

REQUEST FOR PROPOSAL

RFP # 19-07

Y-Lot Public Engagement and Concept Development

City of Ann Arbor
Community Services



Due Date: February 27, 2019 by 2:00 p.m. (local time)

Issued By:

City of Ann Arbor
Procurement Unit
301 E. Huron Street
Ann Arbor, MI 48104

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APPENDIX B:	
• City Council resolution R-18-173	
• Staff Study on the Development/Disposition of Property at 350 S. Fifth Avenue (Y-Lot), September 21, 2018	
Other reference documents and resources:	
• Connecting William Street Study – including design for Williams Street Station https://www.a2dda.org/about-the-dda/dda-projects-impacts/planning/	
• U of M Student projects – available upon request	

SECTION I - GENERAL INFORMATION

A. OBJECTIVE

The City of Ann Arbor is seeking the services of an agency (firm, nonprofit organization, private agency) to engage stakeholders, councilmembers and the public to determine design concepts, related proformas and a preferred alternative for the development of the City-owned Y Lot, in line with the direction provided by City Council in their resolution R-18-173.

The consultant will work with a project team who can assist, guide and provide staffing support to the 6 month effort. The Community Services Area Administrator will oversee the direction and quality of work of this consultant.

B. QUESTIONS AND CLARIFICATIONS / DESIGNATED CITY CONTACTS

All questions regarding this Request for Proposal (RFP) shall be submitted via e-mail. Questions will be accepted and answered in accordance with the terms and conditions of this RFP.

All questions shall be submitted on or before February 11, 2019 at 10:00 a.m.,
and should be addressed as follows:

Scope of Work/Proposal Content questions shall be e-mailed to Derek Delacourt -
DDelacourt@a2gov.org

RFP Process and Compliance questions shall be e-mailed to Colin Spencer, Buyer
- CSpencer@a2gov.org

Should any prospective offeror be in doubt as to the true meaning of any portion of this RFP, or should the prospective offeror find any ambiguity, inconsistency, or omission therein, the prospective offeror shall make a written request for an official interpretation or correction by the due date for questions above.

All interpretations, corrections, or additions to this RFP will be made only as an official addendum that will be posted to a2gov.org and MITN.info and it shall be the prospective offeror's responsibility to ensure they have received all addenda before submitting a proposal. Any addendum issued by the City shall become part of the RFP, and must be incorporated in the proposal where applicable.

C. PRE-PROPOSAL MEETING

No pre-proposal meeting will be held for this RFP. Please contact staff indicated above with general questions regarding the RFP.

D. PROPOSAL FORMAT

To be considered, each firm must submit a response to this RFP using the format provided in Section III. No other distribution of proposals is to be made by the prospective offeror. An official authorized to bind the offeror to its provisions must sign the proposal in ink. Each proposal must remain valid for at least ninety days from the due date of this RFP.

Proposals should be prepared simply and economically providing a straightforward, concise description of the offeror's ability to meet the requirements of the RFP. No erasures are permitted. Mistakes may be crossed out and corrected and must be initialed in ink by the person signing the proposal.

E. SELECTION CRITERIA

Responses to this RFP will be evaluated using a point system as shown in Section III. A selection committee comprised of staff from the City will complete the evaluation.

The fee proposals will not be reviewed at the initial evaluation. After initial evaluation, the City will determine top proposals, and open only those fee proposals. The City will then determine which, if any, firms will be interviewed. During the interviews, the selected firms will be given the opportunity to discuss their proposal, qualifications, past experience, and their fee proposal in more detail. The City further reserves the right to interview the key personnel assigned by the selected offeror to this project. If the City chooses to interview any respondents, the interviews will be tentatively held the **week of March 11, 2019**. Offeror must be available on these dates.

All proposals submitted may be subject to clarifications and further negotiation. All agreements resulting from negotiations that differ from what is represented within the RFP or in the proposal response shall be documented and included as part of the final contract.

F. SEALED PROPOSAL SUBMISSION

All proposals are due and must be delivered to the City on or before, February 27, 2019 by 2:00 p.m. (local time). Proposals submitted late or via oral, telephonic, telegraphic, electronic mail or facsimile **will not** be considered or accepted.

Each respondent must submit in a sealed envelope

- **one (1) original proposal**
- **three (3) additional proposal copies**
- **one (1) digital copy of the proposal preferably on a USB/flash drive as one file in PDF format**

Each respondent must submit in a single separate sealed envelope marked Fee Proposal

- **two (2) copies of the fee proposal**

The fee proposal and all costs must be separate from the rest of the proposal.

Proposals submitted must be clearly marked: “**RFP# 19-07 – Y-Lot Public Engagement and Concept Development**” and list the offeror’s name and address.

Proposals must be addressed and delivered to:
City of Ann Arbor
c/o Customer Service
301 East Huron Street
Ann Arbor, MI 48107

All proposals received on or before the due date will be publicly opened and recorded on the due date. No immediate decisions will be rendered.

Hand delivered proposals must be date/time stamped by the Customer Service Department at the address above in order to be considered. Delivery hours are 8:00 a.m. to 5:00 p.m. Monday through Friday, excluding Holidays.

The City will not be liable to any prospective offeror for any unforeseen circumstances, delivery, or postal delays. Postmarking on the due date will not substitute for receipt of the proposal. Offerors are responsible for submission of their proposal. Additional time will not be granted to a single prospective offeror. However, additional time may be granted to all prospective offerors at the discretion of the City.

A proposal will be disqualified if the following required forms are not included with the proposal:

- **Attachment B - City of Ann Arbor Non-Discrimination Declaration of Compliance**
- **Attachment C - City of Ann Arbor Living Wage Declaration of Compliance**
- **Attachment D - Vendor Conflict of Interest Disclosure Form of the RFP Document**

Proposals that fail to provide these completed forms listed above upon proposal opening will be deemed non-responsive and will not be considered for award.

Please do not provide these forms outlined directly above only within the separately sealed Fee Proposal envelope.

All proposed fees, cost or compensation for the services requested herein should be provided in the separately sealed Fee Proposal envelope only.

G. DISCLOSURES

Under the Freedom of Information Act (Public Act 442), the City is obligated to permit review of its files, if requested by others. All information in a proposal is subject to disclosure under this provision. This act also provides for a complete disclosure of contracts and attachments thereto.

H. TYPE OF CONTRACT

A sample of the Professional Services Agreement is included as Appendix A. Those who wish to submit a proposal to the City are required to review this sample agreement carefully. **The City will not entertain changes to its Professional Services Agreement.**

The City reserves the right to award the total proposal, to reject any or all proposals in whole or in part, and to waive any informality or technical defects if, in the City's sole judgment, the best interests of the City will be so served.

This RFP and the selected offeror's response thereto, shall constitute the basis of the scope of services in the contract by reference.

I. NONDISCRIMINATION

All offerors proposing to do business with the City shall satisfy the contract compliance administrative policy adopted by the City Administrator in accordance with the Section 9:158 of the Ann Arbor City Code. Breach of the obligation not to discriminate as outlined in Attachment B shall be a material breach of the contract. Contractors are required to post a copy of Ann Arbor's Non-Discrimination Ordinance attached at all work locations where its employees provide services under a contract with the City.

J. WAGE REQUIREMENTS

The Attachments provided herein outline the requirements for payment of prevailing wages or of a "living wage" to employees providing service to the City under this contract. The successful offeror must comply with all applicable requirements and provide documentary proof of compliance when requested.

K. CONFLICT OF INTEREST DISCLOSURE

The City of Ann Arbor Purchasing Policy requires that the consultant complete a Conflict of Interest Disclosure form. A contract may not be awarded to the selected offeror unless and until the Procurement Unit and the City Administrator have reviewed the Disclosure form and determined that no conflict exists under applicable federal, state, or local law or administrative regulation. Not every relationship or situation disclosed on the Disclosure Form may be a disqualifying conflict. Depending on applicable law and regulations, some contracts may awarded on the

recommendation of the City Administrator after full disclosure, where such action is allowed by law, if demonstrated competitive pricing exists and/or it is determined the award is in the best interest of the City. A copy of the Conflict of Interest Disclosure Form is attached.

L. COST LIABILITY

The City of Ann Arbor assumes no responsibility or liability for costs incurred by the offeror prior to the execution of a Professional Services Agreement. The liability of the City is limited to the terms and conditions outlined in the Agreement. By submitting a proposal, offeror agrees to bear all costs incurred or related to the preparation, submission, and selection process for the proposal.

M. DEBARMENT

Submission of a proposal in response to this RFP is certification that the Respondent is not currently debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from participation in this transaction by any State or Federal departments or agency. Submission is also agreement that the City will be notified of any changes in this status.

N. PROPOSAL PROTEST

All proposal protests must be in writing and filed with the Purchasing Manager within five (5) business days of the award action. The offeror must clearly state the reasons for the protest. If an offeror contacts a City Service Area/Unit and indicates a desire to protest an award, the Service Area/Unit shall refer the offeror to the Purchasing Manager. The Purchasing Manager will provide the offeror with the appropriate instructions for filing the protest. The protest shall be reviewed by the City Administrator or designee, whose decision shall be final.

Any inquiries or requests regarding this procurement should be only submitted in writing to the Designated City Contacts provided herein. Attempts by the offeror to initiate contact with anyone other than the Designated City Contacts provided herein that the offeror believes can influence the procurement decision, e.g., Elected Officials, City Administrator, Selection Committee Members, Appointed Committee Members, etc., may lead to immediate elimination from further consideration.

O. SCHEDULE

The proposals submitted should define an appropriate schedule in accordance with the requirements of the Proposed Work Plan in Section III.

The following is the schedule for this RFP process.

Activity/Event	Anticipated Date
Written Question Deadline	Feb. 11, 2019, 10:00 a.m.
Addenda Published (if needed)	Week of Feb. 11, 2019
Proposal Due Date	Feb. 27, 2019 by 2:00 p.m. (Local Time)
Tentative Interviews (if needed)	Week of March 11, 2019
Selection/Negotiations	March/April 2019
Expected City Council Authorizations	May/June 2019

The above schedule is for information purposes only and is subject to change at the City's discretion.

P. IRS FORM W-9

The selected offeror will be required to provide the City of Ann Arbor an IRS form W-9.

Q. RESERVATION OF RIGHTS

1. The City reserves the right in its sole and absolute discretion to accept or reject any or all proposals, or alternative proposals, in whole or in part, with or without cause.
2. The City reserves the right to waive, or not waive, informalities or irregularities in any proposal if determined by the City to be in its best interest.
3. The City reserves the right to request additional information from any or all offerors.
4. The City reserves the right to reject any proposal that it determines to be unresponsive and deficient in any of the information requested within RFP.
5. The City reserves the right to determine whether the scope of the project will be entirely as described in the RFP, a portion of the scope, or a revised scope be implemented.
6. The City reserves the right to select one or more consultants to perform services.
7. The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted.
8. The City reserves the right to disqualify proposals that fail to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents outlined within RFP.

