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TO: Mayor and Council

FROM: Sumedh Bahl, Community Services Area Administrator  
Tom Crawford, CFO  
Craig Hupy, Public Services Area Administrator  
Nick Hutchinson, City Engineer

CC: Steven D. Powers, City Administrator

SUBJECT: Council Agenda Responses

DATE: 6/2/14

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**C-1 – An Ordinance to Amend Chapter 55 (Zoning), Rezoning of 2.42 Acres from PL (Public Land District) to R4A**

**Question:** C-1, the cover memo indicates the new zoning for Green/Baxter Court will be R4A, but the staff memo says R4B. Can you please clarify? (Councilmember Lumm)

**Response:** Staff originally recommended Green/Baxter Court be rezoned to R4B, consistent with several other Housing Commission rezoning requests throughout the City. After discussion at the City Planning Commission meeting of May 6th, the Planning Commission decided a rezoning to R4A was more appropriate because it more closely matches the existing density on this site and is consistent with the zoning for Green Brier Apartments, located immediately east of the site.

**DC – 2 - Resolution to Remove Funding for Larcom Building Re-skin from Capital Improvements Plan**

**Question:** Could the energy efficiency improvements be made to the windows without the building re-skin? This was originally included in the re-skinning project, but I had

asked staff to break this component out so we could consider this project separately. (Councilmember Petersen)

**Response:** Yes, the energy efficiency of the windows could be improved without re-skinning the building, though the cost of that work is unknown at this time. While new efficient windows would provide some level of improvement, it would not address the lack of insulation in the walls above and below the windows.

**Question:** I understand that the Planning Commission approves the Capital Improvement Plan. I also understand that the Council approves the Capital Improvement Budget. Am I correct in this understanding? (Councilmember Briere)

**Response:** Yes.

**Question:** If I am, would the goal of this resolution be reached if the Council requested that the Planning Commission remove the Larcom Reskinning from the Capital Improvement Plan? (Councilmember Briere)

**Response:** The goal of this resolution, that "The Council believes there are other capital and infrastructure needs that are a higher priority than an exterior re-skin of the Larcom building and that the \$4.4M investment should not be made until all of those needs have been addressed," would be met if the Planning Commission moves the Larcom Exterior Reskinning project (MF-CB-12-06) to the last year of the Capital Improvements Plan (CIP), thus placing it after other needs are addressed. If the project is removed from the CIP, it will be completely removed from the priorities of the City.

**Question:** Also, the Capital Improvement Plan indicates that the funds for the reskinning of Larcom would come from the General Fund. Removing this project - or those parts of the project that the Council deems currently unnecessary - would not alter the amount of money available in the General Fund Reserves, because this would affect the budget one and two years out. But by removing the project from the Capital Improvement Plan for FY16 (the next plan that will be approved by the PC), would that actually remove the project from subsequent years' plans? Or would this come back to Council (or the Planning Commission) because it remains "Part of overall A2MC conceptual site design, to gain energy efficiency?" (Councilmember Briere)

**Response:** If the Planning Commission were to remove the project from the next CIP (the FY16 - FY21 CIP), it is likely that the CIP team would bring the project back to the Planning Commission in subsequent CIP efforts as the work was identified in the Ann Arbor Municipal Center conceptual site design, and additionally it will advance the following goals included in the Council adopted Sustainability Framework:

- Reduce energy consumption and eliminate net greenhouse gas emissions in our community

- Reduce new and existing buildings' energy use, carbon impact, and construction waste, while respecting community context.

**DC – 3 – Resolution to Approve a 5-Year Partnership Agreement with Community Action Network for Operation of Bryant and Northside Community Centers (Not to Exceed \$130,000.00/per year)**

**Question:** Could the Council please see an update on how CAN is working toward paying its staff - who work on this or any other City-funded project - a living wage? (Councilmember Briere)

**Response:** Per Council resolution R-12-496, Community Action Network (CAN) must comply with the requirements of the Living Wage Ordinance effective November 8, 2015. CAN presently pays employees working in what are effectively seasonal positions (for example, a summer camp counselor) \$10.50 per hour. CAN plans to raise the hourly rate to \$11.00 effective July 1, 2014. CAN is also working more with volunteers, including 5 AmeriCorps Vistas and the City's GIVE365 program to provide resources more efficiently.

**Question:** Will this proposed \$25,000 increase help CAN achieve the goal of paying its staff a living wage? (Councilmember Briere)

**Response:** The increase in funding will assist in adequately compensating CAN's full-time staff, retaining their talents.

