

# Proposed FY 2021-2022 Budget Public Works Department

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# Financial Strategy – RUTF/Utilities

## Road Use Tax Fund

- Maintain sufficient reserves to cash flow operations between revenue bumps (census/population) to deal with harsh winter expenditures (salt/overtime).
- Continue to identify ways to increase capital funding support for roads/traffic improvements.
- Build capacity in the fund to be able to support PW facility upkeep along with utility funds.

## Utility Funds (Water/Sewer/Stormwater)

- Keep water/sewer rate rankings in mid to lower tiers to stay competitive while also reinvesting in infrastructure.
- When time is right pending regional water utility conversations, consider water irrigation rates that offer disincentives for over watering turf grass/lawns.
- Limit debt issuances for infrastructure, pay for capital with cash on hand.
- Ensure utilities are appropriately supporting general city administrative support (HR, Finance, IT, City Manager, equipment purchases, facilities).
- Monitor regional water production utility for opportunities to seek best ROI on the City's purchased water capacity.

# Public Works Overview

- Provides roadway and utility infrastructure services
- Flexible staffing approach, cross-trained operators
- Consists of 33 Full-Time and 1 Part-Time staff
  - Administration 3.5
  - Engineering 7
  - Operations Supervisor 4
  - Operations Specialists 19
- Addition of Civil Engineer and Engineering Inspection Technician in FY 2020
- Addition of ROW Operations Specialist in FY 2021
- Budget Request for Promotional System for Operation Specialists to Senior (4) – no change in head count

# Public Works Overview – Director May

## Long-Term Budget Issues

- 1) Keeping Pace with Growth
- 2) Street Maintenance and Rehab Execution
- 3) Stormwater Management Support

## Short-Term Solutions (Budget Requests)

- 1) Succession Planning/Promotional Opportunities
- 2) Ongoing Training and Certification Incentives
- 3) Equipment

# Capital Equipment Plan (CEP) Funding

- Utilities fund utility-specific equipment directly and provide base support for shared equipment
- Annual increase in Road Use Tax funding share of CEP to keep pace with rising equipment costs

## Proposed Public Works Capital Equipment Purchases for FY 2021-22

- Replacements: Dump Truck/Plow, Backhoe/Breaker, Asphalt & Concrete Trailers, Variable Message Sign Trailer, Mosquito Sprayer, Traffic Signal Replacements and Upgrades, 1 Ton Service Truck.
- New: Engineering SUV for ROW Operations Specialist.

# Road Use Tax Fund – Key Issues

## Revenues

- 1) Up approximately \$480,000 over past four years (\$120K per year average)
  - ✓ Fuel receipt growth in the past few years, except for COVID-19 pandemic impacts of 2020
  - ✓ Anticipating another jump in revenue in FY22 with 2020 Census Results (\$340K+/year)

## Expenditures

- 1) Overall expenditure growth 30% the past four years (7.5%/year)
  - ✓ 50% of the expenditure growth due to \$200,000 increase in pavement rehab expenses
- 2) Capital Expenditure allocation increased to match long-term growth in additional pavement rehab expenses and equipment replacement costs
- 3) **City Manager Proposal** – Status Quo budget for RUTF w/ one new request
  - ✓ Creation of promotional opportunities for Operations Specialist to reclassify four positions to Senior level, one for each crew (Water, Traffic, Sewer, Roadway), +\$8,300 to RUT Fund
  - ✓ Continues 50/50 split for street lighting expenses w/ General Fund

Based on projections RUT Fund stable for long-term

# Water Utility Fund – Key Issues

## Revenues

- 1) Stable revenues, average year for irrigation

## Expenditures

- 1) 15% increase in purchase water costs from DMWW
- 2) Capital projects to be supported by cash, no debt
- 3) Incorporation of water main replacement projects
- 4) \$49K for Staff promotional/certification incentives

3% water rate increase proposed for FY 2021-22

\* - To evaluate tiered irrigation for future year changes as a part of broader water conservation program.



**License/Certification Requirements for Operation Specialists & Senior Operation Specialists**

Position	Division	Water License			Sanitary Collection		Traffic	IDOT
		1	2	3	1	2	IMSA Tech 2	Work Zone
Administrator				X		X	X	X
Supervisor	Traffic		X		X		X	X
Supervisor	Sewers		X			X		X
Supervisor	Streets		X		X			X
Supervisor	Water			X	X			X
Senior Operations Specialist	Traffic	X			X		X	X
Senior Operations Specialist	Sewers	X				X		X
Senior Operations Specialist	Streets	X			X			X
Senior Operations Specialist	Water			X	X			X