R. ENVIRONMENTAL COMMITMENT

The City of Ann Arbor recognizes its responsibility to minimize negative impacts on human health and the environment while supporting a vibrant community and economy. The City further recognizes that the products and services the City buys have inherent environmental and economic impacts and that the City should make

procurement decisions that embody, promote, and encourage the City's commitment to the environment.

The City encourages potential vendors to bring forward emerging and progressive products and services that are best suited to the City's environmental principles.

S. USE OF CITY SEAL AND FLAG

Please be aware in responding to this formal solicitation that use of the City's seal or flag in a manner inconsistent with Title I, Chapter 9 of the City's Code of Ordinances is prohibited.

SECTION II - SCOPE OF SERVICES

Overview

The City of Ann Arbor recently acquired 350 S. Fifth Avenue, commonly referred to as the Y-Lot. In anticipation of the purchase City Council adopted Resolution R-18-173 outlining the priorities and criteria for redevelopment of the lot. From this direction, City staff identified three possible development solutions for the property and is seeking design concepts to assist the community's understanding of each option and to develop a public engagement process to seek input from residents and stakeholders. The concepts and engagement will be designed to assist the City Council in understanding community sentiment regarding reuse of the site.

Background

On May 1, 2018, City Council adopted resolution R-18-173, directing the City Administrator to recommend to City Council a process by August 31, 2018 that addresses the following requirements with regard to developing the Y-Lot:

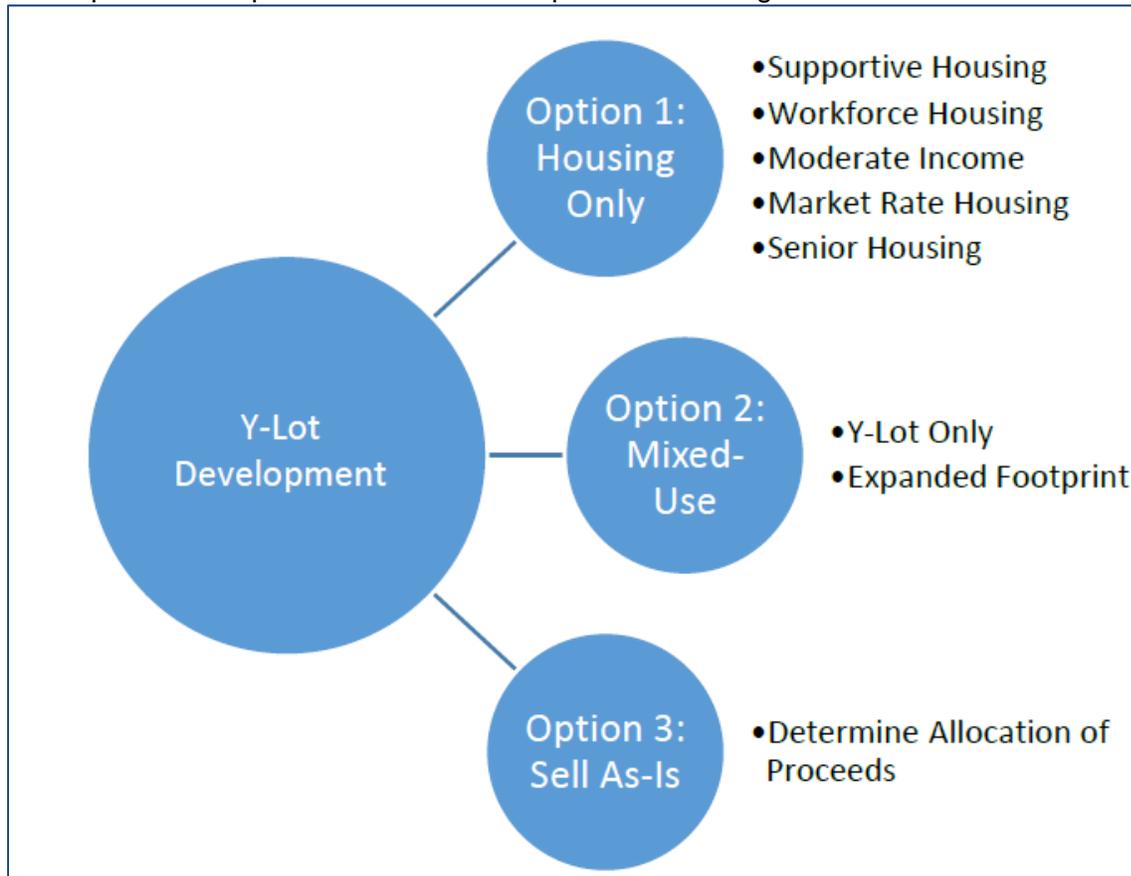
- The City will maintain some ownership of the Property (e.g. land lease).
- The City will seek to recapture the cost of exercising its rights in purchasing the Property while ensuring a sustainable financial model.
- The Developer will offer a mix of unit types and rents.
- The Developer will maximize the number of affordable and workforce housing units with a maximum of 110% of Fair Market Value as defined by the US Department of Housing and Urban Development.

The Developer will accept Housing Choice Vouchers.

- The Developer will dedicate a minimum 50% of the ground level to active and/or public uses
- The City may explore options with interested users to dedicate the ground level and levels immediately above and below for public use purposes and partner with a developer to incorporate these uses.
- If the City fails to reach an agreement to create a project that includes affordable housing (e.g. land lease) within 48 months of the City exercising its rights in the Property, then the immediately prior three restricting clauses will expire.
- If the City fails to reach an agreement and the Property is developed under current zoning without restrictions, the City will dedicate a minimum of 50% of all future proceeds from the sale or lease of the land to the Affordable Housing Fund.
- If the City concludes the sale of the development rights at 319 S. Fifth Avenue to Core Spaces as authorized on April 17, 2017, \$5 million from the sale price will be used to fund affordable housing and the remainder or the sale proceeds will be used to retire any debt incurred in the purchase of the property at 350 S. Fifth Avenue.

Identification of options:

In compliance with the Council's direction, staff has identified the three primary options for development or disposition of the Y-Lot depicted in the diagram below:



The staff memo of September 21, 2018 (attached), recommends Option 2B –Public Partnership Mixed-Use and Mixed-Income, which could include potential partnership with the Ann Arbor District Library AADL) (and the Ann Arbor Area Transportation Authority (AAATA) to redevelop the Y-Lot along with AADL’s current property at 343 S. 5th Avenue, and AAATA’s Blake Transit Center at 371-399 S. 5th Avenue.

Project Scope & Roles and Responsibilities

Development of the Y-Lot is an opportunity for Ann Arbor to create an impactful project meeting the goal of the community to increase affordable residential units, and potentially partner with the Ann Arbor District Library and the Ann Arbor Area Transit Authority to improve downtown operations, and community amenities for all residents. While both the AAATA and AADL are partners in this process, there is no commitment on the part of AADL or the AAATA to change locations or alter their existing facilities. They are participating as a community stakeholder interested in the long-term development potential and use of the subject site and immediate area.

A project team will be established to support the consultants and help guide the overall effort. That team will include members from the City, Housing, Downtown Development Authority, Washtenaw County, Ann Arbor Area Transportation Authority and the Ann Arbor Library.

Funding for this project is capped at \$75,000, but in recognition of using consultant time effectively, City staff and partners will be providing the following support as needed:

- Staff developed proformas as described in “Staff Study on the Development/Disposition of Property at 350 S. Fifth Avenue (Y-Lot), September 21, 2018”
- Communications and promotions
 - Staff can create a website for the project and update it regularly with content from consultants and the project team
 - Staff can advertise events and milestones on website and social media, including using the City’s existing gov-delivery system, and through relevant boards, committees, etc.
 - Staff can arrange for meeting locations for internal and external meetings and events and provide advertising and outreach for public meetings.
 - Staff can assist with room set up and additional staffing at public meetings or other sessions.
 - Staff can provide Geographic Information System Data that is beneficial to project completion.
- Staff can provide local examples of buildings of particular height, massing and square footage for use in meeting materials (if necessary), to provide familiar examples as reference in discussions
- Staff can provide support by reviewing zoning concepts including consideration of zoning district options and alternatives within.
- Staff can also provide history of the site, including previous affordable uses, timeline over last 15-20 years and additional context for current affordable housing need
- Staff can provide previously developed U of M student concepts and related proformas. Consultants may review for relevancy, and/or usefulness.

The successful applicant will be experienced with developing concept designs, related financial pro formas, and community engagement that allows for both educational opportunities for the public, but also real feedback to inform the concepts and financial models. The consultant’s proposed public engagements should include strategies to engage diverse populations, (students, working households, seniors, those with limited access). We also expect the successful team to be able to stick to an intensive timeline and provide both engagement and deliverables in a timely fashion.

Required elements

1. Review of existing concepts and proformas.
 - a. Development of concept designs to match the options noted in the staff memo, in particular Option 2B –Public Partnership Mixed-Use and Mixed-Income, which could include potential partnership with the Ann Arbor District Library (AADL) and the AAATA to redevelop the Y-Lot along with AADL’s current property at 343 S. 5th Avenue, and AAATA’s Blake Transit Center at 371-399 S. 5th Avenue.

These designs should be developed through a series of public engagement opportunities for public input, guidance and involvement in various scenarios. City staff will provide related background information including proformas and supporting documentation from development of the attached memo.

1. Scenario development

The successful applicant will develop a series of design scenarios for initial public engagement as including proformas for consideration by both the public and city council.

2. Public engagement

- a. The successful applicant will develop a community engagement strategy that allows for both educational opportunities for the public, but also real feedback to inform the concepts and financial models. We look to the consultant teams to propose appropriate engagements, but we expect to see a variety of ways the diverse public (students, working households, seniors, those with limited access) to find a means to participate if interested.
- b. Any public sessions will assist the community in understanding what each option will deliver to the city in regards to available square footage, residential unit mix, commercial and/or public uses, and building appearance.
- c. Public engagement opportunities should seek to reach a broad and equitable spectrum of the community. They should engage the public in a manner that allows them to understand the possible outcomes of each of the identified options.
- d. Engagement of nearby institutional stakeholders is also expected.

Final Deliverables:

Final product will include preferred alternative for uses, massing, concept and related development and operating budgets for the site. The final product will also recommend a list of entitlements council should consider pre-approving for the site plan, with a final vision/preferred alternative in mind. These entitlements could include a Planned Unit Development based on the preferred alternative, waiving minimum parking requirements, or other entitlements.

The consultant and staff team will be expected to present preferred alternative(s) to the AAATA Board, AADL Board, DDA Board and the Ann Arbor City Council.

