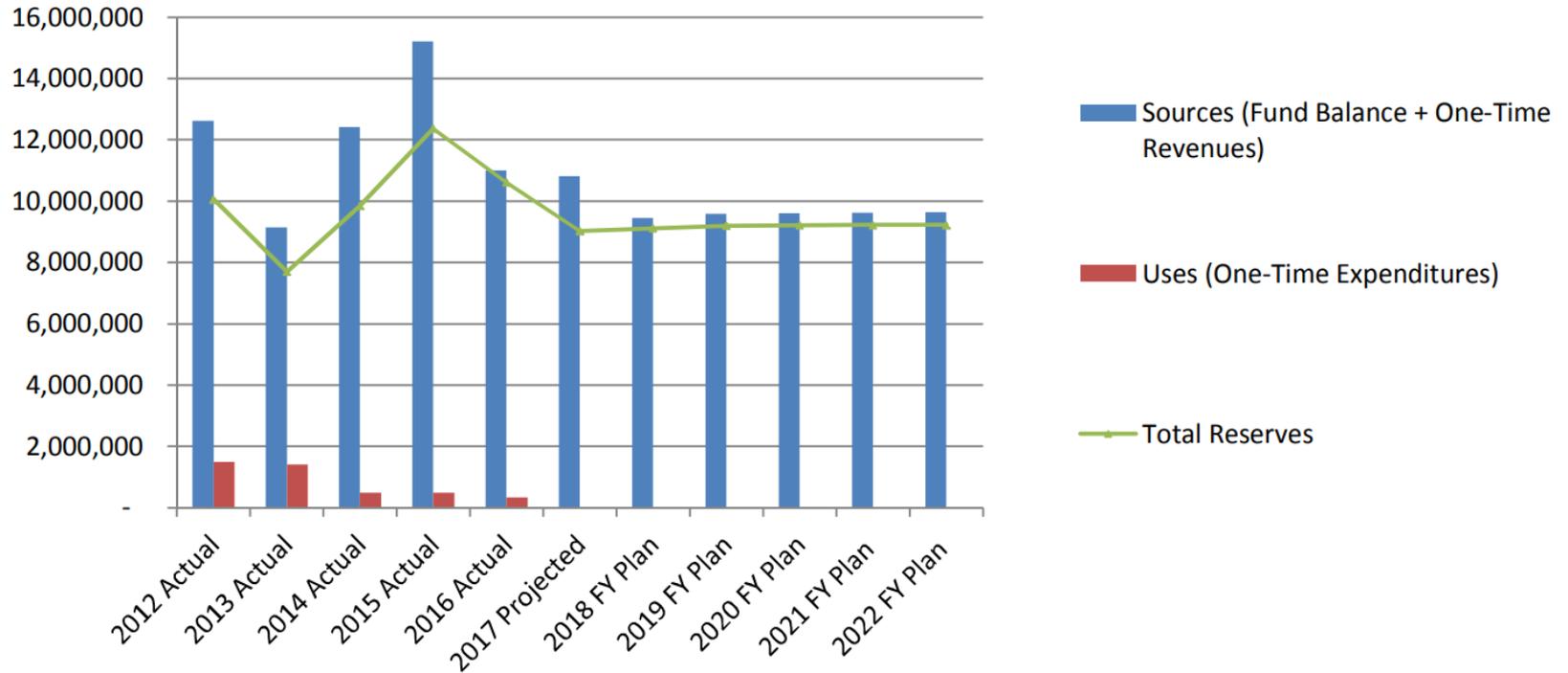
- General Fund: 2019-2023: 15% fund balance
 - Maintained positive annual net revenue
 - FFE revenue due to indexing property tax backfill revenue
 - Improved property tax revenue due to values/growth
 - Improved state revenue; shared revenue & fire reimbursement
 - Dispatch expenditures due to lack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

Fiscal Health: Balanced



Fiscal Health: Aligned

General Fund One-Time Alignment



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

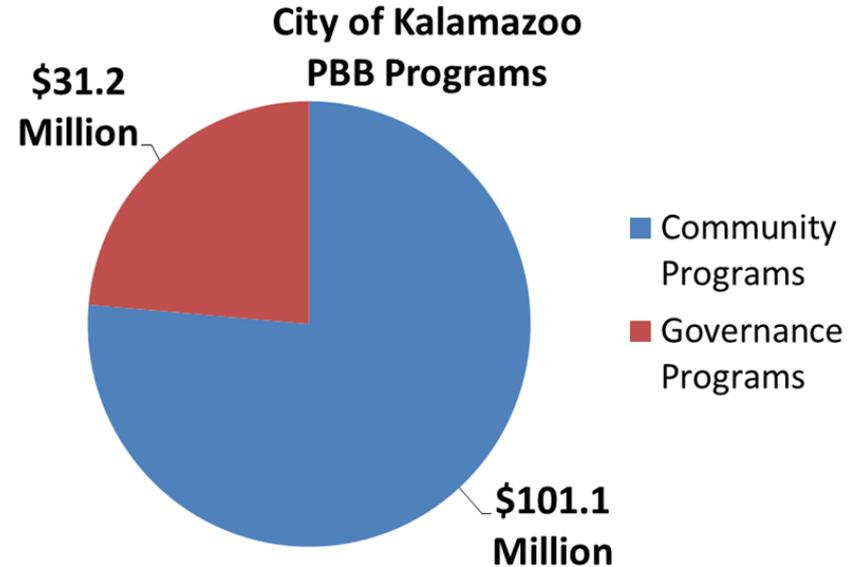
- **Pension Fund**
 - 130% funded (as of 12/31/16)
- **Retiree Healthcare (OPEB) Fund**
 - 57% funded (as of 12/31/16)
- **Metro Transit handoff to Central County Transportation Authority (CCTA)**
 - Successful rollout
 - City administers pension & retiree healthcare

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



2018 Overview: Priority Based Budgeting (PBB)

Quartile	Program Dollars	FTE's	Programs
Q1	\$ 10,791,678	49	76
Q2	\$ 50,178,446	304	149
Q3	\$ 47,799,592	182	147
Q4	\$ 11,158,201	62	84
Total	\$ 119,927,917	597	456
Admin	\$ 12,548,027	41	22
Total	\$ 132,475,944	638	478

