



MEMORANDUM

TO: City Council
FROM: Howard S. Lazarus, City Administrator
DATE: February 1, 2019
SUBJECT: Appraisals

This memorandum provides information regarding the status of appraisals. The City plans to renew leases of certain city-owned properties in the coming year. Per Section [1:321\(4\)](#) of the City Code, the City Administrator does not intend to obtain appraisal reports for such leases, for the reasons indicated below. If any Councilmember believes that an appraisal is necessary for any of the leases, please provide feedback to the City Administrator's office no later than February 11, 2019.

This feedback is important to ensure that the City does not incur unnecessary costs for unwanted appraisals, which typically cost between \$1,800 and \$2,200 each. The feedback also helps ensure that the lease renewal process happens smoothly without unintended expiration events. Eight votes are required to approve leases (regardless of price) so if more than two councilmembers would object to a resolution approving a lease because they believe an appraisal was necessary, that information empowers staff to timely obtain such appraisals in advance of Council approval to avoid unintended lease expirations.

Lessee	Property Address and Common Name	Reason Appraisal Is Unnecessary
Ann Arbor Public Schools	1220 Wells St. (Eberbach Cultural Arts Building)	This lease serves a public purpose. Specifically, it provides space to Ann Arbor Rec and Ed to run certain programs, which foster educational and cultural opportunities for Ann Arbor residents. Lessee pays \$1/year in rent and contributes to upkeep of the building (maintaining a capital account at \$50,000 to support certain repairs). As a result, city staff believes an appraisal is unnecessary as the lease is not intended to generate revenue.

Bird Center of Washtenaw County	926 Mary Street	This lease serves two public purposes – supporting a non-profit that cares for county birds in need of help and providing a critical polling location on election days. No rent is currently paid. Staff believes an appraisal is unnecessary as the lease is not intended to generate revenue.
University of Michigan	926 Mary Street (Fletcher Hall Parking Lot)	This lease generates \$4,000/annually for the lease of 12 to 15 parking spaces that are connected with the 926 Mary Street property (which is leased to the Bird Center of Washtenaw County and described above). The University currently charges \$164/year for parking passes at the location and contributes \$169/year for each. Staff intends to increase the lease payment this year to stay in line with the University's cost. Because the City wishes to continue the relationship with the University and because the parking pass cost information is public , an appraisal is unnecessary.
Unknown	Form Airport Hangar Leases	In 2017, City Council approved a form agreement for standard hangar leases. The rent payments for such leases vary based on the type of lease, size of facility/land area, amenities and market rates (adjusted to ensure compliance with FAA Airport Sponsor Assurance #22 (Economic Nondiscrimination)). Staff believes that appraisals are unnecessary for such leases as the market and FAA assurances are an appropriate guide for determining lease rates.

As always, please do not hesitate to contact me if I can be of further assistance on this matter.

cc: Betsy Blake, Senior Assistant City Attorney
 John Fournier, Assistant City Administrator
 Christopher Frost, Senior Assistant City Attorney