Timeline & Process

The entire project timeline, from signing the contract to the final City Council presentation, should not exceed 6 months. It would be expected that the final Council presentation would occur in the summer of 2019. Please provide an explanation of the process including engagement with staff, the public and City Council.

Criteria for review

The City staff team will be reviewing proposals based on:

- The consultant's experience with real estate development in urban settings, concept designs, community engagement and financial modeling
 - Please include examples of previous projects, which can be demonstrated through a combination of strategies such as a narrative, links to websites or other source material
- The consultant's plan on how, when and what staff resources identified above will be utilized
- The Community engagement plan including strategies to increase participation among a diverse population
- Ability to meet the timeline

SECTION III - MINIMUM INFORMATION REQUIRED

PROPOSAL FORMAT

Offerors should organize Proposals into the following Sections:

- A. Professional Qualifications
- B. Past Involvement with Similar Projects - including description of design, proforma development and community engagement experience
- C. Proposed Work Plan including engagement plan
- D. Fee Proposal (include in a separate sealed envelope clearly marked "Fee Proposal")
- E. Authorized Negotiator
- F. Attachments

The following describes the elements that should be included in each of the proposal sections and the weighted point system that will be used for evaluation of the proposals.

A. Professional Qualifications – 20 points

1. State the full name and address of your organization and, if applicable, the branch office or other subsidiary element that will perform, or assist in performing, the work hereunder. Indicate whether it operates as an individual, partnership, or corporation. If as a corporation, include whether it is licensed to operate in the State of Michigan.
2. Include the name of executive and professional personnel by skill and qualification that will be employed in the work. Show where these personnel will be physically located during the time they are engaged in the work. Indicate which of these individuals you consider key to the successful completion of the project. Identify only individuals who will do the work on this project by name and title. Resumes and qualifications are required for all proposed project personnel, including all subcontractors. Qualifications and capabilities of any subcontractors must also be included. Please indicate whether or not team has worked together previously and in what capacity.
3. State history of the firm, in terms of length of existence, types of services provided, etc. Identify the technical details that make the firm uniquely qualified for this work.

B. Past involvement with Similar Projects – 30 points

The written proposal must include a list of specific experience in the project area and indicate proven ability in implementing similar projects for the firm **and** the individuals to be involved in the project. A complete list of client references must

be provided for similar projects recently completed. The list shall include the firm/agency name, address, telephone number, project title, and contact person.

C. Proposed Work Plan – 30 points

Provide a detailed and comprehensive description of how the offeror intends to provide the services requested in this RFP. This description shall include, but not be limited to: how the project(s) will be managed and scheduled, strategies for engagement, stakeholder presentation plan, and how and when data and materials will be delivered to the City, communication and coordination, the working relationship between the offeror and City staff, and the company's general philosophy in regards to providing the requested services.

Offerors shall be evaluated on the clarity, thoroughness, and content of their responses to the above items.

D. Fee Proposal - 20 points

Fee schedules shall be submitted in a separate, sealed, envelope as part of the proposal. Fee quotations are to include the names, title, hourly rates, overhead factors, and any other relevant details. The proposal should highlight key staff and positions that would likely be involved with projects. Offerors shall be capable of justifying the details of the fee proposal relative to personnel costs, overhead, how the overhead rate is derived, material and time.

E. Authorized Negotiator

Include the name, phone number, and e-mail address of persons(s) in your organization authorized to negotiate the agreement with the City

F. Attachments

Legal Status of Offeror, Conflict of Interest Form, Living Wage Compliance Form, and the Non-Discrimination Form must be completed and returned with the proposal. These elements should be included as attachments to the proposal submission.

PROPOSAL EVALUATION

1. The selection committee will evaluate each proposal by the above-described criteria and point system (A through C) to select a short-list of firms for further consideration. The City reserves the right to reject any proposal that it determines to be unresponsive and deficient in any of the information requested for evaluation. A proposal with all the requested information does not guarantee the proposing firm to be a candidate for an interview. The committee may contact references to verify material submitted by the offerors.

2. The committee then will schedule interviews with the selected firms if necessary. The selected firms will be given the opportunity to discuss in more detail their qualifications, past experience, proposed work plan and fee proposal.
3. The interview must include the project team members expected to complete a majority of work on the project, but no more than six members total. The interview shall consist of a presentation of up to thirty minutes (or the length provided by the committee) by the offeror, including the person who will be the project manager on this contract, followed by approximately thirty minutes of questions and answers. Audiovisual aids may be used during the oral interviews. The committee may record the oral interviews.
4. The firms interviewed will then be re-evaluated by the above criteria (A through D), and adjustments to scoring will be made as appropriate. After evaluation of the proposals, further negotiation with the selected firm may be pursued leading to the award of a contract by City Council, if suitable proposals are received.

The City reserves the right to waive the interview process and evaluate the offerors based on their proposals and fee schedules alone and open fee schedules before or prior to interviews.

The City will determine whether the final scope of the project to be negotiated will be entirely as described in this RFP, a portion of the scope, or a revised scope.

Work to be done under this contract is generally described through the detailed specifications and must be completed fully in accordance with the contract documents.

Any proposal that does not conform fully to these instructions may be rejected.

PREPARATION OF PROPOSALS

Proposals should have no plastic bindings but will not be rejected as non-responsive for being bound. Staples or binder clips are acceptable. Proposals should be printed double sided on recycled paper. Proposals should not be more than 30 sheets (60 sides), not including required attachments and resumes.

Each person signing the proposal certifies that they are a person in the offeror's firm/organization responsible for the decisions regarding the fees being offered in the Proposal and has not and will not participate in any action contrary to the terms of this provision.

ADDENDA

If it becomes necessary to revise any part of the RFP, notice of the addendum will be posted to Michigan Inter-governmental Trade Network (MITN) www.mitn.info and/or the City of Ann Arbor web site www.A2gov.org for all parties to download.

Each offeror must acknowledge in its proposal all addenda it has received. The failure of an offeror to receive or acknowledge receipt of any addenda shall not relieve the offeror of the responsibility for complying with the terms thereof. The City will not be bound by oral responses to inquiries or written responses other than official written addenda.

SECTION IV - ATTACHMENTS

Attachment A - Legal Status of Offeror

Attachment B – Non-Discrimination Ordinance Declaration of Compliance Form

Attachment C – Living Wage Declaration of Compliance Form

Attachment D – Vendor Conflict of Interest Disclosure Form

Attachment E – Non-Discrimination Ordinance Poster

Attachment F – Living Wage Ordinance Poster

**ATTACHMENT A
LEGAL STATUS OF OFFEROR**

(The Respondent shall fill out the provision and strike out the remaining ones.)

The Respondent is:

- A corporation organized and doing business under the laws of the state of _____, for whom _____ bearing the office title of _____, whose signature is affixed to this proposal, is authorized to execute contracts on behalf of respondent.*

*If not incorporated in Michigan, please attach the corporation's Certificate of Authority

- A limited liability company doing business under the laws of the State of _____, whom _____ bearing the title of _____ whose signature is affixed to this proposal, is authorized to execute contract on behalf of the LLC.
- A partnership organized under the laws of the State of _____ and filed with the County of _____, whose members are (attach list including street and mailing address for each.)
- An individual, whose signature with address, is affixed to this RFP.

Respondent has examined the basic requirements of this RFP and its scope of services, including all Addendum (if applicable) and hereby agrees to offer the services as specified in the RFP.

Signature Date: _____,

(Print) Name _____ Title _____

Firm: _____

Address: _____

Contact Phone _____ Fax _____

Email _____

**ATTACHMENT C
CITY OF ANN ARBOR
LIVING WAGE ORDINANCE DECLARATION OF COMPLIANCE**

The Ann Arbor Living Wage Ordinance (Section 1:811-1:821 of Chapter 23 of Title I of the Code) requires that an employer who is (a) a contractor providing services to or for the City for a value greater than \$10,000 for any twelve-month contract term, or (b) a recipient of federal, state, or local grant funding administered by the City for a value greater than \$10,000, or (c) a recipient of financial assistance awarded by the City for a value greater than \$10,000, shall pay its employees a prescribed minimum level of compensation (i.e., Living Wage) for the time those employees perform work on the contract or in connection with the grant or financial assistance. The Living Wage must be paid to these employees for the length of the contract/program.

Companies employing fewer than 5 persons and non-profits employing fewer than 10 persons are exempt from compliance with the Living Wage Ordinance. If this exemption applies to your company/non-profit agency please check here No. of employees__

The Contractor or Grantee agrees:

- (a) To pay each of its employees whose wage level is not required to comply with federal, state or local prevailing wage law, for work covered or funded by a contract with or grant from the City, no less than the Living Wage. The current Living Wage is defined as \$13.22/hour for those employers that provide employee health care (as defined in the Ordinance at Section 1:815 Sec. 1 (a)), or no less than \$14.75/hour for those employers that do not provide health care. The Contractor or Grantor understands that the Living Wage is adjusted and established annually on April 30 in accordance with the Ordinance and covered employers shall be required to pay the adjusted amount thereafter to be in compliance with Section 1:815(3).

Check the applicable box below which applies to your workforce

Employees who are assigned to any covered City contract/grant will be paid at or above the applicable living wage without health benefits

Employees who are assigned to any covered City contract/grant will be paid at or above the applicable living wage with health benefits

- (b) To post a notice approved by the City regarding the applicability of the Living Wage Ordinance in every work place or other location in which employees or other persons contracting for employment are working.
- (c) To provide to the City payroll records or other documentation within ten (10) business days from the receipt of a request by the City.
- (d) To permit access to work sites to City representatives for the purposes of monitoring compliance, and investigating complaints or non-compliance.
- (e) To take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee covered by the Living Wage Ordinance or any person contracted for employment and covered by the Living Wage Ordinance in order to pay the living wage required by the Living Wage Ordinance.

The undersigned states that he/she has the requisite authority to act on behalf of his/her employer in these matters and has offered to provide the services or agrees to accept financial assistance in accordance with the terms of the Living Wage Ordinance. The undersigned certifies that he/she has read and is familiar with the terms of the Living Wage Ordinance, obligates the Employer/Grantee to those terms and acknowledges that if his/her employer is found to be in violation of Ordinance it may be subject to civil penalties and termination of the awarded contract or grant of financial assistance.

Company Name

Street Address

Signature of Authorized Representative

Date

City, State, Zip

Print Name and Title

Phone/Email address



ATTACHMENT D

VENDOR CONFLICT OF INTEREST DISCLOSURE FORM
--

All vendors interested in conducting business with the City of Ann Arbor must complete and return the Vendor Conflict of Interest Disclosure Form in order to be eligible to be awarded a contract. Please note that all vendors are subject to comply with the City of Ann Arbor's conflict of interest policies as stated within the certification section below.

If a vendor has a relationship with a City of Ann Arbor official or employee, an immediate family member of a City of Ann Arbor official or employee, the vendor shall disclose the information required below.

