



TO: Mayor and Council

FROM: Sumedh Bahl, Community Services Area Administrator
Tom Crawford, CFO
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Wendy Rampson, Planning Manager

CC: Steven D. Powers, City Administrator

SUBJECT: Council Agenda Responses

DATE: 7/21/14

B-1 - An Ordinance to Amend Chapter 55 (Zoning), Section 5:10.20. A Downtown Character Overlay Zoning Districts Building Massing Standards (CPC Recommendation: Approval – 6 Yeas and 3 Nays)

Question: Please outline the fixed costs and fees a property owner must pay to the City in order to develop property in this district. (Councilmember Petersen)

Response: Of the costs associated with downtown construction, almost all are proportional to the size of the development. Common types of one-time fees associated with development include:

- Site plan fees – fee includes a base amount plus an amount per square foot proposed.
- Building permit and inspection fees – permit fees are based on the value of the construction and the number of inspections performed.
- Utility connection charges (water and sanitary sewer) – fees are based on the size of the service lead requested.
- Improvement charges – fees are based on the size of the utilities serving the property. Note that no improvement charges are due for the 425 South Main Street site.

- Civil engineering review and inspection fees – fees are based on an hourly rate.

Fees in the descending order of magnitude are utility connection charges and building/trade permits, followed by site plan and civil engineering review and inspection fees. The Varsity building, at 425 East Washington Street, paid approximately \$20,000 in site plan fees, \$23,000 in civil plan review fees, \$319,000 in building permit fees; and \$311,000 in utility connection charges. Inspection fees are not included in these figures. The Varsity is a 13-story, 177,000-square foot apartment building having a 695% FAR.

The reported construction cost was \$30 million.

Question: What other massing configurations are possible in addition to the one drawn on page 6 of the staffing report? (Councilmember Petersen)

Response: With the proposed reduction in maximum height from 100 feet to 60 feet for D2-zoned properties in the Main Street overlay district, there are few additional massing configurations available to a property owner who wishes to take advantage of floor area premiums. One option is for a property owner to build from lot line to lot line (i.e. no front, side or rear setbacks) at a height of four stories (approximately 48 feet) to reach the allowable 400% maximum FAR (with premiums). Another option would be to shift the massing of the building away from the side property line by including a setback, but this would impact the size of the upper floors (Floors 5-6) because stories above the fourth story must be set back from the edge of the story below.

Question: Under the current revisions of the D-2 overlay district, is it possible for a building in the Main Street overlay district to reach the 400% FAR allowed with premiums? (Councilmember Warpehoski)

Response: Short Answer: Yes, the proposed text amendment to the Main Street character overlay district would still enable a development at 425 South Main Street to reach the maximum 400% FAR with premiums. As noted in a separate caucus question, the property owner could build from lot line to lot line (i.e. no front, side or rear setbacks) at a height of four stories. The character area overlay districts do not regulate allowable floor area, only maximum building height, streetwall setbacks and offsets, and side/rear setbacks. Maximum floor area is regulated in the D1 and D2 base zoning districts.

Planning and Zoning Background: Prior to A2D2, the City's Zoning Ordinance was based on traditional Euclidean zoning principles – separate, generally non-overlapping districts that regulate use of the property and the physical characteristics of buildings on the property, e.g., floor area ratio (FAR), height, setbacks. (Euclidean refers to the City of Euclid, Ohio, which adopted one of the first zoning ordinances in the 1920s and whose ordinance was upheld by the US Supreme Court.) Communities across the country used Euclidean-type zoning for decades. Within the past 10 to 15 years,

another zoning approach known as “form-based” zoning has become popular. The fundamental concept of form-based zoning is to regulate the form (FAR, height and placement) and not the uses. In theory, as long as the form of the development is compatible with the neighborhood, any use within would be acceptable.