Discussion

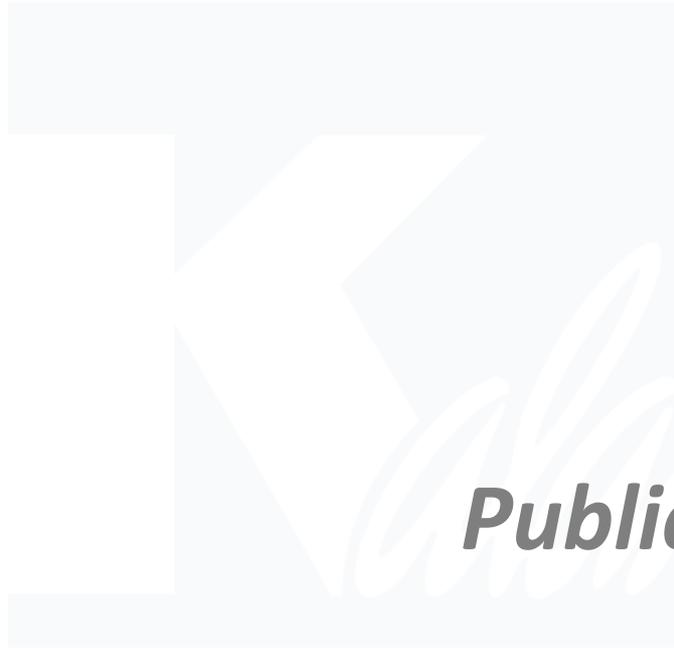
THE CITY OF



Discussion

Utility Rates

THE CITY OF



James Baker, PE
Public Services Director

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

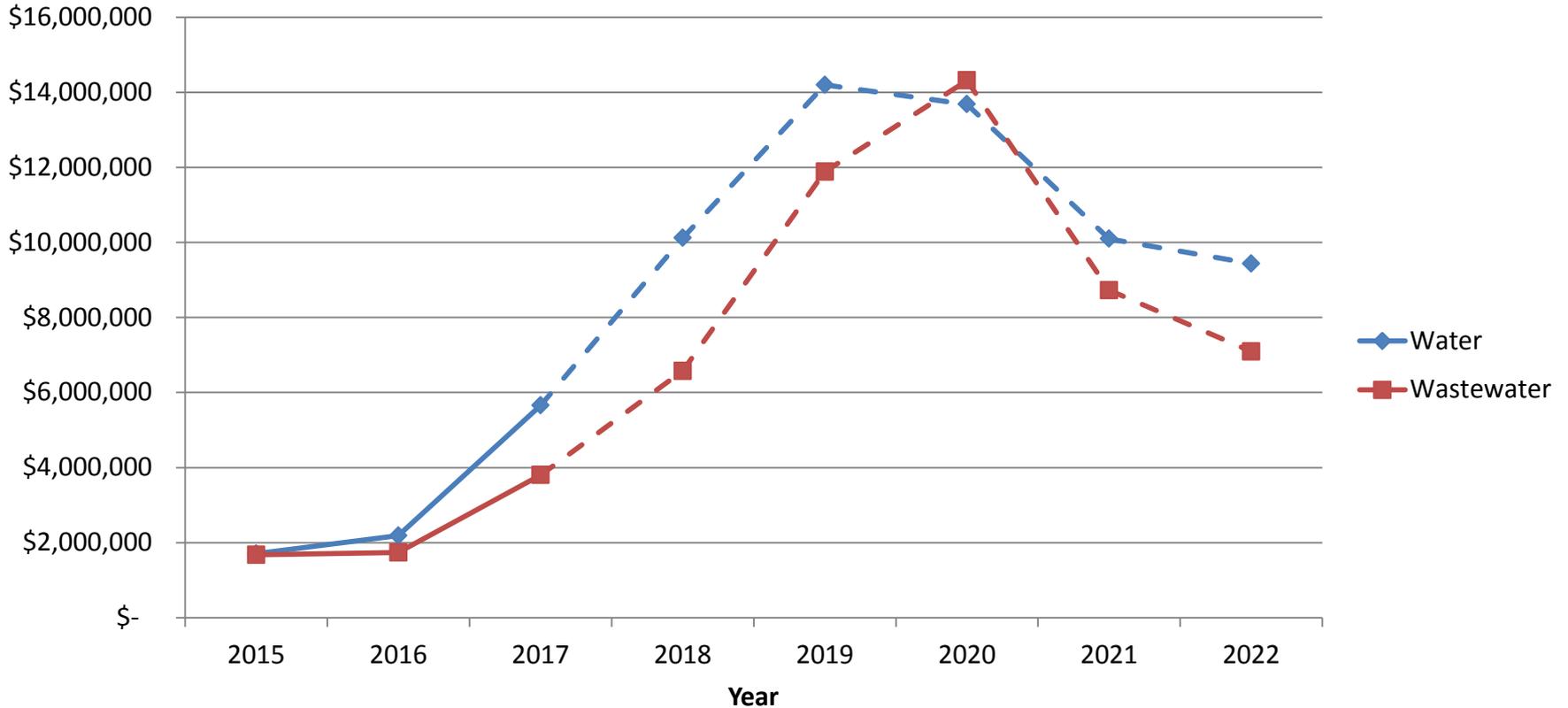
Prioritizing Infrastructure Investment

- 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



Water & Wastewater Capital: 2015-2022



Water & Wastewater Rates

- **Typical residential household, combined rates:**

IN-CITY	2017	2018*
Quarterly Rate	\$ 68.55	\$ 76.79
Quarterly Increase	-	\$ 8.24
Monthly Increase		\$ 2.75

OUT-CITY	2017	2018*
Quarterly Rate	\$ 115.28	\$ 120.08
Quarterly Increase	-	\$ 4.80
Monthly Increase		\$ 1.60