1. No City official or employee or City employee's immediate family member has an ownership interest in vendor's company or is deriving personal financial gain from this contract.
2. No retired or separated City official or employee who has been retired or separated from the City for less than one (1) year has an ownership interest in vendor's Company.
3. No City employee is contemporaneously employed or prospectively to be employed with the vendor.
4. Vendor hereby declares it has not and will not provide gifts or hospitality of any dollar value or any other gratuities to any City employee or elected official to obtain or maintain a contract.
5. Please note any exceptions below:

Conflict of Interest Disclosure*	
Name of City of Ann Arbor employees, elected officials or immediate family members with whom there may be a potential conflict of interest.	<input type="checkbox"/> Relationship to employee <hr style="border: 0; border-top: 1px solid black;"/> <input type="checkbox"/> Interest in vendor's company <input type="checkbox"/> Other (please describe in box below)

*Disclosing a potential conflict of interest does not disqualify vendors. In the event vendors do not disclose potential conflicts of interest and they are detected by the City, vendor will be exempt from doing business with the City.

I certify that this Conflict of Interest Disclosure has been examined by me and that its contents are true and correct to my knowledge and belief and I have the authority to so certify on behalf of the Vendor by my signature below:		
Vendor Name	Vendor Phone Number	
Signature of Vendor Authorized Representative	Date	Printed Name of Vendor Authorized Representative

**ATTACHMENT E
CITY OF ANN ARBOR NON-DISCRIMINATION ORDINANCE**

Relevant provisions of Chapter 112, Nondiscrimination, of the Ann Arbor City Code are included below.
You can review the entire ordinance at www.a2gov.org/humanrights.

Intent: It is the intent of the city that no individual be denied equal protection of the laws; nor shall any individual be denied the enjoyment of his or her civil or political rights or be discriminated against because of actual or perceived age, arrest record, color, disability, educational association, familial status, family responsibilities, gender expression, gender identity, genetic information, height, HIV status, marital status, national origin, political beliefs, race, religion, sex, sexual orientation, source of income, veteran status, victim of domestic violence or stalking, or weight.

Discriminatory Employment Practices: No person shall discriminate in the hire, employment, compensation, work classifications, conditions or terms, promotion or demotion, or termination of employment of any individual. No person shall discriminate in limiting membership, conditions of membership or termination of membership in any labor union or apprenticeship program.

Discriminatory Effects: No person shall adopt, enforce or employ any policy or requirement which has the effect of creating unequal opportunities according to actual or perceived age, arrest record, color, disability, educational association, familial status, family responsibilities, gender expression, gender identity, genetic information, height, HIV status, marital status, national origin, political beliefs, race, religion, sex, sexual orientation, source of income, veteran status, victim of domestic violence or stalking, or weight for an individual to obtain housing, employment or public accommodation, except for a bona fide business necessity. Such a necessity does not arise due to a mere inconvenience or because of suspected objection to such a person by neighbors, customers or other persons.

Nondiscrimination by City Contractors: All contractors proposing to do business with the City of Ann Arbor shall satisfy the contract compliance administrative policy adopted by the City Administrator in accordance with the guidelines of this section. All city contractors shall ensure that applicants are employed and that employees are treated during employment in a manner which provides equal employment opportunity and tends to eliminate inequality based upon any classification protected by this chapter. All contractors shall agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of any applicable protected classification. All contractors shall be required to post a copy of Ann Arbor's Non-Discrimination Ordinance at all work locations where its employees provide services under a contract with the city.

Complaint Procedure: If any individual believes there has been a violation of this chapter, he/she may file a complaint with the City's Human Rights Commission. The complaint must be filed within 180 calendar days from the date of the individual's knowledge of the allegedly discriminatory action or 180 calendar days from the date when the individual should have known of the allegedly discriminatory action. A complaint that is not filed within this timeframe cannot be considered by the Human Rights Commission. To file a complaint, first complete the complaint form, which is available at www.a2gov.org/humanrights. Then submit it to the Human Rights Commission by e-mail (hrc@a2gov.org), by mail (Ann Arbor Human Rights Commission, PO Box 8647, Ann Arbor, MI 48107), or in person (City Clerk's Office). For further information, please call the commission at 734-794-6141 or e-mail the commission at hrc@a2gov.org.

Private Actions For Damages or Injunctive Relief: To the extent allowed by law, an individual who is the victim of discriminatory action in violation of this chapter may bring a civil action for appropriate injunctive relief or damages or both against the person(s) who acted in violation of this chapter.

**THIS IS AN OFFICIAL GOVERNMENT NOTICE AND
MUST BE DISPLAYED WHERE EMPLOYEES CAN READILY SEE IT.**

ATTACHMENT F

CITY OF ANN ARBOR LIVING WAGE ORDINANCE

RATE EFFECTIVE APRIL 30, 2018 - ENDING APRIL 29, 2019

\$13.22 per hour

If the employer provides health care benefits*

\$14.75 per hour

If the employer does **NOT** provide health care benefits*

Employers providing services to or for the City of Ann Arbor or recipients of grants or financial assistance from the City of Ann Arbor for a value of more than \$10,000 in a twelve-month period of time must pay those employees performing work on a City of Ann Arbor contract or grant, the above living wage.

ENFORCEMENT

The City of Ann Arbor may recover back wages either administratively or through court action for the employees that have been underpaid in violation of the law. Persons denied payment of the living wage have the right to bring a civil action for damages in addition to any action taken by the City.

Violation of this Ordinance is punishable by fines of not more than \$500/violation plus costs, with each day being considered a separate violation. Additionally, the City of Ann Arbor has the right to modify, terminate, cancel or suspend a contract in the event of a violation of the Ordinance.

* Health Care benefits include those paid for by the employer or making an employer contribution toward the purchase of health care. The employee contribution must not exceed \$.50 an hour for an average work week; and the employer cost or contribution must equal no less than \$1/hr for the average work week.

The Law Requires Employers to Display This Poster Where Employees Can Readily See It.

**For Additional Information or to File a Complaint Contact
Colin Spencer at 734/794-6500 or cspencer@a2gov.org**

APPENDIX A: SAMPLE PROFESSIONAL SERVICES AGREEMENT

If a contract is awarded, the selected Firm(s) will be required to adhere to a set of general contract provisions which will become a part of any formal agreement. These provisions are general principles which apply to all contractors/service providers to the City of Ann Arbor. The required provisions are:

(2018 PSA over \$25,000 Auto AI)

PROFESSIONAL SERVICES AGREEMENT BETWEEN

AND THE CITY OF ANN ARBOR
FOR _____

The City of Ann Arbor, a Michigan municipal corporation, having its offices at 301 E. Huron St. Ann Arbor, Michigan 48104 ("City"), and

("Contractor"), a(n) _____
(State where organized) (Partnership, Sole Proprietorship, or Corporation)

with its address at _____, agree as follows:

The Contractor agrees to provide services to the City under the following terms and conditions:

I. DEFINITIONS

Administering Service Area/Unit means _____.

Contract Administrator means _____, acting personally or through any assistants authorized by the Administrator/Manager of the Administering Service Area/Unit.

Deliverables means all Plans, Specifications, Reports, Recommendations, and other materials developed for and delivered to City by Contractor under this Agreement.

Project means _____.
Project name

II. DURATION

Contractor shall commence performance on _____, 20____ ("Commencement Date"). This Agreement shall remain in effect until satisfactory completion of the Services specified below unless terminated as provided for in Article XI. The terms and conditions of this Agreement shall apply to the earlier of the Effective Date or Commencement Date.

III. SERVICES

- A. The Contractor agrees to provide _____

type of service

("Services") in connection with the Project as described in Exhibit A. The City retains the right to make changes to the quantities of service within the general scope of the Agreement at any time by a written order. If the changes add to or deduct from the extent of the services, the contract sum shall be adjusted accordingly. All such changes shall be executed under the conditions of the original Agreement.

- B. Quality of Services under this Agreement shall be of the level of quality performed by persons regularly rendering this type of service. Determination of acceptable quality shall be made solely by the Contract Administrator.
- C. The Contractor shall perform its Services for the Project in compliance with all statutory, regulatory, and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.
- D. The Contractor may rely upon the accuracy of reports and surveys provided to it by the City (if any) except when defects should have been apparent to a reasonably competent professional or when it has actual notice of any defects in the reports and surveys.

IV. INDEPENDENT CONTRACTOR

The Parties agree that at all times and for all purposes under the terms of this Agreement each Party's relationship to any other Party shall be that of an independent contractor. Each Party will be solely responsible for the acts of its own employees, agents, and servants. No liability, right, or benefit arising out of any employer/employee relationship, either express or implied, shall arise or accrue to any Party as a result of this Agreement.

V. COMPENSATION OF CONTRACTOR

- A. The Contractor shall be paid in the manner set forth in Exhibit B. Payment shall be made monthly, unless another payment term is specified in Exhibit B, following receipt of invoices submitted by the Contractor, and approved by the Contract Administrator.
- B. The Contractor will be compensated for Services performed in addition to the Services described in Article III, only when the scope of and compensation for those additional Services have received prior written approval of the Contract Administrator.
- C. The Contractor shall keep complete records of work performed (e.g. tasks performed, hours allocated, etc.) so that the City may verify invoices submitted by the Contractor. Such records shall be made available to the City upon request and submitted in summary form with each invoice.

VI. INSURANCE/INDEMNIFICATION

- A. The Contractor shall procure and maintain during the life of this contract such insurance policies, including those set forth in Exhibit C, as will protect itself and the City from all claims for bodily injuries, death or property damage that may arise under this contract; whether the act(s) or omission(s) giving rise to the claim were made by the Contractor, any subcontractor or anyone employed by them directly or indirectly. Prior to commencement of work under this Agreement, Contractor shall provide to the City documentation satisfactory to the City, through City-approved means (currently myCOI), demonstrating it has obtained the policies and endorsements required by Exhibit C. Contractor shall add registration@mycoitracking.com to its safe sender's list so that it will receive necessary communication from myCOI. When requested, Contractor shall provide the same documentation for its subcontractor(s) (if any).

- B. Any insurance provider of Contractor shall be authorized to do business in the State of Michigan and shall carry and maintain a minimum rating assigned by A.M. Best & Company's Key Rating Guide of "A-" Overall and a minimum Financial Size Category of "V". Insurance policies and certificates issued by non-authorized insurance companies are not acceptable unless approved in writing by the City.

- C. To the fullest extent permitted by law, Contractor shall indemnify, defend, and hold the City, its officers, employees and agents harmless from all suits, claims, judgments and expenses, including attorney's fees, resulting or alleged to result, from any acts or omissions by Contractor or its employees and agents occurring in the performance of or breach in this Agreement, except to the extent that any suit, claim, judgment or expense are finally judicially determined to have resulted from the City's negligence or willful misconduct or its failure to comply with any of its material obligations set forth in this Agreement.