The current zoning for downtown Ann Arbor is a hybrid of Euclidean and form-based zoning. The D1 and D2 base zoning districts regulate uses and allowable FAR, including premium floor area. The nine character area overlay districts, which were identified through the A2D2 public process, use the form-based zoning concepts to “overlay” massing regulations for these different neighborhoods. The overlay districts set maximum height and placement requirements that are related to the unique physical form of each neighborhood.

The downtown character overlay districts operate in a similar way to historic districts. In both the downtown and the various historic neighborhoods, the base zoning districts regulate the uses permitted (e.g., D1 and D2 for the downtown; mostly R2A and R4C for historic neighborhoods). Then the nine downtown character overlay districts, like the 13 local historic districts, further refine and shape the development by adding additional requirements over the base zoning requirements. These additional requirements in the downtown are maximum height, streetwall height and streetwall offsets. In historic districts, the additional requirements are compliance with the Secretary of Interior standards for features such as building materials, roof pitch.

B-2 – An Ordinance to Amend Chapter 55 (Zoning), Rezoning of 1.1 Acres from D1 (Downtown Core Base District) to D2 (Downtown Interface Base District), 425 South Main Street City-Initiated Rezoning, 425 South Main Street (CPC Recommendation: Approval – 9 Yeas and 0 Nays) (Ordinance No. ORD-14-11) (8 Votes Required)

Question: Under the current revisions of the D-2 overlay district, is it possible for a building in the Main Street overlay district to reach the 400% FAR allowed with premiums? (Councilmember Warpehoski)

Response: See above response.

DB – 2 – Resolution to Approve 2625 Jackson Retail and Drive-Thru Site Plan, 2625 Jackson Avenue (CPC Recommendation: Approval – 6 Yeas and 0 Nays)

Question: What are the proposed retail and restaurant vendors for this site? (Councilmember Petersen)

Response: According to a representative of the property owners, the following businesses are possibilities at this site: Starbucks, Jimmy Johns, AT&T, Jamba Juice and a jewelry store. The owners will choose 2-3 of these businesses for the site.

DC – 1 – Resolution to Amend Resolution R-14-041 to Clarify the Membership Composition of the Commission on Disability Issues and the Appointment of the Council Representative to the Commission

Question: Can you please clarify if this adds to the membership or is a replacement and are there any other substantive changes in the membership composition proposed here? (Councilmember Lumm)

Response: No change in the size of or the individuals appointed to the Commission is being requested by the Resolution. The Resolution clarifies that the existing City Councilmember position on the Commission is a voting member of the Commission and that the City Councilmember's appointed term of office is 1yr.

DC-4 – Resolution Accepting Sidewalk Easement at 414 N. Main Street from 414 Main Condominium Association (8 Votes Required)

DC-5 – Resolution Accepting Sidewalk Easement at 401 N. Fourth Ave. from 401-403 N. Fourth Condominium Association (8 Votes Required)

Question: Typically easements come to Council from staff and these two are sponsored by a councilmember. I certainly have no problem with that, but just want to confirm that staff supports the actions and there is nothing unusual in these two resolutions. (Councilmember Lumm)

Response: These are standard easements and staff supports their acceptance. The final signed easements and consents from the mortgage holder were received after the agenda was published. In order to preserve the timing of the development, they have been sponsored by a councilmember for this meeting.

DC-7 – Resolution to Approve the Purchase of 3401 Platt Road on Behalf of the Housing Commission \$195,000 (8 Votes Required)

Question: The cover memo indicates that the AAHC and its development partner will be applying for funding for the redevelopment through Low Income Housing Tax Credits and private and public funding sources. Is the closing (planned for February of next year) on this purchase contingent on having secured the financing? (Councilmember Lumm)

Response: The closing is not contingent on securing the financing in February. The terms of the purchase agreement were negotiated for some time, and the seller was not willing to wait for or the AAHC and its development partner to secure funding. This private seller is willing to wait until February to close, although they would likely be able to sell the property to another party without having to wait this long.

DC-9 – Resolution Authorizing City to Inquire About Availability of Burton Road Property for Parkland Acquisition

Question: How many acres of parkland does this City currently own? How many total acres of property in the City does the City own? (Councilmember Petersen)

Response: City owns 1960.48 acres of parkland within the City boundary. The City owns a total of 2707.69 acres of land within the area, including parks.

