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TO: Mayor and Council

FROM: Tom Crawford, CFO  
Craig Hupy, Public Services Area Administrator  
Susan Pollay, Executive Director, DDA  
John Seto, Safety Services Area Administrator

CC: Steven D. Powers, City Administrator

SUBJECT: Council Agenda Responses

DATE: 12/16/13

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**CA-1 – Resolution to Approve Contract Amendment Number One with Waste Management of Michigan for Commercial Waste Franchise Collection Services**

**Question:** Regarding CA-1, the cover memo indicates that this amendment with Waste Management "removes the city's obligation to pay Waste Management \$2/ton for each ton of recycle material collected from commercial businesses." What will the \$2 be replaced with (market rate) and what are the financial implications of that change? (Councilmember Lumm)

**Response:** The \$2 will be removed altogether, with no obligation replacing it. The result will be savings to the City of approximately \$7,000 per year.

**DC-1 – Resolution to Approve a City Policy Regarding Removal of On-Street Metered Public Spaces**

**Question:** What is the net present value of the parking income that would otherwise be earned from an on-street metered space over 10 years? (Councilmember Petersen)

**Response:** As of July 1, 2013, the public parking system had 1,823 on-street parking metered spaces. The average revenue received by a public parking on-street parking

space is approximately \$2,000/year, with greater or smaller amounts generated in different locations within the system.

Our office produced the following calculations. As we understand net present value, it calculates the income less expenses of future payments to calculate their present value. Since the removal of individual parking meter spaces does not involve any measurable decrease in operational expenses, a calculation of the present value of future incomes was done. No discount amounts were used because they are unknown and interest earnings are a small fraction of the DDA's total income. Here are calculations using different scenarios:

FY 2013 average meter income, including meter bag rentals = \$2,000/year

	10 Yrs	20 Yrs	30 Yrs
Present value of \$2,000/year income	\$20,000	\$40,000	\$60,000

FY 2013 average meter income, excluding meter bag rentals was \$1,622/year

	10 Yrs	20 Yrs	30 Yrs
Present value of \$1,622/year income	\$16,218	\$32,436	\$48,654

FY 2013, the highest earning meters in the system generates approximately \$3,600/year

	10 Yrs	20 Yrs	30 Yrs
Present value of \$3,600/year income	\$36,000	\$72,000	\$108,000

FYI, the lowest earning on-street metered spaces in the system earns less than \$50/year. The cost to rent a meter bag is currently \$20/day.

**Question:** While this requests the DDA (resolved clause #2) to draft and approve a policy that provides for the determination of community benefit", it is not clear if Council will approve that policy -- can you please clarify that? (Councilmember Lumm)

**Response:** Under the July 1, 2011 City/DDA Parking Agreement, a DDA Parking Area has been established that includes all current on-street meter parking areas. Within this Area, the DDA has been assigned sole authority "to determine the addition or removal of meters, loading zones, or other curbside parking uses, subject to administrative approval of the City". Within its responsibility for this area, the DDA plans to work with City staff to develop a policy that would define what is meant by community benefit. Once this policy has been developed it will be shared with City Council, but at this time it is not anticipated that this policy would come to City Council for approval.

**Question:** Can you please share any benchmark data you might have on how other DDA's in Michigan (or non-Michigan DDA's) handle the removal of on-street parking places. (Councilmember Lumm)

**Response:** We are not aware of any Michigan or non-Michigan DDAs that have established policies regarding the permanent removal of on-street parking spaces.

**Question:** Thank you for the spreadsheet provided in response to my Q on Dec. 2. It was very informative. For the 69 meters removed on behalf of UM, do you have any data on the lost revenue (and was the City at all compensated by UM)? Also, do you have revenue data for the 12 meters requested for removal by UM? (Councilmember Lumm)

**Response:** We do not have data going back very far. But we have revenue data on the meters that were removed most recently following a University of Michigan request. That data is:

1000 Wall Street	\$162/year
400 Thompson	\$1,160/year
800 E. Washington	\$1,325/year

Revenue data for the 12 meters that have been requested for removal are as follows:

Nielson Court Extension	\$162/year
500 Thompson	\$1,037/year
600 E. Madison	\$1,237/year
South State Street	\$244/year

## **DC-2 – Resolution Instructing the City Administrator to Develop a Non-Motorized Transportation Plan Implementation Strategy**

**Question:** How will the timing of the City Administrator's plan deliverables (specifically the April 21<sup>st</sup> and June 30<sup>th</sup> deadlines) be impacted by the Pedestrian Safety Taskforce? (Councilmember Petersen)

**Response:** The work and efforts of the Pedestrian Safety Taskforce to-date will be factored into the preparation of the City Administrator reports outlined in this resolution. As the taskforce efforts move forward, adjustments to these implementation plans may be warranted, and if so will be made.