VII. COMPLIANCE REQUIREMENTS

- A. Nondiscrimination. The Contractor agrees to comply, and to require its subcontractor(s) to comply, with the nondiscrimination provisions of MCL 37.2209. The Contractor further agrees to comply with the provisions of Section 9:158 of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and that employees are treated during employment in a manner which provides equal employment opportunity.

- B. Living Wage. If the Contractor is a “covered employer” as defined in Chapter 23 of the Ann Arbor City Code, the Contractor agrees to comply with the living wage provisions of Chapter 23 of the Ann Arbor City Code. The Contractor agrees to pay those employees providing Services to the City under this Agreement a “living wage,” as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the City of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this Agreement are working; to maintain records of compliance; if requested by the City, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.

VIII. WARRANTIES BY THE CONTRACTOR

- A. The Contractor warrants that the quality of its Services under this Agreement shall conform to the level of quality performed by persons regularly rendering this type of service.
- B. The Contractor warrants that it has all the skills, experience, and professional licenses necessary to perform the Services specified in this Agreement.
- C. The Contractor warrants that it has available, or will engage, at its own expense, sufficient trained employees to provide the Services specified in this Agreement.
- D. The Contractor warrants that it is not, and shall not become overdue or in default to the City for any contract, debt, or any other obligation to the City including real and personal property taxes.
- E. The Contractor warrants that its proposal for services was made in good faith, it arrived at the costs of its proposal independently, without consultation, communication or agreement, for the purpose of restricting completion as to any matter relating to such fees with any competitor for these Services; and no attempt has been made or shall be made by the Contractor to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

IX. OBLIGATIONS OF THE CITY

- A. The City agrees to give the Contractor access to the Project area and other City-owned properties as required to perform the necessary Services under this Agreement.
- B. The City shall notify the Contractor of any defects in the Services of which the Contract Administrator has actual notice.

X. ASSIGNMENT

- A. The Contractor shall not subcontract or assign any portion of any right or obligation under this Agreement without prior written consent from the City. Notwithstanding any consent by the City to any assignment, Contractor shall at all times remain bound to all warranties, certifications, indemnifications, promises and performances, however described, as are required of it under the Agreement unless specifically released from the requirement, in writing, by the City.
- B. The Contractor shall retain the right to pledge payment(s) due and payable under this Agreement to third parties.

XI. TERMINATION OF AGREEMENT

- A. If either party is in breach of this Agreement for a period of fifteen (15) days following receipt of notice from the non-breaching party with respect to a breach, the non-breaching party may pursue any remedies available to it against the breaching party under applicable law, including but not limited to, the right to terminate this Agreement without further notice. The waiver of any breach by any party to this Agreement shall not waive any subsequent breach by any party.
- B. The City may terminate this Agreement, on at least thirty (30) days advance notice, for any reason, including convenience, without incurring any penalty, expense or liability to Contractor, except the obligation to pay for Services actually performed under the Agreement before the termination date.
- C. Contractor acknowledges that, if this Agreement extends for several fiscal years, continuation of this Agreement is subject to appropriation of funds for this Project. If funds to enable the City to effect continued payment under this Agreement are not appropriated or otherwise made available, the City shall have the right to terminate this Agreement without penalty at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The Contract Administrator shall give Contractor written notice of such non-appropriation within thirty (30) days after it receives notice of such non-appropriation.
- D. The provisions of Articles VI and VIII shall survive the expiration or earlier termination of this Agreement for any reason. The expiration or termination of this Agreement, for any reason, shall not release either party from any obligation or liability to the other party, including any payment obligation that has already accrued and Contractor's obligation to deliver all Deliverables due as of the date of termination of the Agreement.

XII. REMEDIES

- A. This Agreement does not, and is not intended to, impair, divest, delegate or contravene any constitutional, statutory and/or other legal right, privilege, power, obligation, duty or immunity of the Parties.

- B. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any agreement between the parties or otherwise.
- C. Absent a written waiver, no act, failure, or delay by a Party to pursue or enforce any rights or remedies under this Agreement shall constitute a waiver of those rights with regard to any existing or subsequent breach of this Agreement. No waiver of any term, condition, or provision of this Agreement, whether by conduct or otherwise, in one or more instances, shall be deemed or construed as a continuing waiver of any term, condition, or provision of this Agreement. No waiver by either Party shall subsequently effect its right to require strict performance of this Agreement.

XIII. NOTICE

All notices and submissions required under this Agreement shall be delivered to the respective party in the manner described herein to the address stated in this Agreement or such other address as either party may designate by prior written notice to the other. Notices given under this Agreement shall be in writing and shall be personally delivered, sent by next day express delivery service, certified mail, or first class U.S. mail postage prepaid, and addressed to the person listed below. Notice will be deemed given on the date when one of the following first occur: (1) the date of actual receipt; (2) the next business day when notice is sent next day express delivery service or personal delivery; or (3) three days after mailing first class or certified U.S. mail.

If Notice is sent to the CONTRACTOR, it shall be addressed and sent to:

If Notice is sent to the CITY, it shall be addressed and sent to:

City of Ann Arbor

(insert name of Administering Service Area Administrator)

301 E. Huron St.
Ann Arbor, Michigan 48104

With a copy to: The City of Ann Arbor
ATTN: Office of the City Attorney
301 East Huron Street, 3rd Floor
Ann Arbor, Michigan 48104

XIV. CHOICE OF LAW AND FORUM

This Agreement will be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction, excepting the principles of conflicts of law. The parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

XV. OWNERSHIP OF DOCUMENTS

Upon completion or termination of this Agreement, all documents (i.e., Deliverables) prepared by or obtained by the Contractor as provided under the terms of this Agreement shall be delivered to and become the property of the City. Original basic survey notes, sketches, charts, drawings, partially completed drawings, computations, quantities and other data shall remain in the possession of the Contractor as instruments of service unless specifically incorporated in a deliverable, but shall be made available, upon request, to the City without restriction or limitation on their use. The City acknowledges that the documents are prepared only for the Project. Prior to completion of the contracted Services the City shall have a recognized proprietary interest in the work product of the Contractor.

Unless otherwise stated in this Agreement, any intellectual property owned by Contractor prior to the effective date of this Agreement (i.e., Preexisting Information) shall remain the exclusive property of Contractor even if such Preexisting Information is embedded or otherwise incorporated in materials or products first produced as a result of this Agreement or used to develop Deliverables. The City's right under this provision shall not apply to any Preexisting Information or any component thereof regardless of form or media.

XVI. CONFLICTS OF INTEREST OR REPRESENTATION

Contractor certifies it has no financial interest in the Services to be provided under this Agreement other than the compensation specified herein. Contractor further certifies that it presently has no personal or financial interest, and shall not acquire any such interest, direct or indirect, which would conflict in any manner with its performance of the Services under this Agreement.

Contractor agrees to advise the City if Contractor has been or is retained to handle any matter in which its representation is adverse to the City. The City's prospective consent to the Contractor's representation of a client in matters adverse to the City, as identified above, will not apply in any instance where, as the result of Contractor's representation, the Contractor has obtained sensitive, proprietary or otherwise confidential information of a non-public nature that, if known to another client of the Contractor, could be used in any such other matter by the other client to the material disadvantage of the City. Each matter will be reviewed on a case by case basis.

XVII. SEVERABILITY OF PROVISIONS

Whenever possible, each provision of this Agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this Agreement or the application of any provision to any party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this Agreement or the application of the provision to other parties and circumstances.

XVIII. EXTENT OF AGREEMENT

This Agreement, together with any affixed exhibits, schedules or other documentation, constitutes the entire understanding between the City and the Contractor with respect to the subject matter of the Agreement and it supersedes, unless otherwise incorporated by reference herein, all prior representations, negotiations, agreements or understandings whether written or oral. Neither party has relied on any prior representations, of any kind or nature, in entering into this Agreement. No terms or conditions of either party's invoice, purchase order or other administrative document shall modify the terms and conditions of this Agreement, regardless of the other party's failure to object to such form. This Agreement shall be binding on and shall inure to the benefit of the parties to this Agreement and their permitted successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement. This Agreement may only be altered, amended or modified by written amendment signed by the Contractor and the City. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

XIX. ELECTRONIC TRANSACTION

The parties agree that signatures on this Agreement may be delivered electronically in lieu of an original signature and agree to treat electronic signatures as original signatures that bind them to this Agreement.

XX. EFFECTIVE DATE

This Agreement will become effective when all parties have signed it. The Effective Date of this Agreement will be the date this Agreement is signed by the last party to sign it.

FOR CONTRACTOR

By _____
Type Name

Its

Date: _____

FOR THE CITY OF ANN ARBOR

By _____
Christopher Taylor, Mayor

By _____
Jacqueline Beaudry, City Clerk

Approved as to substance

Type Name
Service Area Administrator

Howard S. Lazarus, City Administrator

Approved as to form and content

Stephen K. Postema, City Attorney

**EXHIBIT A
SCOPE OF SERVICES**

(Insert/Attach Scope of Work & Deliverables Schedule)

**EXHIBIT B
COMPENSATION**

General

Contractor shall be paid for those Services performed pursuant to this Agreement inclusive of all reimbursable expenses (if applicable), in accordance with the terms and conditions herein. The Compensation Schedule below/attached states nature and amount of compensation the Contractor may charge the City:

(insert/Attach Negotiated Fee Arrangement)

**EXHIBIT C
INSURANCE REQUIREMENTS**

From the earlier of the Effective Date or the Commencement Date of this Agreement, and continuing without interruption during the term of this Agreement, Contractor shall have, at a minimum, the following insurance, including all endorsements necessary for Contractor to have or provide the required coverage.

A. The Contractor shall have insurance that meets the following minimum requirements:

1. Professional Liability Insurance or Errors and Omissions Insurance protecting the Contractor and its employees in an amount not less than \$1,000,000.

2. Worker's Compensation Insurance in accordance with all applicable state and federal statutes. Further, Employers Liability Coverage shall be obtained in the following minimum amounts:

Bodily Injury by Accident - \$500,000 each accident
Bodily Injury by Disease - \$500,000 each employee
Bodily Injury by Disease - \$500,000 each policy limit

3. Commercial General Liability Insurance equivalent to, as a minimum, Insurance Services Office form CG 00 01 04 13 or current equivalent. The City of Ann Arbor shall be an additional insured. There shall be no added exclusions or limiting endorsements that diminish the City's protections as an additional insured under the policy. Further, the following minimum limits of liability are required:

\$1,000,000	Each occurrence as respect Bodily Injury Liability or Property Damage Liability, or both combined
\$2,000,000	Per Project General Aggregate
\$1,000,000	Personal and Advertising Injury

4. Motor Vehicle Liability Insurance equivalent to, as a minimum, Insurance Services Office form CA 00 01 10 13 or current equivalent. Coverage shall include all owned vehicles, all non-owned vehicles and all hired vehicles. The City of Ann Arbor shall be an additional insured. There shall be no added exclusions or limiting endorsements that diminish the City's protections as an additional insured under the policy. Further, the limits of liability shall be \$1,000,000 for each occurrence as respects Bodily Injury Liability or Property Damage Liability, or both combined.