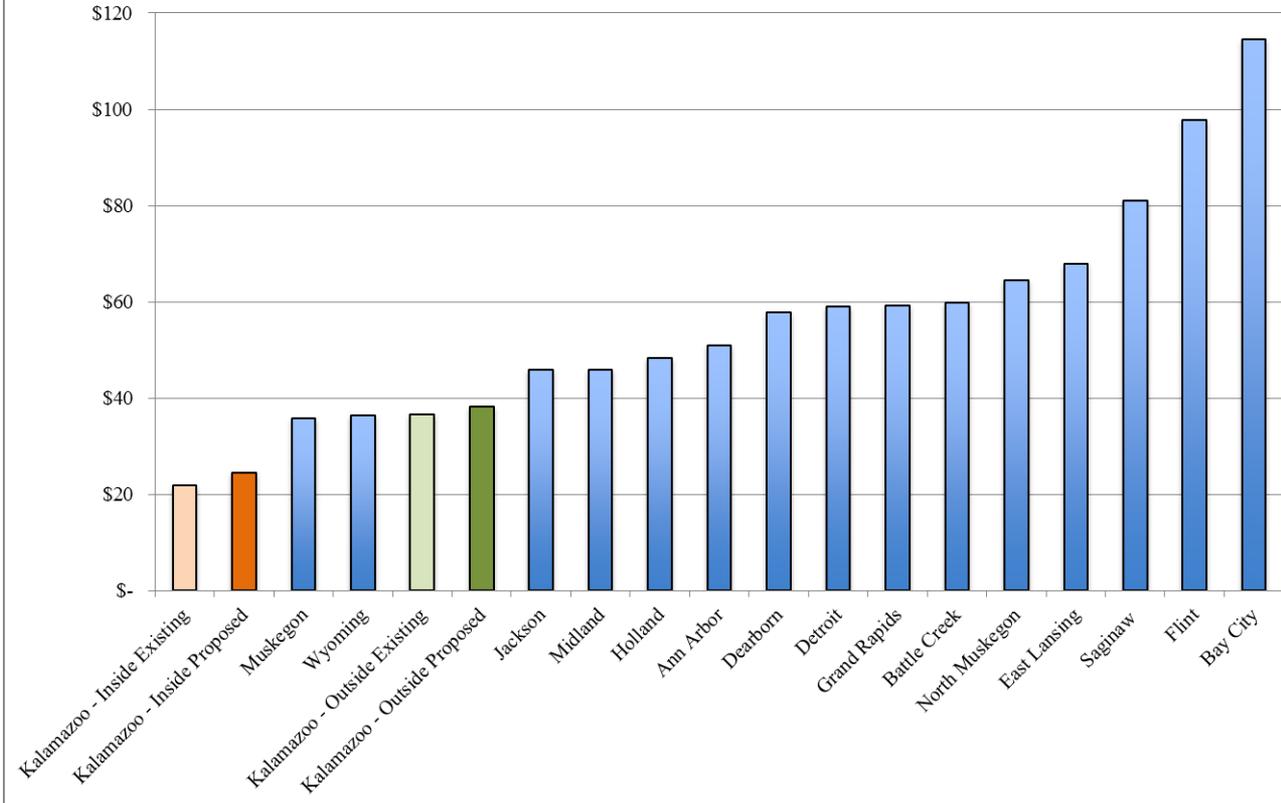
*proposed rates

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**

Water & Wastewater Rate Comparison

Typical Residential* Monthly Combined Water and Wastewater Bill





1 gallon: store bought
~ \$1.50



5 gallons: City water
< 2 ¢

Discussion

THE CITY OF



Discussion

Measurement, Accountability, Scorecards

THE CITY OF



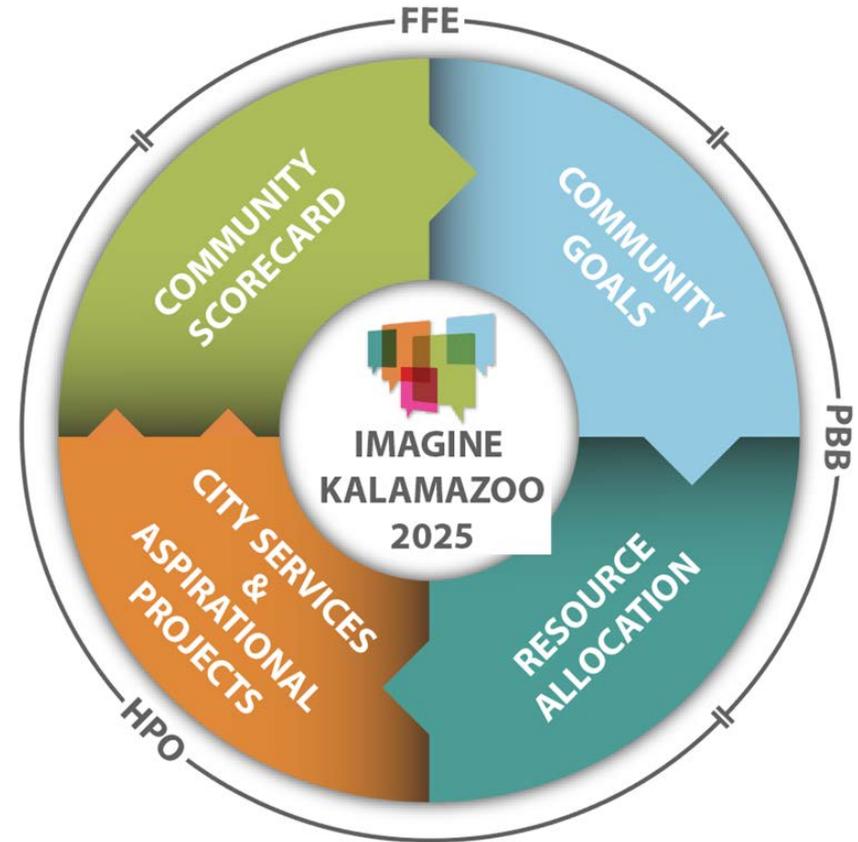
Steven Brown

Foundation for Excellence Coordinator

Resource Specialist

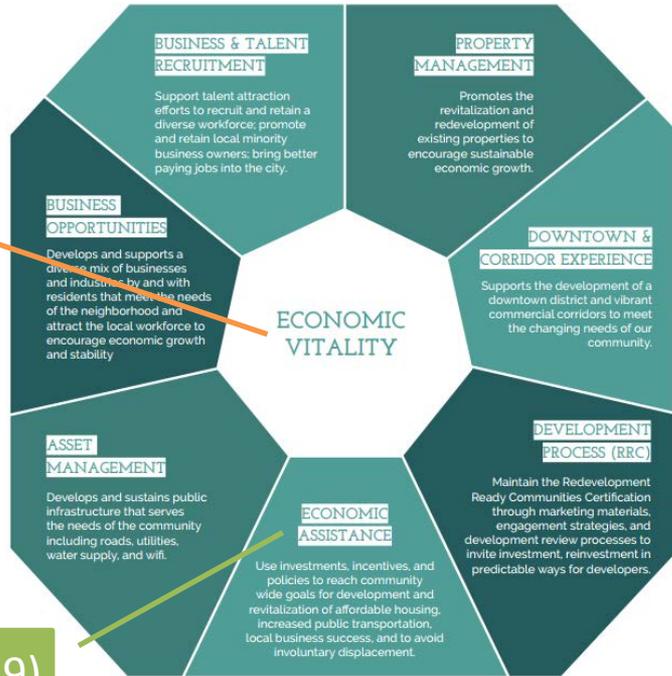
Priority Alignment and Need

- 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

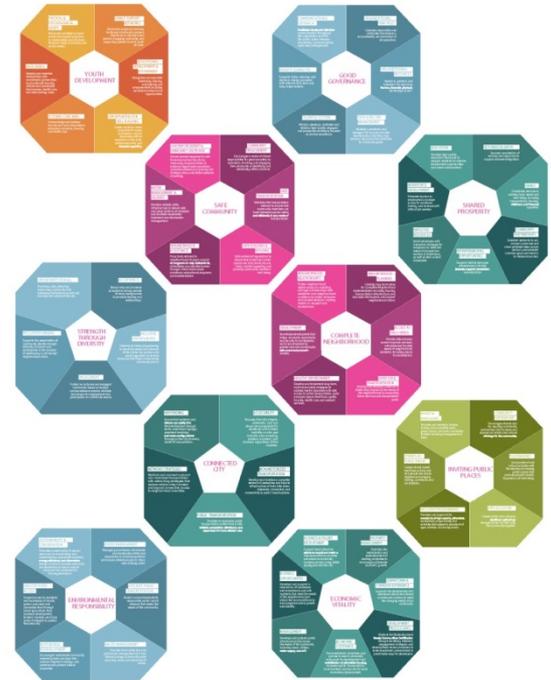


Working with Imagine Kalamazoo

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

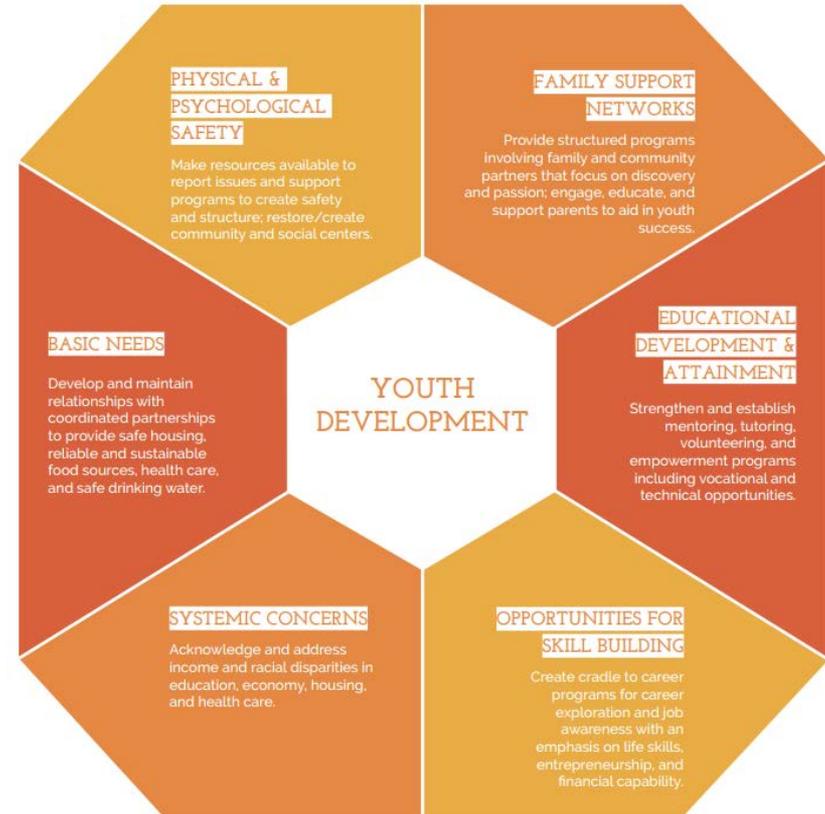
THE CITY OF



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



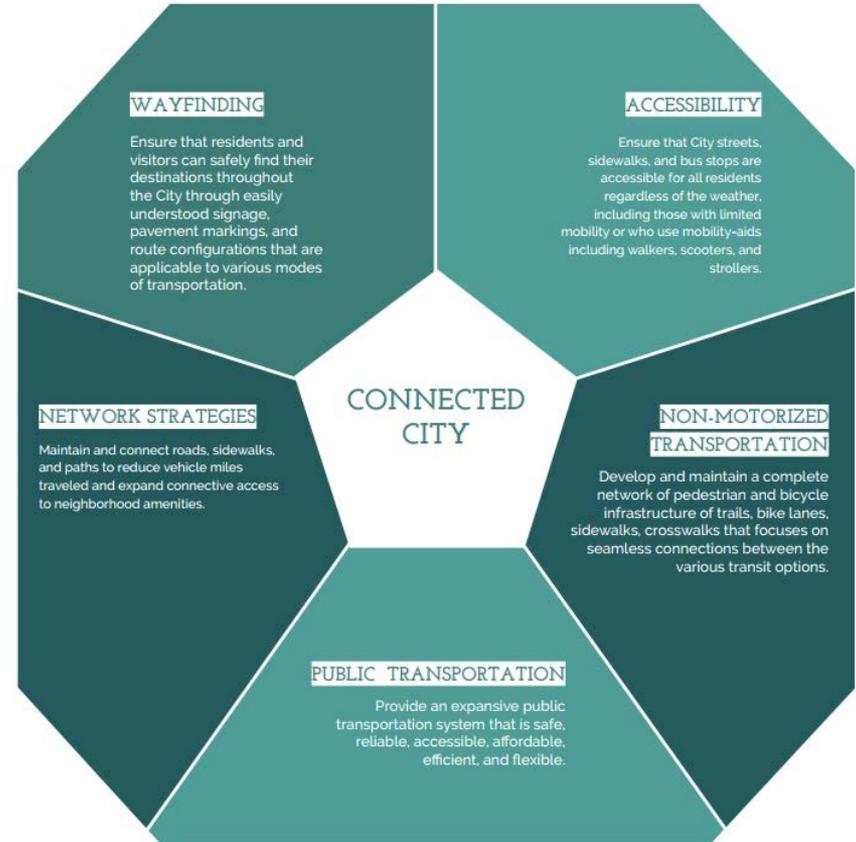
2018: Safe Community

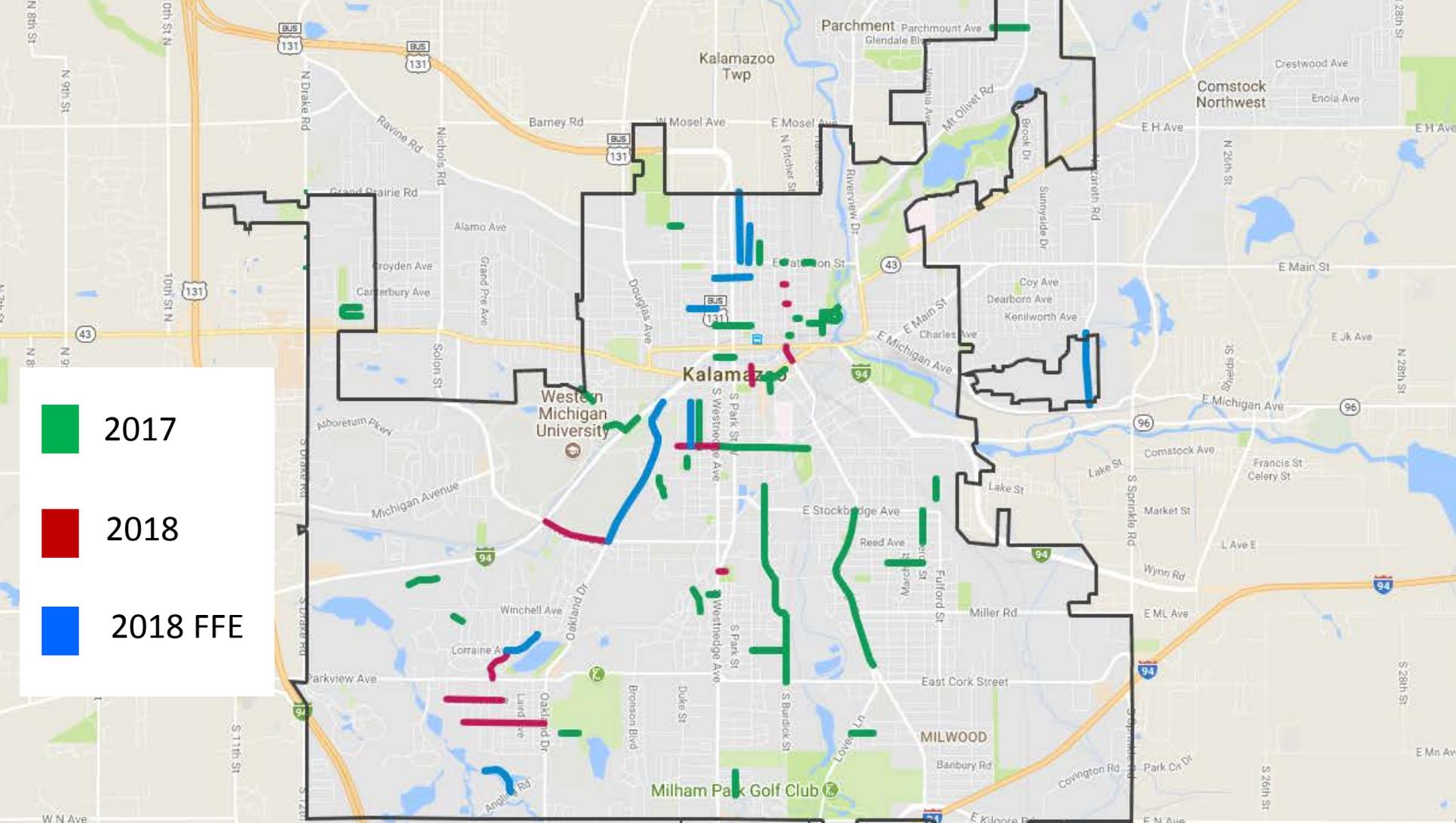
- Multi-use Station 2 Design
- Consolidated Dispatch
- Enhance Community Policing with additional PSOs
- Crime Analysis Unit
- GVI Continuation
- Medical Marihuana
- FFE: Continue lead service replacements