**Question:** Will the development of the RRFB deployment strategy further delay the planned installation of an RRFB on Geddes Road between Gallup and Devonshire Parks? (Councilmember Petersen)

**Response:** No. There will be no effect on the installation at this location, which is moving forward.

**Question:** Is there a final version of the non-motorized plan on the City's website? I have the final draft – do citizens have access to the adopted version? (Councilmember Kailasapathy)

**Response:** The final version of the plan update is being added to the 2007 plan document resulting in a single, current plan document. The process of final formatting and combining these two documents is anticipated to be completed by the end of this week, at which time it will be posted on the City's website.

**Question:** There are some inconsistencies in the finalized draft. For example, on page 38 the text of the plan refers to 24 locations for RRFBs with a reference to figure 4. The actual sites for the RRFBs is in fact shown in figure 5, and that map includes only 20 locations. Please provide us with the updated (correct) information. (Councilmember Kailasapathy)

**Response:** In an early version of the draft update, 24 locations were highlighted; however, upon further examination during the draft review process, four of the locations were removed. The final update document's text now accurately mentions 20 RRFB locations, instead of the previously mentioned 24.

As to the labeling of the figures, during the draft review process figures were added to the beginning of the document and the figure numbering and their mentioning in the text were not adjusted to match the additions. The final document now reflects the correct listing of figure numbers and their mentioned in the document's text.

### **DC-3 – Resolution Instructing the City administrator to Allocate FY2015 Community Events Monies to Benefit the Ann Arbor Street Art Fair**

**Question:** What is the current balance of the City's various funds dedicated to public art. Can these funds be tapped to support this effort? (Councilmember Petersen)

**Response:** \$1,392,395.72. No all of these funds are restricted for purposes related to their origin. Most of the funds were derived from the utility funds and streets.

### **DC- 4– Resolution to Increase General Fund Safety Services Budget by \$125,000 to Fund Police Overtime for Traffic Enforcement (8 Votes Required)**

**Question:** How many hours of overtime will be funded with \$125K? (Councilmember Petersen)

**Response:** Approximately 1,838 overtime hours.

**Question:** How will the locations of traffic enforcement be determined?  
(Councilmember Petersen)

**Response:** The locations will be determined by the police department. Criteria for selecting the locations will include citizen complaints, traffic crash data and any other circumstance the police may feel additional enforcement is warranted.

**Question:** It would be helpful if you could provide information on how you would utilize/deploy these additional resources, and can you also provide what you are forecasting for OT for the year and how that compares to the original budget ?  
(Councilmember Lumm)

**Response:** In regards to how the additional resources would be deployed, traffic enforcement may occur in two different ways. Individual Officers may be assigned to specific locations where complaints are received or a group of Offices may be assigned to work together at a specific location during high traffic volume times to maximize effectiveness and visibility. I envision both strategies would be utilized.

Its effectiveness may be measured in different ways:

- The number of traffic complaints received by the police department.
- Crash data citywide or at specific locations.
- Traffic speed data at specific locations.

As for your question in regards to the police overtime forecast, at the end of October (the most recent report I have), the Police Department is forecast to be \$160,000 over budget. However, I believe the forecast may change from month to month. There is usually more overtime in the first six months of the fiscal year due to the football season and party patrol. The first part of this fiscal year, we had additional overtime expenses as a result of the long homicide investigation.

**Question:** Could you define 'traffic enforcement' in terms of staff hours and staff effectiveness? (Councilmember Briere)

**Response:** Traffic enforcement may occur in two different ways. Individual Officers may be assigned to specific locations where complaints are received or a group of Offices may be assigned to work together at a specific location during high traffic volume times to maximize effectiveness and visibility. I envision both strategies would be utilized.

Its effectiveness may be measured in different ways:

- The number of traffic complaints received by the police department.
- Crash data citywide or at specific locations.
- Traffic speed data at specific locations.