**DC – 4 – Resolution to Affirm the Continuing Public Purpose of the Ann Arbor/Ypsilanti SmartZone Local Development Financing Authority and Approve Application to MEDC for Extension of its Term**

**Question:** The Chronicle reports that "the state reimburses the School Aid Fund for the taxes captured by SmartZones throughout the state." Is this reimbursement through the State general fund? If so, and if the State decides later to shift this so that the School Aid Fund is not held whole, is there a way to locally cease or reduce LDFA TIF capture prior to the end of the authorization period? (Councilmember Warpehoski)

**Response:** The governing bodies of Ann Arbor and Ypsilanti may always abolish the tax increment financing plan if it is determined that the purposes for which the TIF Plan was adopted are accomplished. (Section 13(2) of the LDFA Act). In addition, an Authority that has completed the purpose(s) for which it was organized may be dissolved by Resolution of the governing bodies of Ann Arbor and Ypsilanti subject to satisfaction of the obligations of the Authority (Section 20 of the LDFA Act).

**Question:** Assume that all LDFAs ceased to exist next month. What effect would this have on the various tax-based funds that contribute to the LDFAs?

I'm trying to be confident that I understand which funds are decreased, and which are increased, by having the LDFA. (Councilmember Briere)

**Response:** If the LDFA ceased to exist next month, there would be no additional funds captured and the funds already captured would need to be spent down. Since the formula for capture is from the school operating millage and State Education Tax, the property taxes would be distributed directly to those respective funds. The State's existing distribution for reimbursement to those funds would discontinue. The net effect is no change in the amount received by the school operating or State Education Tax funds, but funding for LDFA would discontinue.

**Question:** Why is this renewal before the Council now? The current agreement expires in four (4) years; is there a reason to consider extending this agreement for a further 15 years at this time? Is there a direct benefit to the City by this extension occurring now, rather than in two years, or three years? (Councilmember Briere)

**Response:** Under its statutory authority, MEDC has, as the final decision-maker with the State Treasurer, established the deadlines and timing for application for extension. Only 3 SmartZones are eligible to apply for a 15 year extension under the satellite provision, one has already been approved.

**Question:** How much of the TIF revenue is expected to be spent on expanding high-speed telecommunications? (Councilmember Kailasapathy)

**Response:** Presently, the FY2015 LDFA budget does not allocate any funding for expanding high-speed telecommunications. The LDFA Board has had several discussions surrounding this topic and previously supported the City's Google Fiber application with a \$250k commitment. The next appropriate step, prior to approving funding, is for a plan and request be presented to the Board. Since Ann Arbor was not chosen for the Google fiber, staff has continued working on a plan.

**Question:** How much of the TIF revenue is required to be spent in the Ypsi SmartZone area? (Councilmember Kailasapathy)

**Response:** The adopted SmartZone LDFA TIF and Development Plan does not capture any tax increment revenues or provide for the expenditure of any tax captured revenues in the Ypsilanti development area (Section 2 of the Plan). Any revenues allocated to the Ypsilanti district have, historically, come from other sources of funding (i.e. grants). As a condition for extension, the MEDC or Treasurer may require some portion of the funds to be allocated towards Ypsilanti's district.

**Question:** 2015 TIF capture is shown as \$1.7million where as the budgets presented two weeks ago showed it as over \$2mil. Is this table not updated with the new numbers? (Councilmember Kailasapathy)

**Response:** This table will be updated for the revised numbers prior to submission. The FY2013 was \$1,546,577; FY2014 is \$1,964,762; and FY2015 is budgeted for \$2,158,192.

**Question:** Could we also have the audited statements of SPARK for 2013?  
(Councilmember Kailasapathy)

**Response:** SPARK's Audited Financials are provided on their website dating back to their date of inception in 2006.

<http://www.annarborusa.org/about-us/policies-and-reporting/audited-financials>

**DS – 1 – Resolution to Approve Amendment no. 4 to the Professional Services Agreement with CDM Smith Michigan, Inc. (Formerly CDM Michigan, Inc.) for the Footing Drain Disconnection Program (\$143,440.00)**

**Question:** Regarding DS-1 (FDD resolution), the May 29 memo from Administrator Powers indicated that “there are currently 31 development projects throughout the city either under construction or under plan review that require offset mitigation.” The memo goes on to say that support of these efforts is required to meet the city’s requirements and allow developments in progress to obtain their certificates of occupancy. Can you please expand on those statements – I am trying to understand what the specific impacts will be – on city staff, the development projects themselves, overall costs, etc. – under a couple of scenarios:

- 60 or 90 day postponement
- Resolution fails

(Councilmember Lumm)

**Response:** Whether the Resolution is postponed or fails would have essentially the same effect: staff would have to manage the DOM program with existing staff until the recommendations of the SSWWE project are finalized (November 2014) and can be implemented. The timing for the implementation will vary based on the recommendations. It is estimated that it would require approximately two staff members (one engineer and one inspector) to spend an additional half of their time to manage this effort. Managing the DOM program internally would also require existing staff to be specially trained to handle these duties during this interim period.