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





2017



2018



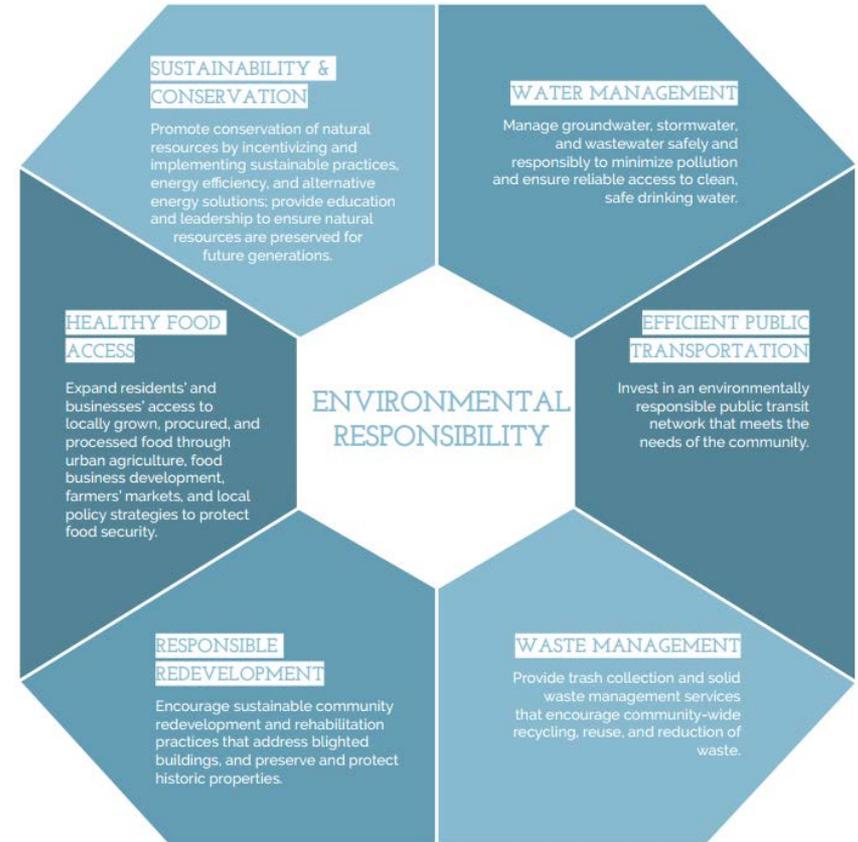
2018 FFE



Pitcher St and E Water St
Looking East

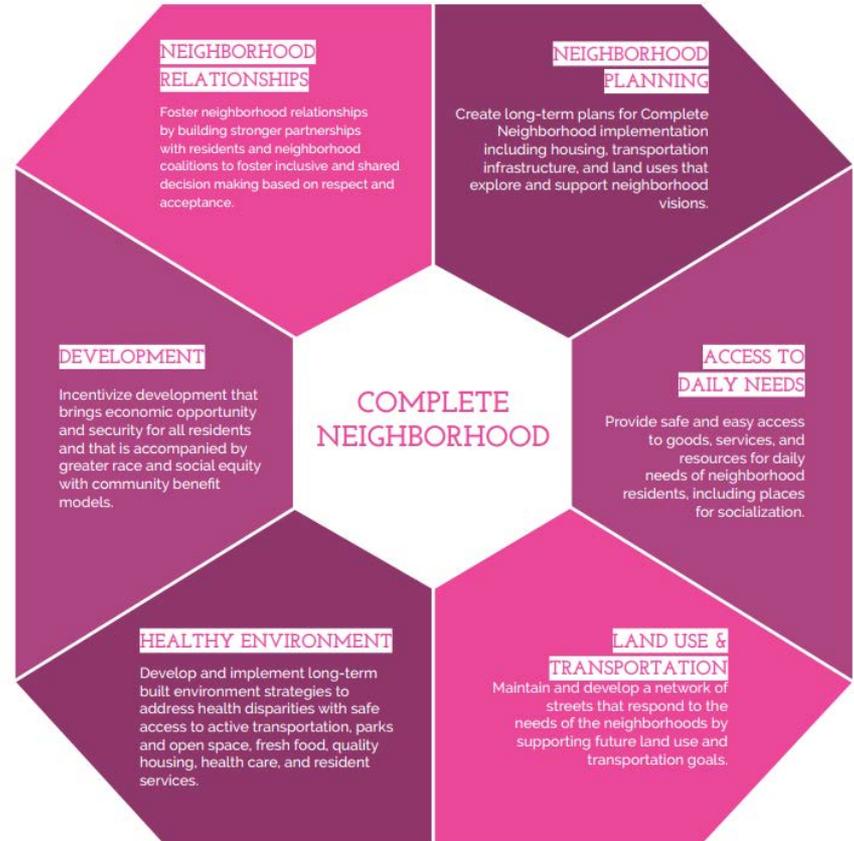
2018: Environmental Responsibility

- Climate Action Plan
- FFE: Flood Control



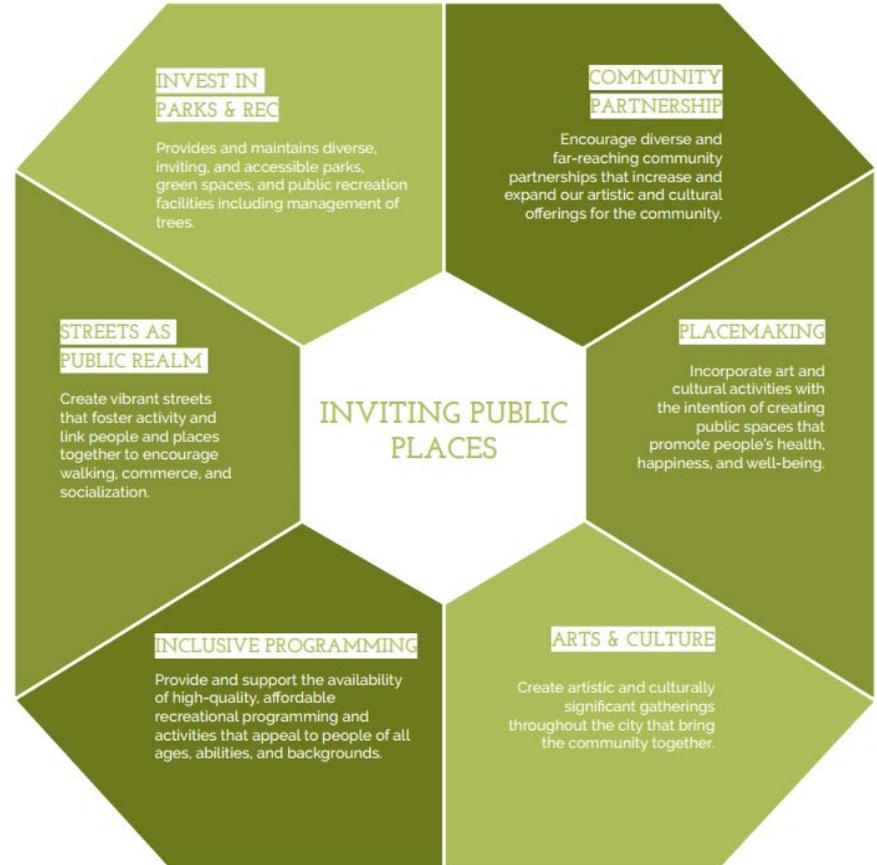
2018: Complete Neighborhoods

- 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



DKI: Imagine Downtown

- 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

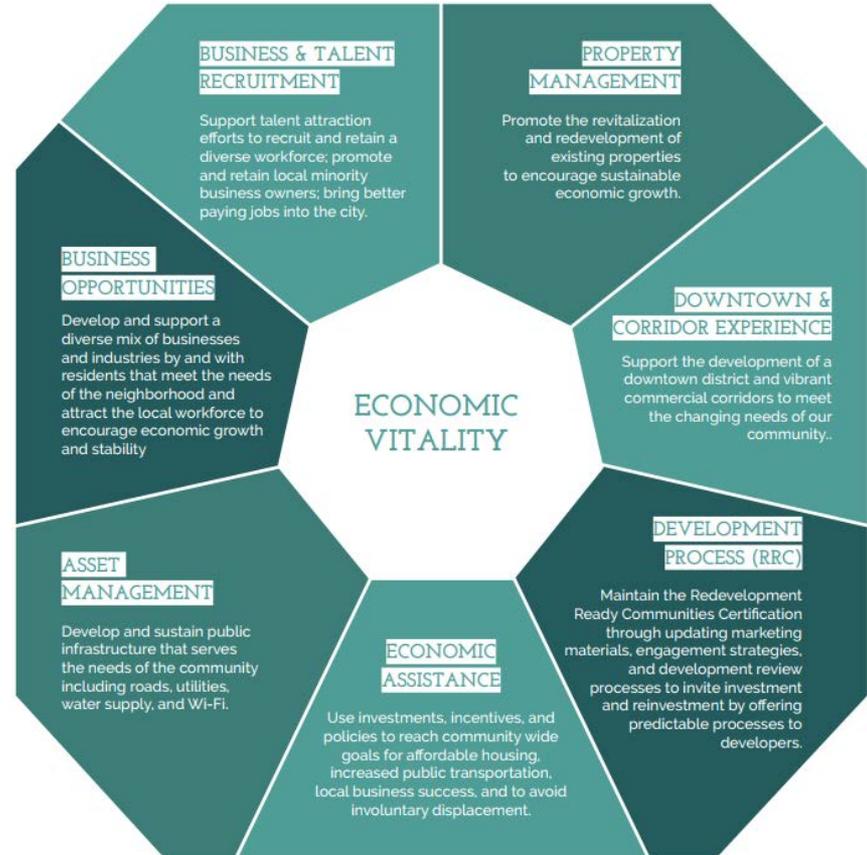
- Organizational restructuring
 - Focus on engagement and inclusion: Downtown Engagement Center
 - New brand for downtown and organization
 - Sustainable, resilient revenue model
- Retail Growth Strategy
 - Small business professional development series
 - Retail Attraction