**Question:** Could you also help me understand what level of additional traffic enforcement will likely result from \$125,000 in additional overtime? (Councilmember Briere)

**Response:** \$125,000 equates to approximately 1,838 overtime hours.

**Question:** Do we have any data by which to benchmark Ann Arbor's traffic safety compared to other communities (e.g. within the SEMCOG region, peer cities of similar size, or other appropriate comparisons)? In particular, I would like to see data for accidents per vehicle miles traveled, excluding freeways such as I94, US23, and M14. (Councilmember Warpehoski)

**Response:** We do not have data on vehicle miles traveled within the City of Ann Arbor.

**DC-5 – Resolution to Allocate Funds from the Sale of 350 S. Fifth Avenue (a/k/a the Old 'Y' Lot)**

**Question:** I have been told that the cost to relocate the Y-residents was covered through Federal Block Grant Funds, and not entirely from the General Fund. Can you break down the costs of \$488.6K attributed to the relocation? (Councilmember Petersen)

**Response:** Staff confirmed the amounts listed for relocation and maintenance were City General Fund expenses.

**Question:** How much money is available in the Affordable Housing Fund of the City? (Councilmember Briere)

**Response:** The City's CAFR (annual audit report) shows fund balance was as follows:

2010	\$654k
2011	\$357k
2012	\$350k
2013	\$524k

**DS-2 - Resolution to Approve Contract Amendment Number 2 with WeCare Organics to Allow Expanded Food Composting (\$14,950.00), Approve Selling Compost Carts for \$25.00 and to Appropriate \$64,550.00 from the Solid Waste Enterprise Fund Balance (8 Votes Required)**

**Question:** What is a windrow? (Councilmember Petersen)

**Response:** A windrow is a long row of yard waste and other compostable material that is being processed.

**Question:** Briefly describe the environmental benefits of composting plate scrapings compared to using a garbage disposal. (Councilmember Petersen)

**Response:** Sludge from the wastewater treatment plant is land applied during warm months and landfilled in the cold weather months. So during the warm months, the environmental benefits compared with composting are roughly equal. During the colder months, it is environmentally preferable to compost.

**Question:** There is an assumption that 2,100 tons of plate scrapings will be collected each year as a result of introducing this practice. When will we start evaluating this goal? If we do not achieve these numbers, can we curtail this and go back to the old system? (Councilmember Kailasapathy)

**Response:** Staff would suggest evaluating the program after the end of the first collection season (December 2014). The program can be terminated by either party with 30-days written notice.

**Question:** Can we try out a pilot project in one area to see how successful this practice is before introducing it to the entire City? (Councilmember Kailasapathy)

**Response:** There is a significant capital and operating cost for WeCare to operate this program. They will need to grind the material on a daily basis and put it into the system to compost. Previously, the material was stockpiled for 30 to 60 days before grinding. Because of the logistics, it would not be cost effective to collect material from only one pilot area and process it at the facility.

**Question:** Regarding DS-2, how much do we currently pay WeCare organics to operate the composting facility? (Councilmember Lumm)

**Response:** The City currently pays WeCare \$18.00 per ton to operate the facility, or approximately \$142,000 per year.

**Question:** What food wastes are currently accepted in the composting program and what will now be accepted that wasn't previously? (Councilmember Lumm)

**Response:** Vegetative food waste is currently accepted by the City's composting program. Under the new program, meats, sauces, and other cooked foods will also be allowed. This expanded program will also accept BPI (Biodegradable Products Institute) certified compostable bags, which can be used to line the kitchen composters. These bags will be sold for \$2.00 per box at the City's Customer Service Center.

**Question:** You have assumed 2,100 tons incremental tons for this (when fully implemented). What is the basis for that assumption? (Councilmember Lumm)

**Response:** A waste sort conducted by City staff in the fall of 2013 found that approximately half of the waste in residential refuse was food waste. As a result, it is

estimated that of the roughly 15,000 tons of refuse collected curbside each year, approximately 7,500 tons is food waste. If the city distributes 6,000 kitchen catchers, and each unit is filled an average of once per week, that equals slightly more than 2,100 tons per year.

**Question:** You have also assumed 1,000 compost carts a year -- how was that derived? (Councilmember Lumm)

**Response:** The City currently has a total of 15,600 compost carts in circulation. Of those, the vast majority were sold when the City sold them at a subsidized price of \$25, and delivered them to individual homes; 10,200 in 2008 and 4,000 in 2010. Staff expects demand to be less this time because most residents already have a cart and the carts will not be delivered to individual homes.

