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TO: Mayor and Council

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

CC: Steven D. Powers, City Administrator

SUBJECT: Council Agenda Responses – Amendment No. 1 to 9/15 Responses

DATE: 9/23/14

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**CA-1 - Resolution to Approve Professional Services Agreements (PSA) for Professional Land Surveyor Services with Stantec, Washtenaw Engineering and Mannik and Smith Group, for a not to exceed \$30,000 per PSA**

**Question:** Do these three, as-needed, professional services contracts replace existing ones or has the City done Greenbelt and Park-related surveying in the past on a one-off contract basis? (Councilmember Lumm)

**Response:** The City has had as-needed contracts for surveying services in the past. The last couple of years we have not had as many applications, so have followed the standard purchasing procedures and had one-off contracts as needed.

**Question:** How much has the City spent on contracted out surveying services in the last couple of years? (Councilmember Lumm)

**Response:** City spent \$3,350 and \$10,900 in 2013 and 2012 respectively on contracted surveying services.

**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 Years and 3 Nays) (Ordinance No. ORD-14-12)**

**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)**

**Items B-1 and B-2 - Postponement**

On July 21, 2014, City Council postponed second reading and action for the rezoning and text amendments, asking that Planning staff and the Planning Commission's Ordinance Revisions Committee (ORC) work with the owner of the 425 S. Main site on alternative text amendments to the Main Street Character Overlay District. Action was postponed until the September 15, 2014 City Council meeting to allow for this discussion.

Planning staff met with the property owner and his architect to review options for allowing flexibility in building design while limiting the shading and setback issues on the residential properties to the east. The ORC reviewed these options, which were depicted graphically by the owner's architect, and identified a hybrid approach to be considered. The owner's architect currently is creating massing diagrams to illustrate this approach, and will provide these to the ORC later this month.

Planning staff requests that City Council postpone action on these two items until the second meeting in December to allow for the ORC to finalize its recommendations and provide related massing diagrams for City Council's consideration.

**Items B-1 and B-2 – Development Fees**

At the July 21, 2014 City Council meeting, Councilmember Petersen asked for an overview of the types of fees and amounts associated with new development. Staff provided some general information in the Agenda Response for that meeting, and provides additional detail below.

The city's fees for services associated with new development projects are considered "indirect" costs to a developer. These costs can include development review fees, permit and inspection fees, off-site infrastructure construction, and utility connection and improvement charges. A developer also incurs soft costs for private architecture, engineering and real estate services used to complete the city's development review and permitting process.

In general, the municipal review and permitting portion of a developer's soft costs tends to be fairly small in comparison with land, construction and financing costs. However, unanticipated infrastructure costs or project review delays can certainly have a financial impact on a proposed development project.

The following is a list of common City of Ann Arbor fees for a major new development:

Site plan review fees – For a project that requires City Council approval, the base fee is \$8,445, plus \$50 per 1,000 sf of new floor area. There may also be fees for traffic review (\$115/hour) and utility modeling (\$115/hour).

Civil construction fees – For projects constructing public sewer, water or storm facilities, Project Management charges \$115/hour for plan review, construction inspection and utility testing.

Improvement charges – When a vacant property or a property being annexed needs to connect to city utilities, an improvement charge is required. Improvement charges cover the cost of the utility mains that have been constructed to directly serve the property. If the developer extends utility mains to serve the development, then there are nominal fees when the new building water meters are set, as long as connections are made within 2 years. For single- and two-family residences that are connecting the first time to utilities built by the City since 2004, these charges are \$15,552 for water and \$24,665 for sanitary sewer. If the mains predate 2004, the improvement charges are reduced depending on age of the infrastructure. Improvement charges are to be paid before connecting to city utilities, although single- and two-family residences have the option of paying in annual installments.

Connection charges – When a new utility connection is made, there are charges to cover the property's share of the system-wide costs, which include such things as transmission mains, water treatment plant, and wastewater treatment plant, as well as recover the city's cost for work and material to connect the property to the mains. Combined sewer and water connection charges range from \$19,420 for 2" taps to \$174,780 for 6" taps. These charges must be paid before connecting to city utilities.

Meter and tap fees – The fees for installing a new water meter range from \$435 to \$6,700 based on the size of the water service. Sanitary and storm sewer tap fees are \$554 each, and water tap fees range from \$696 to \$1,663 for contractor-dug connections.

Sanitary sewer offsets – Projects that contribute additional sanitary sewer flow to the City system must offset this flow through methods such as footing drain disconnects. These disconnects can cost in the range of \$10,000-12,000 each.

Right-of-way permit fees – For construction work in the right-of-way, fees are charged for plan review (\$115/hour) and specific types of work. These permit fees vary from \$125 for a new drive approach to \$455+ for a trenching under pavement.

Grading permit fees – For non-residential projects that have been through site plan approval, the permit fee is \$400, plus \$175 monthly inspection fee for each disturbed acre.

Building permit and inspection fees – \$100 for up to \$1,000 worth of construction (includes two inspections). For projects over \$1,000, the permit fee is \$100 plus \$7.50

to \$10 per \$1,000 of construction cost over \$1,000. In addition, the applicant must pay a plan review fee that is 40% of the building permit fee. These fees cover all inspections.