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

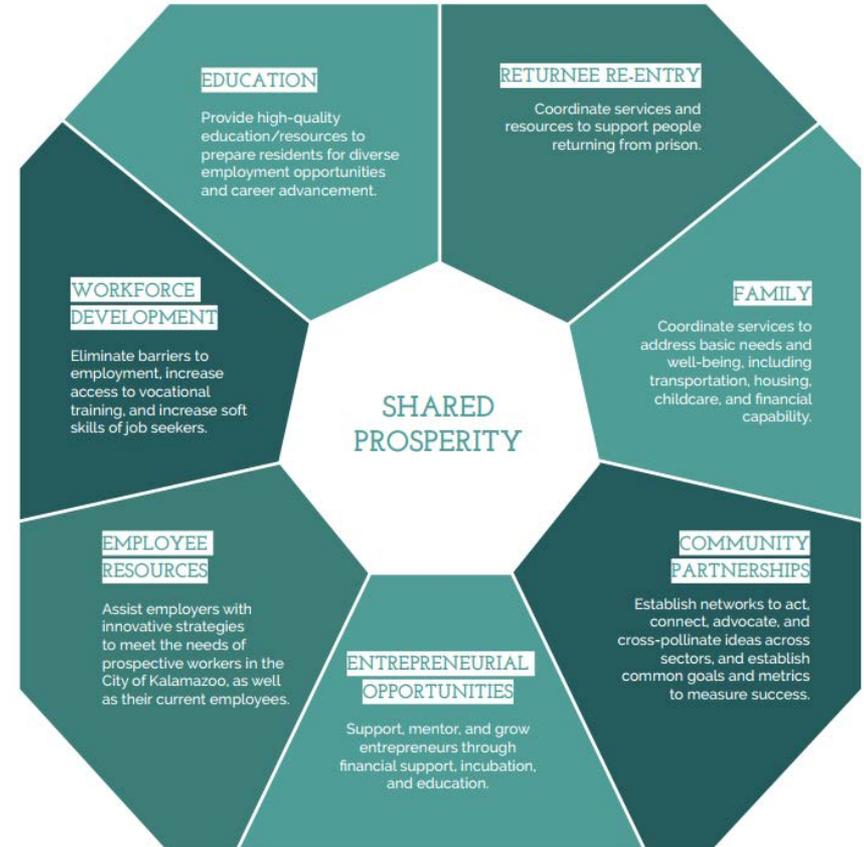
2018: Economic Vitality

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

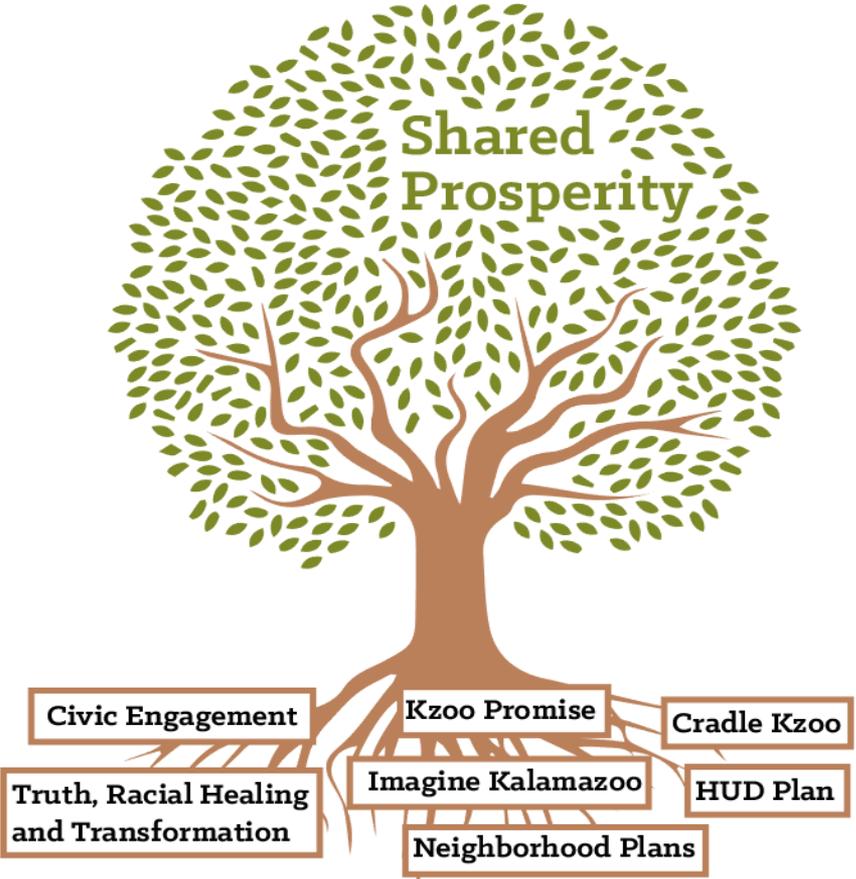


2018: Shared Prosperity

- 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

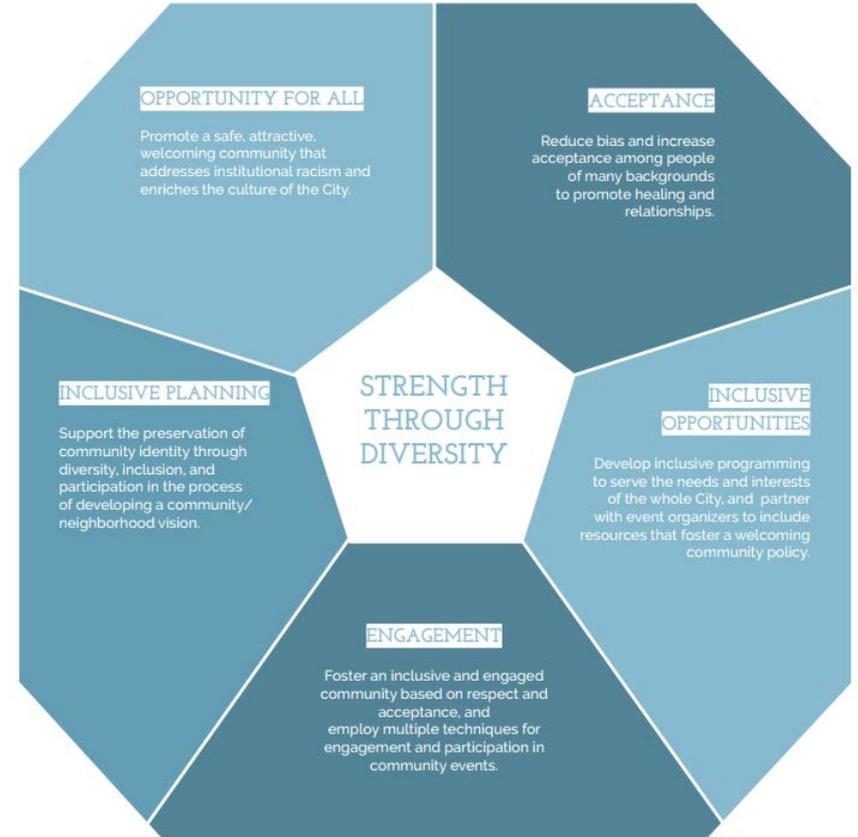


2018: Shared Prosperity



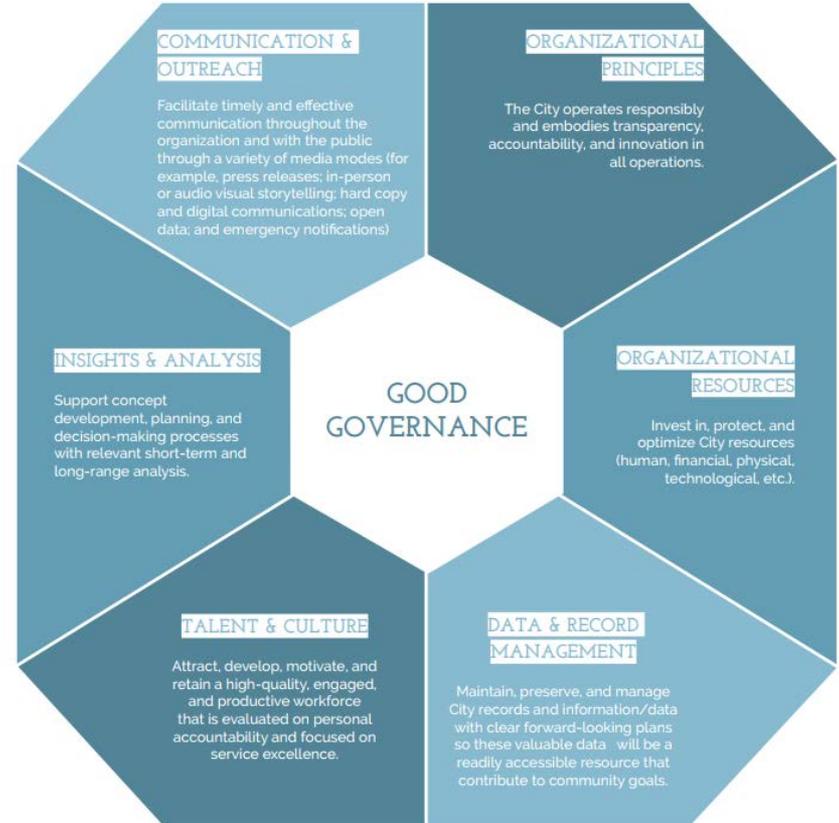
2018: Strength Through Diversity

- Truth, Racial Healing and Transformation
 - 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	■ HR	1
■ City Clerk	1	■ IT	2
■ Treasury	1	■ Public Safety	11
■ CPED	1	■ 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

