

All,

The Mayor replied to our recent questions.

Our questions to Council in Black, answers in Blue.

Begin forwarded message:

From: "Hieftje, John" <JHieftje@a2gov.org>
Date: June 21, 2011 10:01:29 AM GMT-04:00
To: "Bob Johnson" <rmj8976@sbcglobal.net>
Cc: "*City Council Members \\\(All\\)" <CityCouncilMembersAll@a2gov.org>
Subject: FW: Questions about FRS

From: Bob Johnson [<mailto:rmj8976@sbcglobal.net>]
Sent: Friday, June 10, 2011 11:46 AM
To: Hieftje, John; Smith, Sandi; Briere, Sabra; Rapundalo, Stephen; Derezinski, Tony; Taylor, Christopher (Council); Kunselman, Stephen; Higgins, Marcia; Teall, Margie; Hohnke, Carsten; Anglin, Mike
Subject: Questions about FRS to the Ann Arbor City Council:

I believe that the Fuller Road Station will be discussed at the Council meeting of June 13. In the context of that discussion, we raise the following questions about the finances of Fuller Road Station:

1) A Memorandum of Understanding approved by the UM Regents on January 21, 2010 said that the cost of the parking garage will be \$46 million. UM will pay 78% of the construction cost, and have control of 78% of the parking spaces. The City will pay 22% of the construction cost (\$10.3 million) for 22% of the spaces. What is the source of this \$10.3 million?

A portion of the City's recognized contribution to the project is utility and street work that are necessary to improve aging facilities and is funded proportionally by the sanitary sewer fund, the water fund, the stormwater fund and the street repair fund.

Recognition of these investments in City infrastructure which benefits each of those infrastructure systems, accounts for an estimated \$3.7 million of the \$10.3 million noted above. These represent estimated dollars and an estimated project total during the conceptual phase of the project. The actual costs of these improvements and the total project cost will be adjusted based on final costs at project closing.

The balance of the City's obligation will be met by a prelease of parking to the University and/or parking fees charged to users of the spaces allocated to or reserved by the City.

2) According the University's Memorandum of Understanding, "The City of Ann Arbor will manage the site preparation at an estimated cost of \$3,000,000." **Where will the City obtain these additional funds?**

These are the costs and funds enumerated in response 1 for improvement to the City's infrastructure system and funded as noted. These costs are included in the total project cost.

3) The City has submitted an Environmental Assessment to the Federal Transportation Authority as part of the AATA grant application. How was that paid for?

This was funded by an appropriation by City Council from the economic development fund and it is expected that this amount will be reimbursed from the recent federal grant (\$2.8 million, the first stage funding for the build-out of Phase 2).

4) Since the FRS Parking Structure will be built by the University (not by the City), how will the City deal with any possible cost overruns?

From a planning perspective the budget for the project was established at \$46 million as indicated in the MOU. Current estimates based on more detailed design, construction approach and material selection has reduced the estimate to \$41.3 million inclusive of \$4.2 million in contingencies. Given this current estimate including contingencies is substantially below the original estimate of \$46 million, there is little likelihood of cost overruns. That said, the City and University continue to value engineer the project and should there be unexpected costs, the cost sharing formula outlined in the MOU would apply.

5) In the Capital Improvement Plan approved by City Council on February 7, 2011, revenue projections in the Plan (cited below) anticipate that the cost to the City for expenses through 2013 will be \$43 million. **Why do these figures differ from the cost estimate in the University Memorandum of Understanding?**

The difference in the two numbers is due to the revenue sources outlined in Item #1 related to the City's investment in infrastructure.

Capital Improvement Plan 2012-2017

http://www.a2gov.org/government/publicservices/systems_planning/capitalimprovements/Documents/FY2012-2017%20CIP%20in%20sections.pdf

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TR-AT-10-18 Model for Mobility (Ann Arbor-Detroit): Fuller Road Station, Phase

Prior years \$3,117.90

2012 \$26,786.30

2013 \$13,373.10
TOTALS \$43,277.30
(figures are in millions.)