5. Umbrella/Excess Liability Insurance shall be provided to apply in excess of the Commercial General Liability, Employers Liability and the Motor Vehicle coverage enumerated above, for each occurrence and for aggregate in the amount of \$1,000,000.

- B. Insurance required under A.3 and A.4 above shall be considered primary as respects any other valid or collectible insurance that the City may possess, including any self-insured retentions the City may have; and any other insurance the City does possess shall be considered excess insurance only and shall not be required to contribute with this insurance. Further, the Contractor agrees to waive any right of recovery by its insurer against the City for any insurance listed herein.
- C. Insurance companies and policy forms are subject to approval of the City Attorney, which approval shall not be unreasonably withheld. Documentation must provide and demonstrate an unconditional and unqualified 30-day written notice of cancellation in favor of the City of Ann Arbor. Further, the documentation must explicitly state the following: (a) the policy number(s); name of insurance company; name(s), email address(es), and address(es) of the agent or authorized representative; name and address of insured; project name; policy expiration date; and specific coverage amounts; (b) any deductibles or self-insured retentions, which may be approved by the City in its sole discretion; (c) that the policy conforms to the requirements specified. Contractor shall furnish the City with satisfactory certificates of insurance and endorsements prior to commencement of any work. Upon request, the Contractor shall provide within 30 days, a copy of the policy(ies) and all required endorsements to the City. If any of the above coverages expire by their terms during the term of this contract, the Contractor shall deliver proof of renewal and/or new policies and endorsements to the Administering Service Area/Unit at least ten days prior to the expiration date.



Legislation Details (With Text)

File #: 18-0719 **Version:** 3 **Name:** 4/23/18 - Y Lot Intent Resolution
Type: Resolution **Status:** Passed
File created: 4/23/2018 **In control:** City Council
On agenda: 5/1/2018 **Final action:** 5/1/2018
Enactment date: 5/1/2018 **Enactment #:** R-18-173
Title: Resolution of Intent Regarding 350 S. Fifth Avenue
Sponsors: Zachary Ackerman, Christopher Taylor

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
5/1/2018	1	City Council		
5/1/2018	2	City Council	Amended	Pass
5/1/2018	2	City Council	Amended	Fail
5/1/2018	2	City Council	Postponed	Fail
5/1/2018	2	City Council	Amended	Fail
5/1/2018	3	City Council	Amended	Pass
5/1/2018	3	City Council	Approved as Amended	Pass
4/23/2018	1	City Council		
4/23/2018	1	City Council	Postponed	Pass

Resolution of Intent Regarding 350 S. Fifth Avenue

Whereas, In the past four decades, the income gap in the Ann Arbor Metro Area has grown 33.2%, widening the divide between our wealthiest and poorest neighbors ⁽¹⁾;

Whereas, Housing is one of the largest expenses a household faces ⁽²⁾;

Whereas, 350 S. Fifth Ave (the “Property”) was originally home to the Ann Arbor YMCA, providing public recreational space and 100 units of affordable housing;

Whereas, In 2008, the demolition of the old Ann Arbor YMCA building resulted in the closure of 100 affordable housing units;

Whereas, In 2015, the City of Ann Arbor (“the City”) adopted a goal of building 2,800 new units of affordable housing by 2035, or 140 new units per year ⁽³⁾;

Whereas, Since adopting this goal, the City has only netted 18 new affordable housing units ⁽⁴⁾;

Whereas, Economic diversity is pivotal to the vibrancy of our community, the health of our economy,

and the success of our downtown businesses;

Whereas, Housing located near centers of employment and public transit decreases traffic congestion and promotes economic activity, both of which enhance residents' quality of life; and

Whereas, Within the last five years, the City has had tremendous success utilizing public-private partnerships to construct, operate, and maintain thousands of affordable housing units ⁽⁵⁾;

RESOLVED, That the City will utilize the Property to create the greatest quantity and quality of affordable and workforce housing units in downtown Ann Arbor;

RESOLVED, That by August 31, the City Administrator will recommend to City Council a process to follow which addresses the following requirements:

- The City will maintain some ownership of the Property (e.g. land lease)
- The City will seek to recapture the cost of exercising its rights in the Property while ensuring a sustainable financial model
- The Developer will offer a mix of unit types and rent levels
- The Developer will maximize the number of affordable and workforce housing units with a maximum of 110% of Fair Market Rent as defined by the US Department of Housing and Urban Development
- The Developer will accept Housing Choice Vouchers
- The Developer will dedicate 50% of the ground floor to active and/or public uses;

RESOLVED, The City may explore options with interested users to dedicate the ground level and levels immediately above and below for public use purposes and partner with a developer to incorporate these uses;

RESOLVED, If the City fails to reach an agreement to create a project that includes affordable housing (e.g. land lease) within 48 months of the City exercising its rights in the Property, then the prior three Resolved clauses will expire; and

RESOLVED, If the City fails to reach an agreement and the Property is developed under current zoning without restrictions, the City will dedicate a minimum of 50% of all future proceeds from the sale or lease of the land to the Affordable Housing Fund; and

RESOLVED, If the City concludes the sale of the development rights at 319 S. Fifth Avenue to Core Spaces as authorized on April 17, 2017, \$5 million from the sale price will be used to fund affordable housing and the remainder of the sale proceeds will be used to retire any debt incurred in the purchase of the property at 350 S. Fifth Avenue.

(1)

<http://www.ewashtenaw.org/government/departments/community-and-economic->

(2) <https://www.bls.gov/news.release/cesan.nr0.htm>

(3)

<http://a2gov.legistar.com/LegislationDetail.aspx?ID=2170983&GUID=A684749D-7CC8-4399->

<http://www.ewashtenaw.org/government/departments/community-and-economic->
(4)

<http://www.ewashtenaw.org/government/departments/community-and-economic->

(5)<https://www.a2gov.org/departments/Housing/programs/Pages/default.aspx>

Sponsored by: Councilmember Ackerman and Mayor Taylor

As amended by Ann Arbor City Council on May 1, 2018



MEMORANDUM

TO: Mayor and Council
FROM: Howard S. Lazarus, City Administrator
SUBJECT: Staff Study on the Development/Disposition of Property at 350 S. Fifth Avenue (Y-Lot)
DATE: September 21, 2018

I am pleased to forward the attached staff study for the development or disposition of the City-owned property at 350 S. Fifth Avenue, also known as the "Y-Lot." The study was prepared in response to Council Resolution [R-18-173](#), Resolution of Intent Regarding 350 S. Fifth Avenue, approved May 1, 2018. Special acknowledgement should be provided to Ms. Jennifer Hall for serving at the lead in this effort.

As always, please do not hesitate to contact me if you have any questions or if I can be of further assistance.

STAFF STUDY

SUBJECT: Development/Disposition of Property at S. 350 S. Fifth Avenue

DATE: September 21, 2018

PURPOSE: This staff study provides an analysis of the City's options for the development and/or disposition of the property located at 350 S. Fifth Avenue (the "Y-Lot").

SCOPE: On May 1, 2018, City Council adopted Resolution [R-18-173](#) directing the City Administrator to recommend to City Council a process by August 31, 2018 that addresses the following requirements with regard to developing the Y-Lot¹ (Goal numbers are inserted for ease of reference later in the study):

- **Goal 1:** The City will maintain some ownership of the Property (e.g. land lease).
- **Goal 2:** The City will seek to recapture the cost of exercising its rights on the Property while ensuring a sustainable financial model.
- **Goal 3:** The Developer will offer a mix of unit types and rents.
- **Goal 4:** The Developer will maximize the number of affordable and workforce housing units with a maximum of 110% of Fair Market Value as defined by the US Department of Housing and Urban Development.
- **Goal 5:** The Developer will accept Housing Choice Vouchers.
- **Goal 6:** The Developer will dedicate 50% of the ground floor to active and/or public uses.
- **Goal 7:** The City may explore options with interested users to dedicate the ground level and levels immediately above and below for public use purposes and partner with a developer to incorporate these uses.
- If the City fails to reach an agreement to create a project that includes affordable housing (e.g. land lease) within 48 months of the City exercising its rights in the Property, then the prior restricting clauses will expire.
- If the City fails to reach an agreement and the property is developed under current zoning without restrictions, the City will dedicate a minimum of 50% of all future proceeds from the sale or lease of the land to the Affordable Housing Fund.
- If the City concludes the sale of the development rights at 319 S. Fifth Avenue to Core Spaces as authorized on April 17, 2017, \$5 million from the sale price will be used to fund affordable housing

¹ The property at 350 S. Fifth Avenue is more commonly known as the "Y-Lot" due the former presence of the Ann Arbor YMCA at this location. The term "Y-Lot" will be used in reference to the property throughout this document.

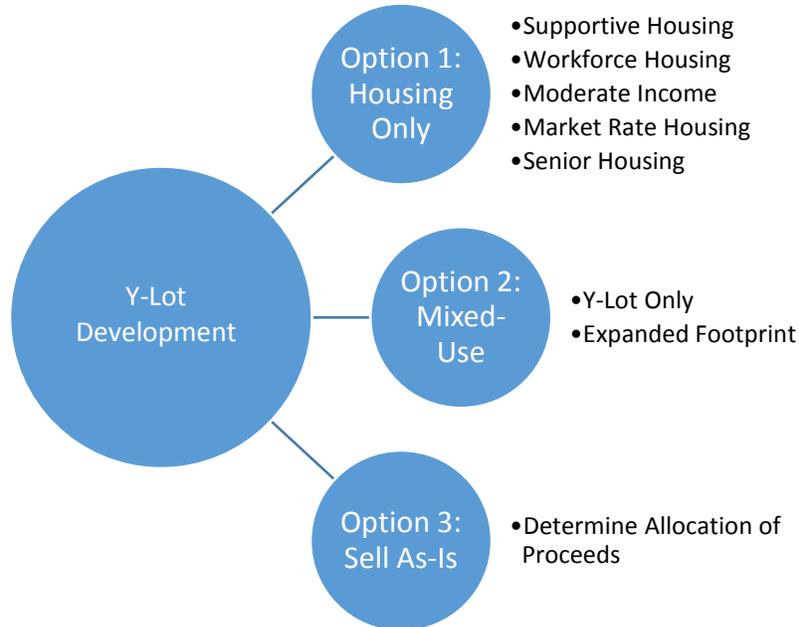
and the remainder of the sale proceeds will be used to retire any debt incurred in the purchase of the property at 350 S. Fifth Avenue.