2018 Performance Management Overview

- **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

THE CITY OF



Discussion

Discussion

THE CITY OF

--BREAK--

oklahoma

Measurement, Accountability, Scorecards

THE CITY OF



Steven Brown

Foundation for Excellence Coordinator

Resource Specialist

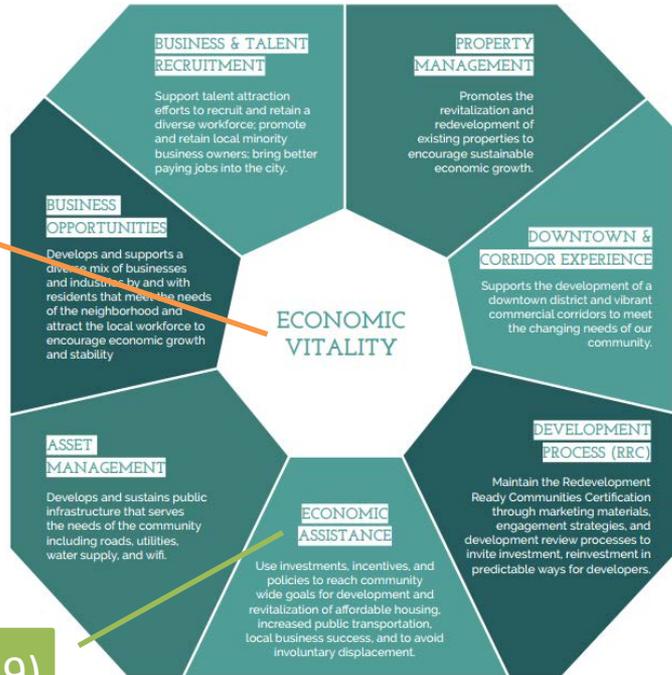
Priority Alignment and Need

- Imagine Kalamazoo 2025
 - Priority Based Budgeting
 - Department Plans
 - Foundation for Excellence
 - Open Data Initiative
 - Employee Performance
-
- High Performing Organization
 - Continuous Improvement
 - Telling Our Story

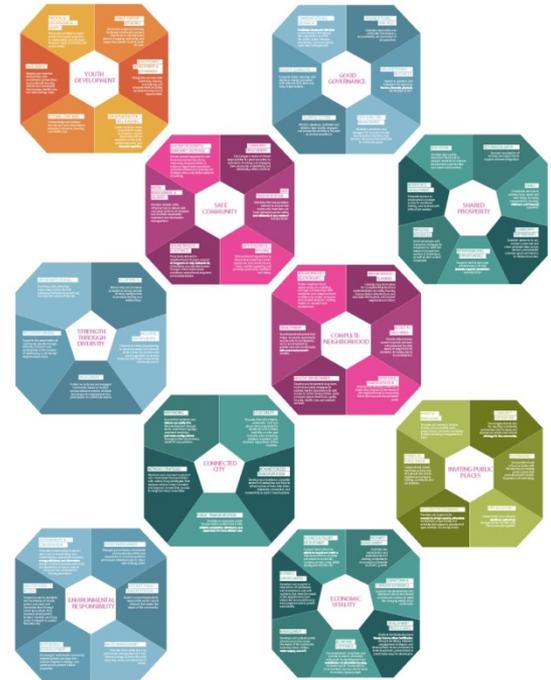


Working with Imagine Kalamazoo

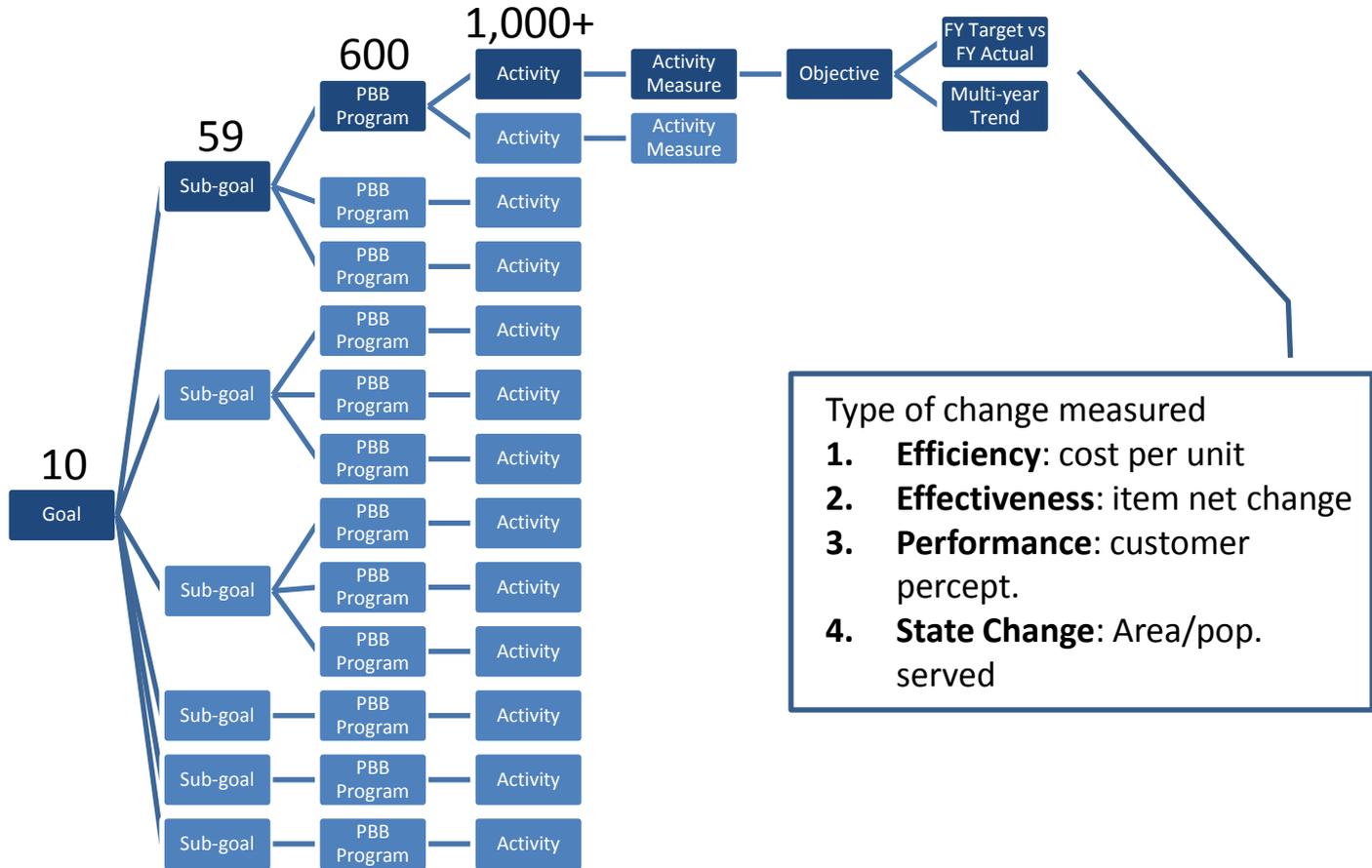
Goals (10)



Sub-Goals (59)



How Objectives Inform Goals



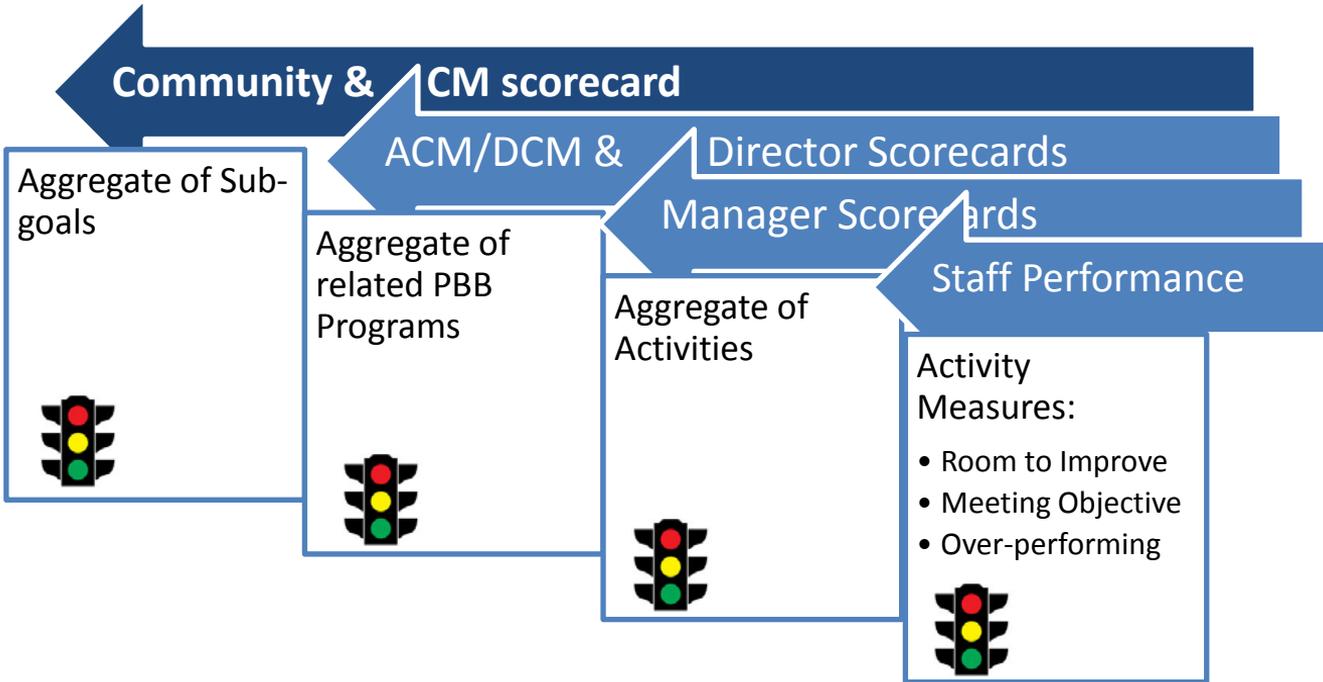
Community Scorecard "Quick View" Example