**Positions eligible for each license/certification pay**

Water Grade 3 - Water Supervisor, Senior Op Spec Water, 1 other Supervisor, 1 Op Spec
Water Grade 2 - 3 non-water Supervisors, 3 non-water Senior Op Specs, 2 Op Specs
Water Grade 1 - Remaining Op Specs
Sanitary Sewer Collection 2 - Sewer Supervisor, Senior Op Spec Sewer, 1 Op Spec
Sanitary Sewer Collection 1 - Remaining Supervisors, Senior Op Specs, Op Specs
Note: Extra Pay Not Proposed for Traffic IMSA Tech2 and IDOT Work Zone
Supervisors (4), Senior Op Specs (4), Op Specs (15) = 23 positions

**Additional Cost of Licenses/Certifications and Senior Positions**

License/Certifications	Additional Hourly Pay	Maximum # Proposed		Additional Regular Pay per License	Total Cost
Water Grade 3 (\$1.00/hr)	\$ 2.00	4		\$ 4,160	\$ 16,640
Water Grade 2 (\$0.50/hr)	\$ 1.00	8		\$ 2,080	\$ 16,640
Water Grade 1 (\$0.50/hr)	\$ 0.50	11		\$ 1,040	\$ 11,440
Sanitary Sewer Collection 2 (\$0.25/hr)	\$ 0.50	3		\$ 1,040	\$ 3,120
Sanitary Sewer Collection 1 (\$0.25/hr)	\$ 0.25	20		\$ 520	\$ 10,400
Extra for Senior Operations Spec	\$ 2.00	4		\$ 4,160	\$ 16,640
<b>Total</b>					<b>\$ 74,880</b>

Note: Example - Grade 3 license pay based on \$0.50 for Grade1, \$0.50 for Grade 2 & \$1.00 for Grade 3



# Water Utility Fund – Current Rates

## Average Residential Bill for Water (Month)

City	Average Usage: 5,000 gallons
West Des Moines	\$31.54
Urbandale	\$33.15
Altoona	\$35.80
Norwalk	\$37.40
Ankeny	\$37.64
<b>Clive</b>	<b>\$38.78</b>
Waukee	\$47.55
Johnston	\$49.81
Grimes	\$52.62
Pleasant Hill	\$55.30

## Average Commercial Bill for Water (Month)

City	Average Usage: 12,000 gallons
West Des Moines	\$69.62
Urbandale	\$73.26
Altoona	\$78.92
Norwalk	\$82.76
Ankeny	\$87.48
<b>Clive</b>	<b>\$93.12</b>
Waukee	\$104.76
Johnston	\$108.38
Grimes	\$118.72
Pleasant Hill	\$124.02

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# Water Utility Fund – Future Rates

## Average Residential Bill for Water (Month)

City	Average Usage: 5,000 gallons
West Des Moines	\$31.54
Urbandale	\$33.15
Altoona	\$35.80
Norwalk	\$37.40
Ankeny	\$37.64
<b>Clive</b>	<b>\$39.94</b>
Waukee	\$47.55
Johnston	\$49.81
Grimes	\$52.62
Pleasant Hill	\$55.30

## Average Commercial Bill for Water (Month)

City	Average Usage: 12,000 gallons
West Des Moines	\$69.62
Urbandale	\$73.26
Altoona	\$78.92
Norwalk	\$82.76
Ankeny	\$87.48
<b>Clive</b>	<b>\$95.91</b>
Waukee	\$104.76
Johnston	\$108.38
Grimes	\$118.72
Pleasant Hill	\$124.02

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# Sewer Utility Fund – Key Issues

## Revenues

- 1) Stable revenues

## Expenditures

- 1) WRA costs stabilizing for operations and capital
  - ✓ Clive flows to WRA decreasing due to new members, growth
  - ✓ WRA expenses projecting minor debt increases in FY 2021-2022
  - ✓ WRA expenses represent approximately 46% of utility
- 2) Capital projects to be supported by cash, no debt
- 3) Reserving \$1 million per year for sewer replacement projects
- 4) \$18K/year to support promotional/certification incentives

2% rate increase proposed for FY 2021-22

# Sewer Utility Fund – Current Rates

## Average Residential Bill for Sewer (Month)

City	Average Usage: 5,000 gallons
Urbandale	\$26.50
Johnston	\$34.55
West Des Moines	\$34.68
Grimes	\$38.25
<b>Clive</b>	<b>\$38.50</b>
Pleasant Hill	\$43.26
Altoona	\$46.60
Norwalk	\$58.65
Waukee	\$59.52
Ankeny	\$62.55

## Average Commercial Bill for Sewer (Month)

City	Average Usage: 12,000 gallons
Urbandale	\$59.40
Johnston	\$74.31
West Des Moines	\$78.08
<b>Clive</b>	<b>\$81.20</b>
Pleasant Hill	\$88.62
Grimes	\$91.80
Altoona	\$104.84
Ankeny	\$112.11
Norwalk	\$130.26
Waukee	\$137.78