Question: Can you please provide the following data related to the Open Space and Parkland Preservation/Greenbelt fund:

- June 30, 2014 year-end fund balance (projected if not final)
- FY13, FY14 actual and FY15 budget revenues (amount and source – millage and any other)
- FY13, FY14 actual and FY15 budget expenditures (amount and use – acquisitions, operating costs, other)
- Percentage of purchases (as measured by dollar amount) that were for parkland/open space inside the City and outside the City)

(Councilmember Lumm)

Response: The projected, unaudited fund balance through June 30, 2014 is \$9,489,009.

FY13 actual revenues were \$2,482,882. This amount consists of \$2,141,370 in millage proceeds, \$396,900 in Federal grants, and -\$55,388 in miscellaneous items such as tax refunds and uncollectible personal property taxes. FY14 unaudited revenues are \$2,222,078, made up of millage proceeds. FY15 budgeted revenues are \$2,349,200, comprised of \$2,251,005 in millage proceeds and \$98,195 in investment income.

FY13 actual expenditures were \$3,357,378. These consist of \$289,005 in administrative expenditures, \$1,227,150 in debt service, and \$1,841,223 in acquisitions. FY14 unaudited expenses are \$1,511,854, consisting of \$278,605 in administrative expenditures and \$1,233,250 in debt service. FY15 budgeted expenses are \$1,434,079, comprised of \$195,504 in administrative expenses and \$1,238,575 in debt service.

In FY13 the percentage of funds spent on Greenbelt (outside City) was 87.8% while the percentage of funds spent on Parks (inside City) was 12.2%. In FY14 the percentage of funds spent on Greenbelt (outside City) was 90%, while the percentage of funds spent on Parks (inside City) was 10%. However in FY14 Parks included two donations of properties so City costs were minimal.

Question: The resolution refers to 2805 Burton Road. Burton Commons is planned for 2559-2825 Burton Road. I want to confirm whether this proposal is intended to seek to purchase the land from the Burton Commons development, resulting in no further effort to build Burton Commons. Is it accurate that this purchase will end efforts to build Burton Commons? (Councilmember Briere)

Response: 2559-2825 Burton Road parcels were merged into one lot and its address now is 2805 Burton Road. This resolution proposes use of parkland acquisition funds to purchase the property and if this parcel is purchased using parkland acquisition funds then Burton Commons project cannot be built.

Question: What scores did the LAC give to this parcel - based on the criteria for land acquisition as outlined in the PROS Plan? (Councilmember Briere)

Response: LAC considers potential properties based on criteria outlined in the PROS plan along with a staff recommendation. LAC does not use a formal scoring system. Staff's recommendation in this instance was not to pursue acquisition as the area was not deemed to be underserved, the parcel does not include high quality natural areas, concerns about the isolated nature of the area, and the site plan for the development included a play area for residents.

Question: The resolution recommends using funds in the parkland acquisition fund for this land acquisition. Are other funds available? Are there opportunities for finding alternative sources or seeking land donation from the developer? (Councilmember Briere)

Response: There is no other specifically designated funding source available for this proposed land acquisition. There may be other funding opportunities available but staff is not aware of any. Land donations from a developer can be sought.

Question: I remember that there's a calculation to help the parks staff determine whether an area of town has limited park land (for the population). Could you refresh my memory about that calculation, and let me know what needs PAC has identified for this area? (Councilmember Briere)

Response: The PROS plan employs the standard of providing a neighborhood park within a ¼ mile of each residence. LAC, in conjunction with staff, created a map utilizing GIS, on-the-ground analysis, and site visits to determine areas that were underserved by neighborhood parks. The attached map shows underserved areas. This area was not determined to be underserved.