Trade permit and inspection fees – Base fees for plumbing, electrical, fire suppression and mechanical permits are \$50, which includes one inspection. Additional inspections are \$35/each. For projects that require plan review, there is an additional fee equal to 25% of the building permit plan review fee.

### **C-1 – An Ordinance to Amend Section 5:652 of Chapter 63 (Stormwater Management and Soil Erosion and Sedimentation Control) of Title V of the Code of the City of Ann Arbor**

**Question:** Could we please get a copy of the Rules of the Washtenaw County Water Resources Commissioner? (Councilmember Briere)

**Response:** The Rules of the Washtenaw County Water Resources Commissioner can be found on their website at:

[http://www.ewashtenaw.org/government/drain\\_commissioner/dc\\_webPermits\\_DesignStandards/dc\\_Rules/frontpage](http://www.ewashtenaw.org/government/drain_commissioner/dc_webPermits_DesignStandards/dc_Rules/frontpage)

For information on requirements under the rules, as this is a very large document it is suggested that Section V. Design Requirements for Stormwater Management Systems – Purpose and Introduction be reviewed.

**Question:** Under the new stormwater rules there would now be a mandatory pre-application meeting. Under the current rules, is there any form of up-front communication with applicants (e.g., materials mailed, optional meetings, etc.) and do other Resource Commissions in Michigan have a mandatory pre-application meeting? (Councilmember Lumm)

**Response:** Under the current rules, there is no requirement for a pre-application meeting. However, in consulting with the Washtenaw County Water Resources Commissioner's Office (WCWRC), they have indicated that many of the consultants request up-front meetings, and these additional communications have generally improved the way in which applicants meet the County standards. The WCWRC has not researched if other agencies at the local or county level have a similar pre-application meeting requirement; they indicated that the decision to include this requirement in their updated rules was based on their experiences here in Washtenaw County.

**Question:** The cover memo indicates that under the new rules the first 1" of rain must be infiltrated unless the applicant can demonstrate the site is unsuitable, that WCWRC staff must be present for any testing for unsuitability, and if infiltration is not feasible, the applicant must provide additional detention of 20% more than the calculated amount.

What are the current requirements for infiltration, WCWRC being present for suitability testing, and detention when infiltration isn't feasible and how do these three requirements compare with other communities in Michigan? (Councilmember Lumm)

**Response:** The 1998 WCWRC Rules do not require infiltration. The purpose of the infiltration is primarily for water quality. Data shows that 85% of stormwater water quality pollutant loading occurs during the 1" and smaller rains, and that various infiltration methods can address 95-100% of the pollutant loading. The 1998 WCWRC Rules required pre-treatment forebays, which have shown to achieve 80% removal, to provide water quality benefit as they were the most progressive way to address water quality issues at that time. The WCWRC is aware of six other agencies across the state who have some type of standard requiring infiltration. The WCWRC is aware that some of the other six agencies with infiltration requirements are allowing engineered filtration as an alternative; the WCWRC is in the process of considering whether they might allow similar devices where infiltration is not feasible.

The WCWRC is in the first round of renewals of the state stormwater discharge permit approval process through the Michigan Department of Environmental Quality (MDEQ), and the MDEQ indicated that they are now requiring infiltration for events similar to the 1" rain, as the best way to intercept pollutants. Therefore, it is the WCWRC's understanding that over the 5-year permit cycle, the MDEQ will require infiltration for all communities with stormwater permits, including the City of Ann Arbor.

#### **DS – 4 – Resolution to Approve Three Three-Year Professional Services Agreements (PSA) for Engineering Services for Parks & Recreation for a Not to Exceed Annual Amount of \$150,000.00 per PSA**

**Question:** I understand the merits of having prequalified vendors and also understand these are on an as needed basis, but am surprised at the magnitude of the dollars (three firms at \$150K a year or \$450K a year and \$1.3M for three years). How much did we spend with pre-qualified firms the last three years? These are all very familiar firms that do a good bit of business with the City – how competitive were their fees? Were any new firms considered? (Councilmember Lumm)

**Response:** It is correct that these contracts are on an as needed basis. It is highly unlikely that \$450,000 will be expended in any given fiscal year, but the \$150,000 per firm allows for a situation where one firm could work on two large projects within one fiscal year if such a situation presented itself.

Ten firms submitted proposals and five were interviewed. Seven of the submitted proposals could be considered new to the Parks Service Unit. Three interviewed firms were new to Parks and TetraTech, one of the selected three firms, while used by other service units in the City is a new firm to the Parks Service Unit. Fees packets were only opened for the firms that were interviewed. Fees from more familiar firms were in line with other fee proposals submitted and in one case lower. Set fees are an important component of the selection process, but just as important are the number of hours

proposed on a project. A firm with low hourly rates whose proposals are heavy on hours needed to complete the project offers no budgetary advantage.

Below are the amounts Parks expended with pre-qualified firms during the last three fiscal years (the list includes architectural firms too – a separate resolution awarding contracts for those services will come before Council in the next few months).

Firm	FY2013	FY2014	FY2015 ytd
Mitchell & Mouat	\$87,830	\$27,290	\$4,845
JJR	\$32,000	\$48,087	\$0
Inform Studios	\$35,775	\$19,475	\$0
Beckett & Raeder	\$13,995	\$0	\$0
Stantec	\$141,197	\$95,039	\$21,900
Total	\$310,797	\$189,891	\$26,745