**Question:** In terms of the kitchen composters themselves, how large are they and how do they work? Also, what was the basis for purchasing 6,000 of them? (Councilmember Lumm)

**Response:** The composters have a capacity of 1.8 gallons, and have hinged lids. The unit that has been selected has a locking lid that is designed to not pop open if dropped. It also has a number of features that make it easy to carry and tip. More information can be found at: <http://www.sure-close.com/index.html>. These units will be offered at no charge to residents that have a compost cart. Of the 13,900 residents who have at least one cart, it is estimated that approximately 40%, or over 5,500, will be interested in participating in this program and in coming to the Customer Service Center to pick up a kitchen composter. By purchasing 6,000 there will be some extra stock for higher/future customer demand.

### **DS-3 – Resolution to Accept and Appropriate a USDA Forest Service Great Lakes Restoration Initiative Grant (\$50,000.00) (8 Votes Required)**

**Question:** Please explain how the MDEQ Revolving Fund Loan Program works. Is the City taking out a \$300K loan in order to accept the \$50K federal grant? If so, what is the interest rate on this loan? (Councilmember Petersen)

**Response:** The Michigan's Water Pollution Control Revolving Fund, better known as the State Revolving Fund (SRF), is a low interest loan financing program that assists qualified municipalities with the construction of water pollution and control facilities, by financing project costs, including construction, over a 20-year period at an estimated interest rate of 2%. Over the last several years, the program has also included the opportunity for projects to receive "Green" funding, which provides for loan principle forgiveness of up to 50% of the environmental portion of a project. The City collaborates with the Washtenaw County Water Resources Commissioner (WCWRC) to draft an SRF Plan that is submitted to the Michigan Department of Environmental Quality



(MDEQ). This SRF Plan includes a list of potential projects that the City and County would like to be considered by the MDEQ for loan funding.

In 2010, the WCWRC and the City submitted an SRF plan to the MDEQ that included a project to plant 1,000 street trees per year for 5 years, at a total cost of \$1.5 million. The project was approved by the MDEQ, which allowed the City to submit a tree planting plan to MDEQ each fiscal year requesting loan funding for that year's tree planting activities. The City has received loan funding for tree planting in FY 12, FY 13 and FY 14/15 (combined loan). The FY 12 and FY 13 SRF loans were eligible for "Green" funding and the City received approximately \$300,000 in loan forgiveness (50% of the loan amounts). The FY 14/15 loan is also eligible for "Green" funding and possible loan forgiveness. The debt service on the SRF tree planting loans is being paid by the City's Stormwater Fund. City Council approved to petition the WCWRC for the FY14 SRF Loan on December 3, 2012 (R-12-545) and approved the FY14/15 tree planting contract on July 15, 2013 (R-13-237).

The SRF loan was secured prior to the grant application, so no, the City did not take out the MDEQ State Revolving Fund (SRF) loan for tree planting in order to accept the \$50,000 grant. The GLRI/USDA Forest Service grants typically fund tree planting activities, and not tree maintenance activities, such as pruning. The City leveraged funds it had already secured from the MDEQ SRF loan program to highlight to the USDA Forest Service that the city has a mechanism to fund street tree planting, but funding is needed for street tree pruning. Matching funds are not required for this grant but were provided to demonstrate that the city is committed to improving water quality by increasing and improving the urban tree canopy, and to improve the likelihood of being awarded grant funds.

**DS-4 - Resolution to Reimburse Resource Recovery Systems for Capital Repair of Baler at the Material Recovery Facility (\$62,613.77) and Appropriate Funds (8 Votes Required)**

**Question:** Regarding DS-4, while I understand that reimbursing RRS out of this MRF capital reserve account is how this process works (and that makes sense), what is not clear to me is whether the City approves the actions in advance and what (if any) involvement do we have in bidding out/overseeing the repairs? (Councilmember Lumm)

**Response:** The City has monthly meetings at the MRF to inspect the facility and discuss capital issues with RRS. The procurement process used by RRS includes:

- Under \$3,000: Not reimbursable from fund.
- \$3,000 to \$25,000: Three quotes are required, unless the purchase is an emergency or sole source. Emergency or sole source require approval by an RRS manager.
- Over \$25,000: Three quotes also required. Reimbursement requires City Council approval.