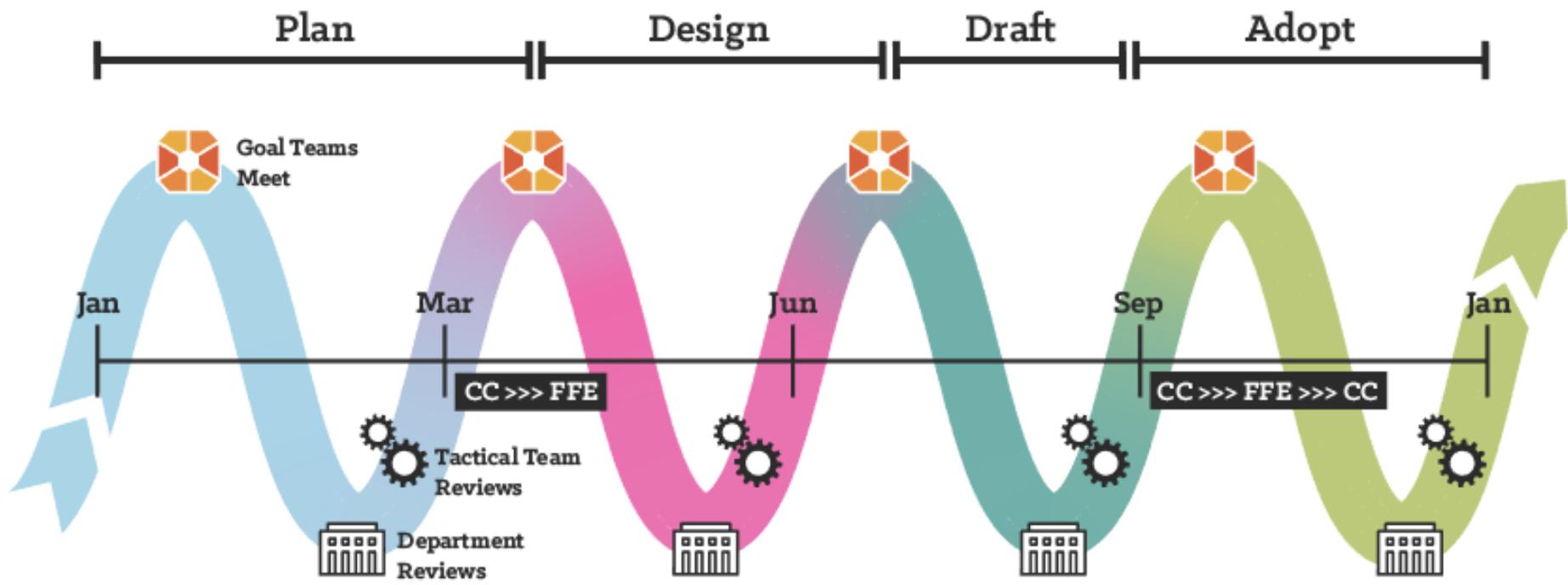
Safe Community	Inviting Public Places	Environmental Responsibility	Connected City	Economic Vitality
Complete Neighborhood	Strength Through Diversity	Shared Prosperity	Youth Development	Good Governance

Scorecards at Every Level (Example)



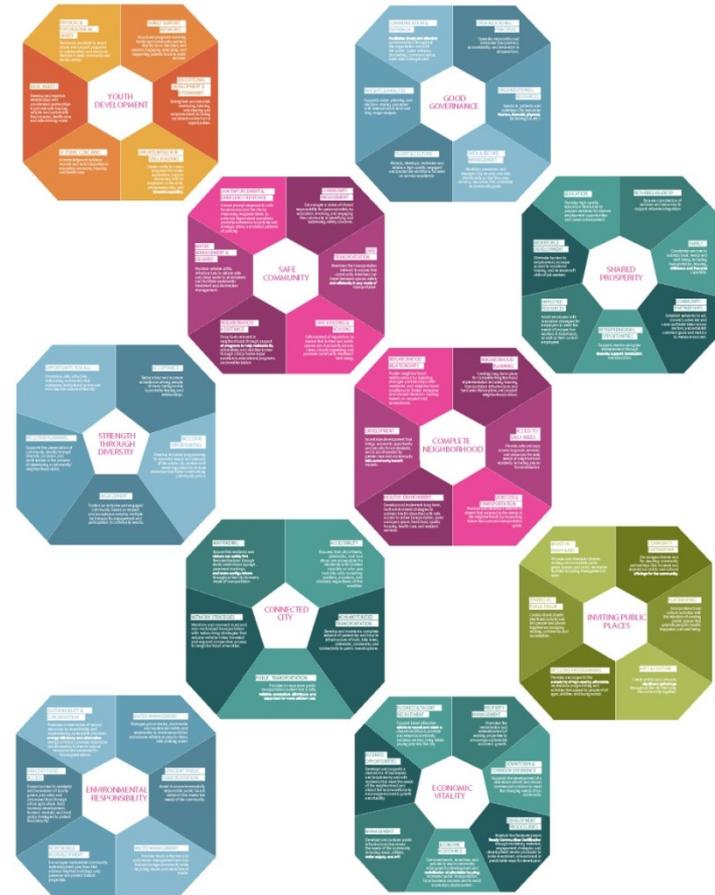
The Community Scorecard accurately captures even street-level service delivery





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



Discussion

THE CITY OF



Discussion

Foundation for Excellence

THE CITY OF



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**

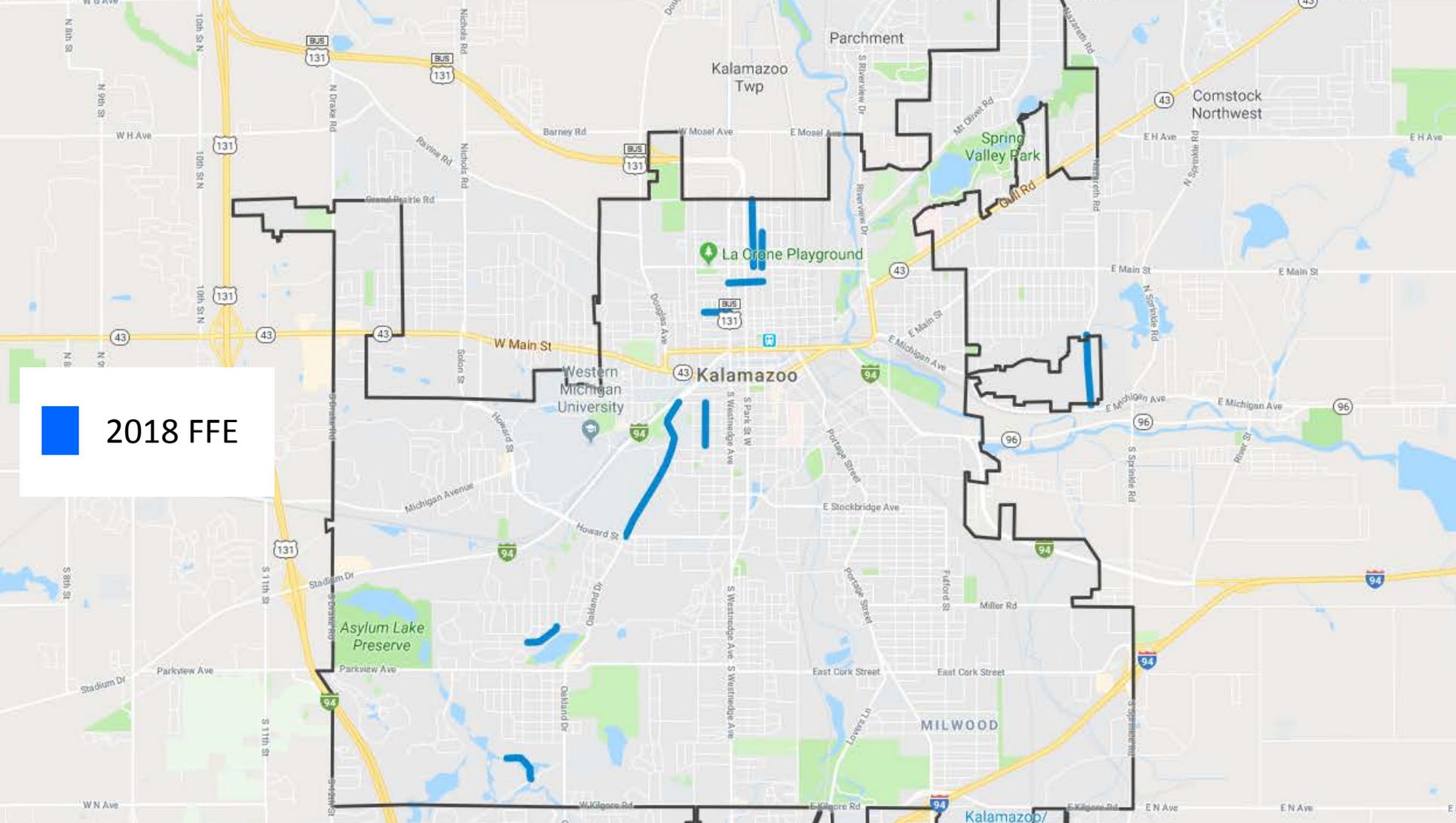
- Great Neighborhoods: Infrastructure

- Streets, sidewalks, tree trimming, lights





2018 FFE



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



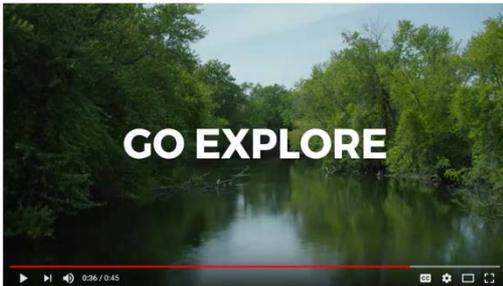
FFE: New Projects

- **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

IK2025 GOAL/PROGRAM	2017	2018
Safe Community		
Lead Services Replacements	\$500,000	\$500,000
Complete Neighborhoods / Inviting Public Spaces / Connected City		
Great Neighborhoods: Infrastructure	\$750,000	\$4,000,000
Great Neighborhoods: Park Enhancements	\$720,000	\$760,000
Neighborhood Engagement and Activation	\$0	\$100,000
Downtown: Inviting and Accessible Public Spaces	\$0	\$500,000
Shared Prosperity / Economic Vitality / Youth Development		
You / MyCity Youth Jobs	\$750,000	\$750,000
All Things Possible	\$50,000	\$50,000
SuperRec	\$83,000	\$83,000
Shared Prosperity Kalamazoo Action Plan	\$106,500	TBD
Economic Opportunity Fund	\$0	\$1,500,000
LISC: Economic Development*	\$0	\$2,000,000
LISC: Affordable Housing*	\$0	\$1,500,000
FFE Operations		
FFE Personnel	\$193,000	\$285,000
Communication & Evaluation		\$100,000
Total	\$3,152,500	\$12,128,000