Question: Please share any staff analysis and recommendations regarding the suitability of 2805 Burton or 312 Glendale for acquisition under the City Parkland Acquisition fund or for storm water management. (Councilmember Warpehoski)

Response: For 312 Glendale:

Staff recommendation was not to pursue acquisition as the area is not an underserved neighborhood.

Regarding storm water, the physical characteristics of the property do not favor the City acquiring 312 Glendale for storm water control purposes. The review found high ground water levels which make underground storage and/or infiltration measures difficult for this site. The site is underlain with clay, so infiltration into the ground is not practical. At ground level the parcel has a close across the site which precludes either enclosed storage or open pond storage without very significant capital investments.

For 2805 Burton:

Staff recommendation for 2805 Burton was not to pursue acquisition as the area was not deemed to be underserved, the parcel does not include high quality natural areas, concerns about the isolated nature of the area, and the site plan included a play area for residents.

2805 Burton was not reviewed as a potential acquisition for storm water management. No review was performed for storm water management.

Question: What neighborhoods have been identified as lacking parkland based on the PROS ¼ mile guideline? Is there an estimate for the cost to acquire property to fill these parkland gaps? (Councilmember Warpehoski)

Response: Neighborhoods identified as lacking parkland are shown on the attached map. There is not an estimate for the cost to acquire property to fill these gaps as multiple factors influence the purchase price of any potential property.

DS-1 – Resolution No. 4 – Confirming the Pontiac Trail Sidewalk, Curb and Gutter Special Assessment Roll

Question: Can you please explain what “city share future recoverable” means and what the process is related to those property owners outside the City? (Councilmember Lumm)

Response: The “city share” portion of the term refers to the fact the city must fund this portion of the project. The “future recoverable” portion of the term refers to the fact this is for an island parcel not subject to City taxation. When the parcels are annexed into the City these funds become due.

DS – 2 – Resolution to Approve a Professional Service Agreement with DLZ Michigan, Inc. (\$104,107.61) and Establish a Project Budget for the 2014/2015 Bridge Inspection Program (\$136,000.00

Question: Has there been any consideration of working with neighboring jurisdictions to explore a shared contracting agreement for bridge inspection? Are there potential cost savings if the City, Road Commission and other local entities with this mandate bid out this service together? (Councilmember Warpehoski)

Response: Teaming with other local entities has not previously been explored in depth. Staff will investigate the idea for future contracts. However, it is likely that any cost savings would be minor and may easily be offset by the time and effort it would take the City and the consultant to coordinate with the other agencies.

DS-4 – Resolution to Approve an Agreement with the Michigan Department of Transportation for the Scio Church and Barton Sidewalks Project

DS-5 – Resolution to Approve an Agreement with the Michigan Department of Transportation for the Stone School Road Improvements Project

Question: The cover memos indicate that the bid results are not yet in. What happens if the bids come in higher than anticipated? (Councilmember Lumm)

Response: The City/State Agreements are prepared based on the Estimated Cost of the project when it is submitted to MDOT for bidding. Also, the City/State Agreements set each parties rights and responsibilities during the performance of this project, including cost sharing. Consequently, no further action would be required from Council with regard to the City/State Agreements, as the agreements and standard MDOT/FHWA protocols determine how to handle this circumstance.

For the Stone School project, we expect MDOT's share of the project's construction cost to be about \$1,350,000. Bids were received by MDOT for this project on July 11, 2014. The lowest responsible bidder for this project was Dan's Excavating, Inc. of Shelby Township, Michigan, with an "as-read" price of \$5,268,093.77, which is approximately 7% above the Engineer's Estimate of \$4,920,820.75. Although the City has not yet been provided completed bid tabulation from MDOT, it is expected that the City's share of the project's construction costs would be about 7% higher than originally estimated. Staff believes that the as-submitted costs are reasonable and the necessary funding established in the approved capital budget is sufficient to complete the project as planned.

For the Barton/Scio Sidewalk Project, no bids were received at the July 11 bid letting. On this project, since local matching funds had to be appropriated by Council, if the bids were to come in significantly higher than estimated, Council would likely have to approve additional funding for the project.