STUDY TEAM: The study team consisted of the following core group:

- Howard Lazarus, City Administrator (Sponsor)
- Jennifer Hall, Ann Arbor Housing Commission Executive Director (Lead)
- Derek Delacourt, Community Services Administrator
- Brett Lenart, Planning Manager
- Teresa Gillotti, Interim Director Washtenaw County Office of Community and Economic Development

The team also contacted over 30 individuals and entities to ensure the breadth of the staff study fully addressed the intent of Resolution R-18-173. Other engaged agencies include (but are not limited to) the Downtown Development Authority (DDA), the Ann Arbor Area Transportation Authority (AAATA), and the Ann Arbor District Library (AADL). In addition, the team reached out to architects, general contractors, realtors, developers, and City staff involved in local development and construction.

IDENTIFICATION OF OPTIONS: In compliance with the Council’s direction, staff has identified the three primary options for development or disposition of the Y-Lot depicted in the diagram below and described in the paragraphs that follow. Option 1 and 2 both include active or public first floor use. Detail sheets on each option are provided as attachments to this document.



BACKGROUND: The site analysis for the above uses, including eligibility for federal affordable housing assistance, included reviews of the following issues:

A partial Federal Environmental Assessment was performed in addition to the City’s zoning and planning regulations. In addition to a Background Environmental Assessment (BEA), Phase I and Phase 2

Environmental Assessments would be required for any development. The Federal Environmental Review is required for federal affordable housing development funding and rent subsidies. A full Federal Environmental Review can cost \$10,000 - \$25,000 and can take 6-8 months to complete. For this analysis, an environmental consulting firm, Environmental Consulting Services, reviewed the site to determine if there are any potential red flags that would either prohibit the use of federal funding or would require remediation.

The most common federal environmental impact issues in the City of Ann Arbor are properties that are in the floodway and/or floodplain, have excessive noise due to road traffic and railways, are in close vicinity to hazardous materials such as underground gas tanks, are a historic property and/or impact nearby historic properties, or have hazardous material contamination such as contaminated soils or hazardous construction materials such as lead-based paint.

Environmental Consulting Services (ECS) identified three potential issues:

- **Noise.** ECS did a preliminary noise assessment and did find moderately high noise levels that would likely prohibit the addition of exterior uses such as balconies for federally subsidized units, but that interior spaces could be remediated through noise reducing construction techniques such as triple-pane windows and insulation.
- **Historic Impact.** The State Historic Preservation Office needs additional documentation such as architectural renderings and the building footprint in order to determine whether there is a negative historical impact.
- **Potential Site Contamination.** Potential ground contamination will require further testing and would not necessarily prohibit a federally funded project, it would just require remediation. The potential historic impact and potential ground contamination will both require significant additional resources and testing to determine whether either of these issues would prohibit federal funding.

Based on the above analysis, the property appears to be eligible for federal funding but would require additional resources to complete a full Environmental Review to definitively determine if federal funding can be utilized.

Zoning. The property is zoned D1 which allows a 400% floor area ratio (FAR)² by right. The lot area is assumed to be 34,848 square feet (SF) (132' x 264' = 34,848 SF (0.8 acres), providing for a building of 139,392 SF. The building area can increase to 900% FAR if it includes affordable housing premiums, for a building size of 313,632 SF (the premium area is 174,240 SF). The City Code defines affordable housing as

² FAR or Floor Area Ratio is the relationship, expressed as a percentage, which compares the usable floor area that a building has or is permitted to have, compared to the total area of the lot that the building is sitting on. The lot is the boundary lines of the property. The usable floor area is the total square footage of every story of the building added together. 400% FAR means that a building can include 4x the lot area as usable floor space. Due to set-back requirements, 400% FAR does not mean the building will be 4 stories tall, it will be 5 or more stories tall, depending on the square footage of each floor.

housing that is affordable to households at 80% AMI (Area Median Income)³ or less. The affordable units must be a minimum of 600 SF each. As an example, if all of the units were 1-bedroom 600 SF units, the code would require 59 permanently affordable units to utilize 900% FAR out of a total of 304 apartments. However, this is just an example, as the number of units and number of affordable units depends on the size, design and use of the new building. In this scenario 59/304 units (19%) are affordable units. The City should consider whether a minimum of 600 SF for an affordable unit as a zoning premium is too large and can be accomplished with a smaller minimum such as 400 SF for a studio apartment and/or 500 SF for a 1-bedroom apartment.

A developer could also request Planned Unit Development (PUD) zoning to permit flexibility in the regulation of the development. The PUD district is intended to accommodate developments with one or more land uses, sites with unusual topography or unique settings within the community or sites which exhibit difficult or costly development problems or any combination of these factors. If the development exceeds the underlying density requirements of the master plan, the development must include 10% affordable housing units if the density is up to 25% more dense, 15% affordable housing units if the density is more than 25% more dense, or pay cash-in-lieu to the Affordable Housing Fund.

Uses. This site has the potential to include a variety of uses including commercial, offices, civic, institutional, services, rental or owner residential, and other lodging. The first floor will include an active use to increase street and sidewalk traffic and the remaining floors can include a mixture of uses and a mixture of income targets for the residential uses.

The property can be structured in a variety of ways to manage the portion of the building that is commercial and/or public. The development process will be more complicated and will take a longer time to design and secure financing with multiple uses and/or multiple partners. And the shared development and operating risk can have both positive and negative consequences. The non-residential financing will likely be from traditional market-rate financing sources in the case of commercial uses or from taxes and bond financing for public uses. The non-residential portion will also likely generate additional parking requirements. Since the property is owned by the City, it is an opportunity to develop the property for community purposes that might not otherwise get built, such as a grocery store, pharmacy, medical clinic, museum, community meeting space, computer center, or civic facility and/or expand the AAATA footprint.

Parking. The underground parking structure next to the public library is designed to allow connection to additional underground parking under this site. The cost to build underground parking in the downtown is approximately \$80,000 per parking space based on a recent DDA cost estimate. Parking is not required for the base 400% FAR in D1 zoning. However, parking is required for the affordable housing premium area at a rate of 1 parking space for each 1,000 SF of premium building area. In the scenario above, code would require 175 parking spaces at a cost of about \$14,000,000.

³ AMI is the Area Median Income as calculated annually by the federal department of Housing and Urban Development (HUD) to determine income eligibility for HUD programs. The median income is the middle of all household incomes in the Ann Arbor Primary Metropolitan Statistical Area, which includes all of Washtenaw County. Half of the household incomes are higher and half are lower than the Area Median Income.

The city has a policy to allow contributions in lieu of required parking to provide a full array of transportation alternatives in the downtown. The contribution can include the purchase of monthly parking permits plus 20% of the permit parking cost for fifteen years. In the scenario above, the cost would be \$238/month at the 4th/William structure (1.2 x \$198/month = \$238/month). The total contribution at current permit rates (if there were no permit fee increases during the fifteen year period) would be \$7,497,000. Alternatively, the contribution can be \$55,000/parking space paid prior to the Certificate of Occupancy for a total of \$9,625,000.

Parking requirements will have a significant impact on the financial feasibility of including affordable housing units at this site. The site is conveniently located adjacent to the Blake Transit Center. Low and moderate-income households are less likely to own cars and therefore have the lowest demand on parking. However, the parking needs of the development are dependent on the use of the building. For example, restaurants, offices and market-rate housing will have higher parking needs than low and moderate-income housing. If the residential aspects of the property include apartments with permanent below-market rents, staff would recommend that the parking requirements for the residential portion be waived or reduced significantly depending on the income target.

The DDA needs to be engaged as soon as possible to have a discussion about parking needs, parking requirements, parking management, and how parking will be funded.

Public Utilities & Public Roads. The location and size of public utilities including water, sewer, and stormwater can significantly impact the cost of construction if the developer must install or increase the capacity of public utilities. Likewise, the location and age of public streets, street lights and sidewalks can significantly impact the cost of construction if these public amenities do not exist or must be brought up to code. A downtown is generally a good location for a new construction project due to the existing public infrastructure in the downtown. In addition, a vacant property that was previously developed is more likely to have appropriately sized public utilities on or near the site.

The site is adjacent to a 12-inch water line and a sewer line that is 11-13 feet deep on William Street, which would allow for basement sewer if needed for laundry or bathrooms for example. A water infiltration test will need to be conducted with the Washtenaw County Water Resource Commission office to determine whether underground stormwater storage will need to be constructed or whether the soil is sandy enough to filtrate naturally. Downtown soils tend to be sandy and therefore this site might not require additional stormwater storage and filtration.

The site has existing roads, sidewalks and street lighting. Sidewalks may need to be rebuilt after construction, but due to the compact size of the site, sidewalk construction will be minimal. Because the site is close to existing water and sewer lines, street cuts and repair would be minimal. The vertical construction minimizes impervious surfaces compared to a similar-sized project that is 3-stories tall but has a much larger footprint. The downtown location does however pose challenges with construction equipment and material staging compared to a larger site with horizontal construction.

Public Utilities Recovery Fees & Sanitary Sewer Flow Mitigation. All new construction sites in Ann Arbor are required to pay public utility recovery fees. The purpose is to recover capital costs for past system

investment and to provide funding for future system improvements. New developments utilize existing public infrastructure that was previously paid for by the City and other previous developments. The capital recovery fees distribute the cost across all developments and helps to pay for existing maintenance as well as future improvements. The public utility recovery fee for this site under D1 Zoning with 900% FAR is estimated to cost \$550,000 - \$650,000 depending on the size and use of the new building.

The sanitary sewer flow mitigation fee was created to protect the health and safety of our community and environment using a city-wide approach. The purpose is to reduce the potential for development sites to exacerbate sanitary sewer backups in basements or sanitary system surcharging during wet weather rain events. Developments that are adding sewer flow to the system must mitigate 110% of the estimated net new flow contribution from the development into the sanitary system. The sanitary sewer flow mitigation fee for this site under D1 Zoning with 900% FAR is estimated to cost \$500,000 - \$600,000 depending on the size and use of the new building.

Ownership. The City of Ann Arbor can maintain ownership of the property and ground lease the improvements (the physical structure) to another owner or owners. Depending on the uses, the building may have a single lessee or the building can be separated into condominium units with separate lessees. For example, the ground floor and the levels immediately adjacent could provide for public uses and the City would lease that portion of the building to that public entity with a separate lease to the residential component above it. The City would recoup the purchase cost over time through lease payments instead of recouping the cost immediately by selling the property. The City would determine the appropriate monthly or annual lease payment for each lessee based on the owner, use and revenue generated. However, the financing mechanisms for those spaces could require ownership by the financing entity.