* Potential multi-year request

Discussion

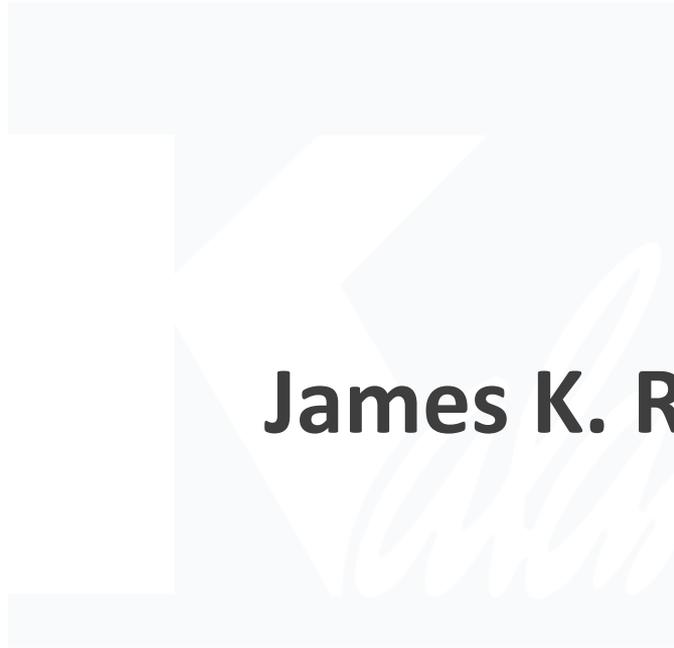
THE CITY OF



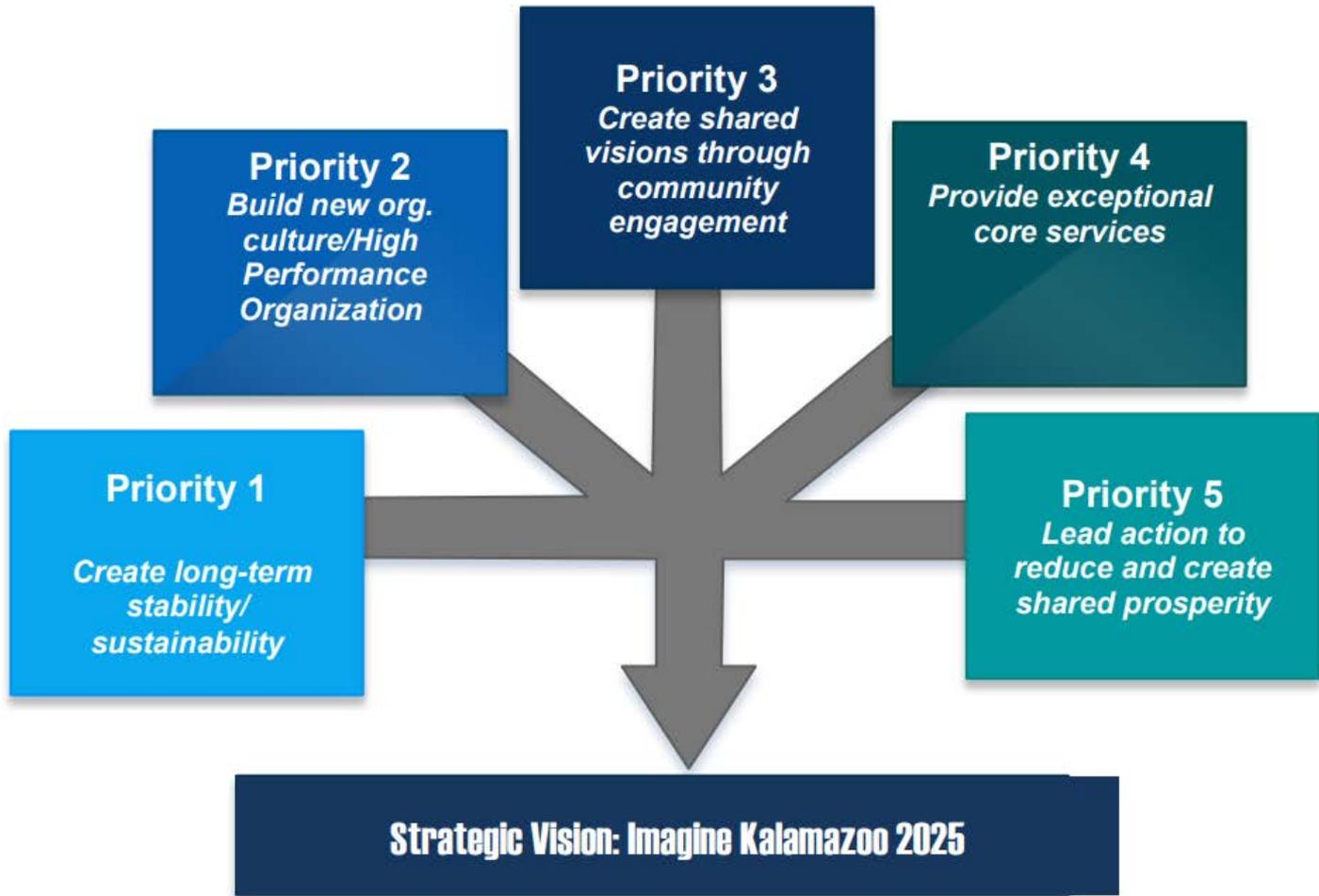
Discussion

2017 Accomplishments

THE CITY OF



James K. Ritsema, ICMA-CM
City Manager



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

City Commission Priorities: Accomplishments

- ✓ **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

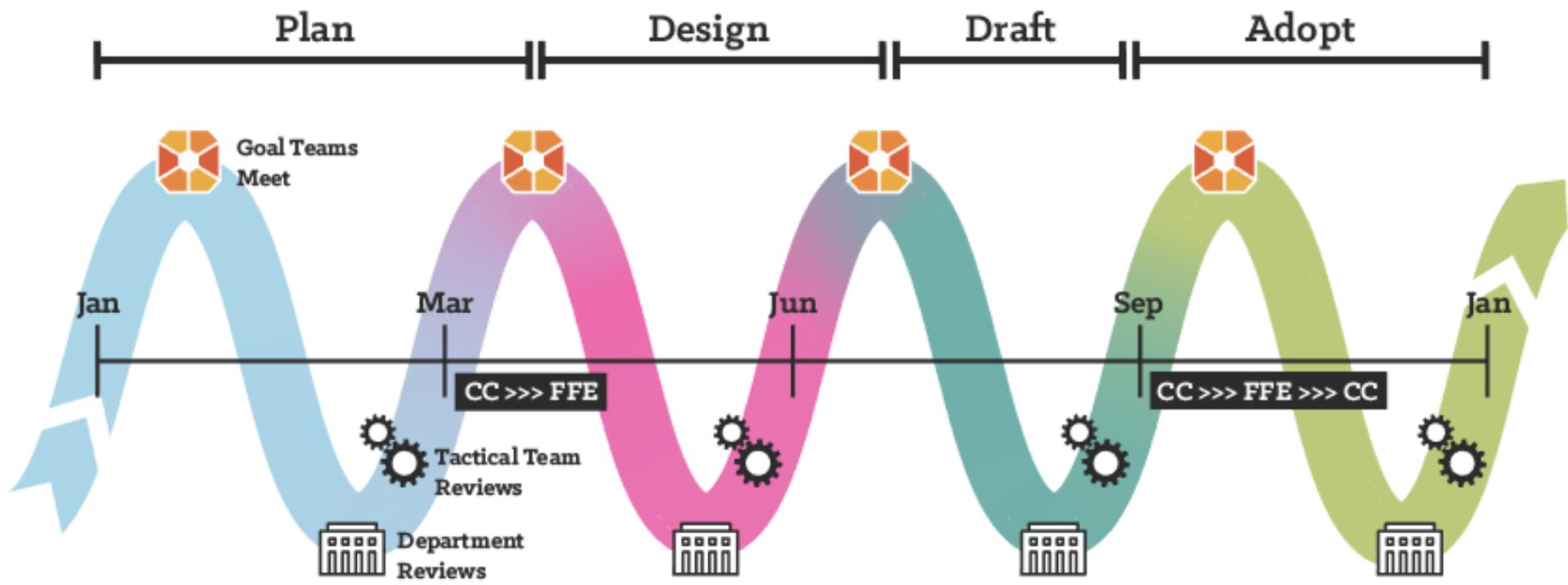
THE CITY OF



Discussion

Next Steps

- Public Hearing – December 18
- Budget Approval – January 2
- SPK Work Session – January 22



Ideas >>> Projects

Comments

THE CITY OF



Comments