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# Sewer Utility Fund – Future Rates

## Average Residential Bill for Sewer (Month)

City	Average Usage: 5,000 gallons
Urbandale	\$26.50
Johnston	\$34.55
West Des Moines	\$34.68
Grimes	\$38.25
<b>Clive</b>	<b>\$39.26</b>
Pleasant Hill	\$43.26
Altoona	\$46.60
Norwalk	\$58.65
Waukee	\$59.52
Ankeny	\$62.55

## Average Commercial Bill for Sewer (Month)

City	Average Usage: 12,000 gallons
Urbandale	\$59.40
Johnston	\$74.31
West Des Moines	\$78.08
<b>Clive</b>	<b>\$82.80</b>
Pleasant Hill	\$88.62
Grimes	\$91.80
Altoona	\$104.84
Ankeny	\$112.11
Norwalk	\$130.26
Waukee	\$137.78

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# Stormwater Utility Fund – Key Issues

## Revenues

- 1) Stable Revenues

## Expenditures

- 1) Budget includes a nominal increase in staff operations
- 2) No major equipment purchases
- 3) Substantial investments in capital expenses
  - ✓ \$550,000 per year for ongoing capital projects (oxbows, streambank, stormwater-related infrastructure for street replacement projects, flood mitigation, flooded property buyouts)

10% rate increase proposed for FY 2021-22

\* - Water Resources Master Plan to assist in identifying community priorities and related financial plan for the utility



# Stormwater Utility – Current Rates

## Residential Storm Water Rates

<u>City</u>	<u>Usage</u>
Pleasant Hill	\$3.00 per ERU per month
Altoona	\$5.00 per month
Urbandale	\$6.00 per ERU per month
West Des Moines	\$6.05 per ERU per month
Waukee	\$6.25 per ERU per month
Grimes	\$6.38 per month
Ankeny	\$6.50 per ERU per month
Johnston	\$6.55 per ERU per month
Norwalk	\$7.50 per household
<b>Clive</b>	<b>\$8.61 per month</b>

## Commercial Storm Water Rates

<u>City</u>	<u>Usage</u>
Pleasant Hill	\$3.00 per ERU per month
Altoona	\$5.00 per ERU per month
Urbandale	\$6.00 per ERU per month
West Des Moines	\$6.05 per ERU per month
Waukee	\$6.25 per ERU per month
Grimes	\$6.38 per ERU per month
Ankeny	\$6.50 per ERU per month
Johnston	\$6.55 per ERU per month
Norwalk	\$7.50 per ERU per month
<b>Clive</b>	<b>\$8.61 per ERU per month</b>

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# Stormwater Utility – Future Rates

## Residential Storm Water Rates

<u>City</u>	<u>Usage</u>
Pleasant Hill	\$3.00 per ERU per month
Altoona	\$5.00 per month
Urbandale	\$6.00 per ERU per month
West Des Moines	\$6.05 per ERU per month
Waukee	\$6.25 per ERU per month
Grimes	\$6.38 per month
Ankeny	\$6.50 per ERU per month
Johnston	\$6.55 per ERU per month
Norwalk	\$7.50 per household
<b>Clive</b>	<b>\$9.47 per month</b>

## Commercial Storm Water Rates

<u>City</u>	<u>Usage</u>
Pleasant Hill	\$3.00 per ERU per month
Altoona	\$5.00 per ERU per month
Urbandale	\$6.00 per ERU per month
West Des Moines	\$6.05 per ERU per month
Waukee	\$6.25 per ERU per month
Grimes	\$6.38 per ERU per month
Ankeny	\$6.50 per ERU per month
Johnston	\$6.55 per ERU per month
Norwalk	\$7.50 per ERU per month
<b>Clive</b>	<b>\$9.47 per ERU per month</b>

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# General Fund – Key Issues

## Revenues

- 1) Supported through Property Taxes

## Expenditures

- 1) Supports a portion of Engineering, Public Works Administration and Traffic Safety
- 2) Street Lighting Program, \$200,000 annually
  - 50/50 share between General and RUT Fund
  - RUT Fund support will be reevaluated annually

# City Council Direction & Next Steps

## Direction

- 1) Water rate increase of 3%
- 2) Sewer rate increase of 2%
- 3) Stormwater increase of 10%
- 4) Creation of Promotional/Certification Incentive Program (New Senior Operations Specialists class)

## Next Steps

- 1) Road Use and Utility Operating Budgets incorporated into overall budget proposal.
- 2) Vote to increase water, sewer and stormwater utility rates with budget approval in March.