As the Project Management Serviced Unit is fully programmed, the additional workload that was previously performed by CDM would require shifting of existing responsibilities, such as management and inspection of some current construction projects, to outside consultants.

**Question:** Do we know how many homes experienced an outside frozen FDD line? Does our contract with CDM cover these repairs – assume it could be quite costly if it

requires burying lines/pipes to prevent freezing. Just wondering if how extensive this problem might be, and what the plan is for addressing. (Councilmember Lumm)

**Response:** City staff has reviewed the specifications used regarding the installation depth of curb drains and sump leads, and has found them to be adequate. However, several instances of frozen curb drains were observed (4 locations out of 539) during the particularly harsh winter of 2014. These cases are being investigated by staff, and if any installations were improperly installed, they will be corrected.

**Question:** There were questions raised at the last meeting regarding what portion of the costs the developers were actually bearing in the DOM program. Can you please clarify that and related to the same point, can you please comment on the suggestion of perhaps having developers contribute a fixed amount per FDD credit and what impacts that approach would have. (Councilmember Lumm)

**Response:** Please see staff combined response to Councilmember Warpehoski's question below.

**Question:** It has been suggested that while the FDD evaluation is ongoing, rather than proceed with DOM FDDs the City could instead ask developers to escrow the anticipated cost of meeting DOM requirements through FDDs. Please advise as to the feasibility of this suggestions. (Councilmember Warpehoski)

**Response:** Implementing an escrow system could result in any of the following impacts:

- Added process for developers resulting in delays and cost, to amend existing approved site plans
- Delayed issuance of Certificates of Occupancy for some developments already in process
- Additional costs to the City for outside consultants to perform work on projects currently underway from which internal resources would need to be diverted to implement the actual mitigation efforts

Mitigation is required prior to a development adding flow to the sanitary system. Developers have an obligation to do wet weather flow mitigation as part of their site developments, as required by City Council Resolution R-362-8-03. This is a requirement of their site plan approval, similar to the need to provide on-site stormwater detention, or interior landscaping requirements. If a developer were to pay the City escrow funds for their flow mitigation requirement, it doesn't remove the requirement.

Removal of the requirement can only be done by changing each individual site plan, which would require a recommendation for approval by Planning Commission followed by approval by City Council for each site. If those changes were made to these existing site plans, they would be in conflict with the Council Resolution on record requiring the mitigation.

Presently, the developer is responsible not only for paying for the cost of the mitigation efforts, but also for performing the work within the timing needed for their development to obtain necessary Certificate(s) of Occupancy (C of O). If a developer was to pay an escrow amount to cover the mitigation requirement to receive the Certificates of Occupancy for their project, it is much less likely that the developer will perform the mitigation work themselves. The developer is more likely to leave the escrow money with the City, and leave the City to perform the work. Allowing an escrow, with the City completing the work, would likely increase the complications (delays) in coordination of Certificates of Occupancy for developments.

**Question:** The SSWWE survey of homeowners who have had the FDD installation indicates that a majority of FDD installations do not have the retrofitted air gap. Has staff verified the results of the survey and has CDM taken any action to retrofit those homes with a proper air gap? (Councilmember Eaton)

**Response:** OHM, the engineering firm for the SSWWE project, is currently following up on comments received as part of the survey and is expected to issue a report on their findings and recommendations in July. After this report is received, it is anticipated that an effort will begin to implement the recommendations of the report at previous FDD residences where corrective action is warranted. This effort is not included in the proposed CDM contract amendment, and will be managed separately.

**Question:** Under the contract between the City and CDM, does a City inspector perform a final inspection of a FDD installation to ensure that the pipe from the home to the street meets the FDD installation requirements that the pipe be either 18 or 24 inches (for 4" or 2" pipe, respectively)? Does the City have an inspector check to make sure the curb drain pipes are situated at an appropriate depth? Are the depths specified in the FDD program for these pipes consistent with building code regulations? (Councilmember Eaton)

**Response:** The FDD Contractor is required to pull plumbing and electrical permits, which require that the City's building inspectors perform inspection on the work on private property. CDM performs a "post-inspection" after the building permits are closed out. The purpose of this is to verify the work as been fully completed, provide the operation and maintenance guide, answer any questions the homeowner may have, and get feedback from the homeowners.