6) Why should we spend \$10 million (or \$13 million, or \$43 million) of the City's money to build a parking garage for the University in Fuller Park? There is no benefit for the City.

The City will have the use of 220 spaces in the proposed parking garage, if it gets built. But currently there is a 250 space ground level City parking lot on the site in Fuller Park where the FRS parking garage will stand. Why is the City planning to spend millions of dollars for 220 spaces in a structure, when it has 250 ground level spaces now, **for free**?

- The UM investment for parking and intermodal space, transit center, bike storage area can be used as the “local” matching funds for federal grants.
- Use of the existing surface parking for train passengers would not assure availability of parking for Park patrons during peak Park usage times. UM sponsored parking in FRS will be available nights and weekends for park/public use.
- Providing parking along Fuller Road has resulted in the UM not advancing two 550 Vehicle structures on Wall Street. This has resulted in a protection of the community serenity and quality of life.
- Orienting parking along Fuller Road eliminates many auto trips that would be destined to, or originate from, the proposed Wall St. parking structures and further congesting the Wall Street neighborhood. Such additional trips would have an impact on several intersections including Broadway and Maiden Lane, Wall Street and Broadway, Maiden Lane at Wall Street and Maiden Lane at Fuller Road.
- Additional traffic on this Maiden Lane Wall St. corridor will impact AATA routes 1, 1U, 2A, 2B, 2C and 3 impacting a few thousand transit riders each day.
- Making an investment at the Fuller Road Parking lot demonstrates the City’s interest and commitment to the Fuller Road site enabling federal agencies to understand the importance of this opportunity to the community and building upon our interest by positively reviewing our grant applications
- The current train station does not have the capacity to meet the needs of today’s patrons or transform to a truly intermodal facility, with the introduction of a quick and convenient link to local transit. This reliance on transit for a local trip can eliminate a significant number of vehicle trips on local roads. Due to high traffic volumes at rush hour it is impossible for buses to adequately serve commuter train riders.
- Investing in a parking facility located at a commuter rail station can allow Ann Arbor residents easy access to commuter rail.
- Increasing accessibility to a train station can aid the viability of commuter rail allowing many Ann Arbor residents to decrease their overall VMT, resulting in a lessening of their energy consumption, decreasing their air emissions including criteria pollutants and green house gases.
- FRS Phase one parking areas have been designed to allow for expansion to meet the needs of a growing rails system.

- FRS Train Station has the potential to become a significant gateway facility to our community.
- FRS provides a basis for developing and outfitting a comprehensive bike station and allowing for the evolution of a recreational access to the Border to Border Trail.

7) Why is the City planning to charge so little for the UM parking spaces in FRS?

According to the city's Memorandum of Understanding, the University will pay only \$19,381/year (78% of the annual operating cost payment of \$24,846 to the City's Parks and Recreation unit) for the use of 800 parking spaces in FRS.

However, the University now pays the City \$69,552 for daytime use of about 600 parking spaces in three lots within Fuller Park. This lease will end if FRS is constructed. Not only will FRS cost the City millions of dollars in construction costs, FRS appears to entail a loss of more than \$50,000 annually in rental income.

The amount in the current MOU is based on the physical footprint of the Intermodal Facility compared to the footprint of the existing lease. The City's share of that will depend on who is leasing or paying for parking. During the time frame the City leases it's share of parking to the UM, the UM will pay the City's share as well. When the City needs these spaces for train passengers, the City's share will be paid by their parking fees.

It is important to note, the agreement with the UM for use of the north parking areas is not impacted by the MOU and is treated separately in the current lease agreement. The UM has the right to renew their lease. If they opt not to do so, the City can use the parking areas for other public purposes including meeting the parking needs for introduction of additional train service to the site. There is also the potential to allow public parking for a fee when the area is not needed for park's user parking. This has the potential of creating additional opportunities to generate revenue.

Yours,

Robert Johnson
1413 Culver Road

People for Ann Arbor Parks