CDM performed the inspection of the installation of the curb drain pipe, including ensuring that the curb drain pipes are installed at an appropriate depth. The curb drain, which is installed within the City's right-of-way, is an extension of the City's storm sewer system, and is not covered by the building code.

**Question:** Did City inspectors verify that that the curb drain lines (including Andover Street) are buried at depth and have the specified continuous 1% slope? (Councilmember Eaton)

**Response:** CDM, as the construction inspectors for the curb drain, verified that the curb drain lines were installed at the appropriate depths. An as-built drawing of each curb drain installed was produced verifying the slope and depth of the installed pipe. The curb drain contractors were required to televise all curb drain after installation to ensure that all installation specifications were met.

**Question:** Has any member of City staff evaluated the CDM public engagement process during the current contract extension period? (Councilmember Eaton)

**Response:** During the current contract extension period, there has not been need for utilization of the public engagement process as part of the CDM contract since the suspension of the City's FDD program in the Glen Leven and Morehead areas in 2012. As a result, there has not been a recent evaluation of the CDM public engagement process.

In terms of general oversight of CDM, the City has had various project managers working on the FDD program throughout its existence. The City's project manager works directly with the consultant (CDM) on an ongoing basis, is informed and involved in the details of the project, and is reviewing their performance continually.

**Question:** Has staff evaluated whether CDM is updating the City FDD web site on a consistent basis? (Councilmember Eaton)

**Response:** Staff had been monitoring the FDD website and found that it was being consistently updated by CDM. As CDM's contract has not been extended, they are not currently updating the website. With the modified amendment, City Staff would assume this responsibility.

**Question:** Please provide me with a list of currently active participants on the FDD CAC. How many resident were members of this committee initially? (Councilmember Eaton)

**Response:** There are three active members remaining on the FDD CAC: George Johnston (from the Dartmoor Study Area); Robert White (from the Glen Leven Study Area); Sonia Manchek (Ann Arbor at-large). Mr. Johnston is the only original member remaining from the initial SSO Task Force in 2001. With the partial suspension of the FDD program in 2012, three other FDD members have left the group since that time.

**Question:** Has staff evaluated the activities of the FDD CAC to determine whether this committee is performing work appropriately delegated to residents? (Councilmember Eaton)

**Response:** City staff has been fully engaged with the FDD CAC continuously throughout their existence, and the work of the citizen volunteers has been

appropriately delegated. As this effort summarized in #1 proceeds, the role of the existing FDD CAC in this process will be further evaluated.

**Question:** Has CDM performed any Footing Drain Disconnects at multi-unit sites under the prior contract and extensions? If so, how much was spent on each such project and how many units were involved in each project? (Councilmember Eaton)

**Response:** CDM has facilitated Footing Drain Disconnects at 20 multi-family buildings under the current contract at a cost of \$342,567.00; resulting in 62 FDD equivalents.

**Question:** Has staff considered a less expensive strategy for extending the FDD program during the SSWWE evaluation process? (Councilmember Eaton)

**Response:** See Memo from the City Administrator dated May 29, 2014 to Council regarding scope modifications.

**Question:** If Council is unwilling to fund the entire contract extension as proposed on May 5, which components are can be funded separately? (Councilmember Eaton)

**Response:** See Memo from the City Administrator dated May 29, 2014 to Council regarding scope modifications.

**Question:** Has either CDM or City staff evaluated the performance of the pre-approved FDD installation contractors since they were first deems acceptable? Has any effort been made to connect the homes where residents complained about the FDD installation with the identity of the installation contractor? (Councilmember Eaton)

**Response:** The performance of contractors has been reviewed on an ongoing basis throughout the FDD program. OHM is reviewing some of the information from some of properties from which complaints were received in the survey. Part of this information includes the contractor that performed the work. While this analysis is not yet complete, there does not seem to be a strong correlation with any individual contractor(s).

### **DS-3 - Resolution to Approve a Professional Services Agreement with Parson Brinckerhoff Michigan, Inc. (\$299,911.54) for the South Street Transportation Corridor Study**

**Question:** The cover memo indicated that AAATA staff participated in evaluating the proposal received. What will AAATA's involvement be in the study and will they be contributing any funding? (Councilmember Lumm)

**Response:** AAATA staff will serve as a member of the Project's Technical Team. Planning considerations to integrate public transportation services and infrastructure facilitating ease of access and mobility are objectives of the City's Transportation Plan. Public transportation service is currently available along the South State Street Corridor, so the input and feedback from AAATA staff as the area's transit

provider will be key to ensure that these objectives are met by this study. The AAATA is not contributing funding to this planning study.