Financing. The supply of supportive and workforce housing cannot be increased in the current Ann Arbor marketplace through either acquisition of existing market-rate housing or new construction without public support that reduces the cost. That support can be in the form of grants, low-cost financing, reduced taxes, reduced-cost or no-cost land, high-density zoning, regulatory concessions and/or fee reductions.

City Council's goal of both maximizing the number of supportive and workforce housing as well as recapturing the cost to the City of acquiring the property can be met through a variety of strategies.

Grants. Programs like the City, DDA and Washtenaw County Brownfields Redevelopment Authority (WCBRA) Revolving Fund are important sources of local gap financing. These funds should not be used to pay for 100% of the cost of developing an affordable housing unit, they should be a source of leverage for other funds. In the past, these funds have provided \$5,000 - \$100,000/unit in subsidy. Staff recommends that the City adopt a policy limiting the per unit subsidy amount such as \$100,000/unit and limiting the income target for these units to 60% AMI.

Debt. Most projects require both construction loan financing to finance development prior to lease-up and a separate longer-term loan after development to take-out the construction loan. Just like a homeowner loan, the interest rate, equity (down payment) and term (length of time to repay the loan) all affect how much debt is affordable. Homeowners have to be able to make the monthly debt payments

that they can afford and the developer/owner has to be able to make the monthly debt payment that the project can afford. Generally speaking, the rent revenue minus the operating expenses equals the net operating income (NOI).⁴ Debt (principal and interest) is paid from NOI. A lender will evaluate a project's NOI to determine whether there is enough cash-flow to make a monthly debt payment including a cushion such as 15%, called the debt-service coverage ratio (DSCR). In this case, if the annual debt payment is \$100,000, then the annual NOI must be at least \$115,000/year to meet the DSCR of 1.15 (i.e. 15%).

In addition, the lender will require the borrower to provide some equity so that the borrower has a vested interest in a successful outcome. For example, a lender might only loan 80% of the value of the project, which means that the developer/owner must provide 20% of the value of the project as equity. If the City leases the land rather than selling the land up-front to the developer, the value of the City's land can be used as equity in addition to cash equity.

Loans can be from local, state or national lenders and the interest rate and term follows the market. If a developer can access construction financing or long-term debt at a 4% interest rate instead of a 6% interest rate, this can save thousands to hundreds of thousands of dollars in interest payments, depending on the size of the project. In addition, just like a homeowner taking on a 30-year loan instead of a 15-year loan, if the term is longer, the monthly debt payment is lower. Reduced financing costs and lowering debt payments can enable a developer to include affordable and workforce housing units.

Equity Investment. There are a variety of ways a developer can raise capital to provide equity for a project. Equity is different from grants because an equity investor has an ownership stake and is expecting a return on the investment⁵ Equity is also different from debt in that equity repayment is variable because it is based on cash-flow and is a risk/market based return. Debt is a loan that does not require ownership and the debt is paid off in agreed-upon monthly installments. Depending on the financing, the value of the City's land can be used as equity even if the City leases the land.

Low-Income Housing Tax Credits (LIHTC). The single largest source of equity and debt financing for affordable housing is through an Internal Revenue Service (IRS) program called Low Income Housing Tax Credits (LIHTC). The 9% LIHTC is competitive but raises more equity than the 4% LIHTC, which is not competitive. The 4% LIHTC must be paired with bond financing (debt) and in Michigan, Michigan State Housing Development Authority administers the 9% LIHTC, 4% LIHTC as well as issues the bond. The LIHTC program can finance a project that is 100% low-income or a mixed-income project that includes market-rate housing. LIHTC funding can only be used for the portion of units that are low-income. LIHTC units can include units set aside for households up to 80% AMI but must serve an average of no more than 60% AMI.

⁴ Net Operating Income (NOI) is simply the annual income generated by a property (through rents and fees) and minus all the expenses from operations (such as maintenance, property taxes, and utilities). The NOI does not include debt service, depreciation, and income taxes. Sometimes a lender or investor will require the owner to set-aside annual financial reserves in order to replace a major item in the future such as a roof, and these replacement reserves are usually included in the NOI.

⁵ Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment. $ROI = \frac{\text{Annual return (operating revenue - operating expenses)}}{\text{initial investment}} = \text{a percent reflecting the return on the initial investment.}$ For rental properties a typical target ROI is 10% - 12%. Capitalization (Cap) Rate is the ratio of NOI to property asset value.

Qualified Census Tract (QCT). For the purposes of LIHTC, a Qualified Census Tract is a census tract where at least 50% of the households have incomes of 60% AMI or less or at least 25% of the households are below the poverty line. The purpose of a QCT is to provide additional financial incentives to build in a low-income area, which in most communities are harder to attract development. However, in the City of Ann Arbor, almost all of the QCT's are in high student population areas, including the downtown. The former Y lot is in a QCT, which makes it eligible for a 30% increase in its eligible basis (expenses) for the purpose of calculating how much tax credits the project generates. For example, a tax credit project that has \$1 million in eligible basis, can increase its eligible basis to \$1.3 million if it is in a QCT. A portion of the cost to construct the commercial component can be included in the LIHTC basis because it is in a QCT.

Brownfield. It is expected that there are unsuitable and/or contaminated soils on site. This could make the site eligible for Brownfield Tax Increment Financing (TIF)⁶. TIF could be used to address environmental as well as non- environmental concerns such as public infrastructure, underground parking, etc. Further environmental testing is needed (Phase I and Phase II) to determine the extent of brownfield eligibility. Assessment grants may be available to assist with required testing, and TIF can help finance the portion of the property that is taxable.

Other Financial Incentives: Other communities have adopted millages, charged impact fees on market-rate development, levied taxes on other industries such as hotels/Air BnB to raise cash for affordable housing projects, and/or provided tax-exempt bond financing for affordable housing projects to significantly reduce the cost of debt. In addition, several communities are starting to dedicate a portion of their marijuana taxes to low-income housing.

Taxes. If the City leases the improvements (the physical building), the improvements can still be taxed. The property will be taxed based on the value of the improvements and use. Taxes are based on the type of building and value of the building, not based on the rents charged unless there is a permanent covenant restricting the rents, and thereby reducing the value of the property. Consequently, any apartments that are rented at below-market rate rents for moderate-income tenants will still be charged taxes based on the market rate rents if there is not a restrictive covenant. This has a significant impact on the number of moderate-income units that the project can afford. *The annual tax bill for a typical 1 bedroom 600 SF apartment at this site will be approximately \$8,000/year. The rent for a 1-bedroom apartment at 80% AMI is \$1395/month or \$16,740/year. The remaining \$8,740 must cover the cost of operations and debt.*

PILOT (Payment in Lieu of Taxes). The only way to significantly reduce taxes for affordable housing is through the City's Payment In Lieu of Taxes (PILOT) Ordinance. A project can only qualify for a PILOT if it meets the statutory requirements of having financing from a state or federally-aided mortgage; and if the ownership entity is a non-profit housing corporation, a consumer housing cooperative, a limited dividend housing association limited partnership, a limited dividend housing association limited liability corporation or a limited dividend housing corporation. In addition, the City of Ann Arbor limits the PILOT to households at 60% AMI or less. Congress recently amended the LIHTC regulations to increase the

⁶ Tax Increment Financing (TIF) is a public financing method that captures and diverts future property tax revenue increases from a defined area or district toward an economic development or public improvement project in the community.

maximum income under the program from 60% AMI to 80% AMI. A LIHTC project can only include 80% AMI units if the average LIHTC unit is still 60% AMI. This new rule is intended to incentivize more 30% AMI units by off-setting the lower rent revenue with 80% AMI rents. Staff recommends that the City's PILOT ordinance be amended to increase the maximum rent to 80% AMI for qualified PILOT projects. It should be noted that a property cannot have both a PILOT and TIF financing on the same portion of the property.

Property Management. The property can be managed by a single entity or multiple entities if the building is divided into separate condominiums with separate owners. The property or condominiums within the property can be managed by a for-profit, non-profit and/or public entity.

Waitlist. If the City adopts a policy to develop underutilized city-owned property on a large scale with private-sector developers, then the City should consider adopting a centralized public waitlist for income-restricted apartments and condominiums. Currently, each private developer is responsible for marketing their affordable units to low-income households, collecting income documentation and certifying that the tenants meet the income qualification for the apartment. The City currently contracts with the Washtenaw County Office of Community and Economic Development (OCED) to annually review the rent and income certifications for these units as well as for PILOT units.

As the number of rent-restricted units grows, the City will need to provide additional funding to the County to conduct these annual certifications. As the inventory grows, potential tenants will have to contact each individual property manager to find out what the process is to rent or purchase a unit. A centralized waitlist will streamline the process for potential tenants, homebuyers and property managers. A centralized waitlist will also ensure a standardized, fair and public process to access income-restricted apartments and condominiums. Staff recommends that the City create a centralized waitlist for all income-restricted units the City is monitoring through a covenant. Properties that already have other regulators, like HUD or MSHDA, overseeing the waitlist and income and rent restrictions would be exempt from the centralized waitlist but would still be required to show evidence of compliance with the income and rent restrictions.

ANALYSIS OF OPTIONS: The three options identified above are analyzed in the following paragraphs:

Option 1 – Housing Development

Option 1 provides for development of the site as housing, including affordable housing⁷. While there could be some ground floor retail or service activity, this option focuses on achieving a mix of supportive housing (PSH), workforce housing and market-rate housing. This option is dependent on leveraging a variety of federal, state and local resources to subsidize the permanent supportive and workforce housing. Each source of funding will have an impact on the tenant income target, rents charged, and services provided. This option allows the developer the flexibility to provide housing to a range of incomes within

⁷ The term "affordable housing" as used throughout this document refers to both permanent supportive housing (PSH) and workforce housing for low-income households. PSH housing is defined as housing set-aside for households at 30% of the Area Median Income with special needs. Workforce housing is defined as housing for households who work, who have an income range from full-time at minimum wage to 60% of the Area Median Income for a single-person (\$39,050 in 2018).

one or more ownership and property management structures. All residential scenarios include ground floor public or active space. A summary table for all types of housing discussed below is provided at the end of this section.

Permanent Supportive Housing

The parameters for permanent supportive housing are presented in the table below:

<i>Permanent Supportive Housing</i>	
Parameter	Discussion
Income Goal/Requirement	30% AMI or less
Rent	100% project-based vouchers. Enables the rent to be set at rates that are financially feasible for the owner, but all tenants can afford to live in the building by paying 30% of their income for rent and the rent subsidy pays the balance.
Configuration	Primarily 1-bedroom units with some 2-bedroom for individuals with disabilities who require live-in aid.
Parking	Minimal parking required as tenants are unlikely to own a vehicle.
Other Considerations	This option could also include efficiencies depending upon the funding sources. In order to meet most federal and state subsidized housing accessibility requirements and to meet the City’s D1 zoning affordable housing density bonus, the minimum unit size is 600SF. On-site supportive services are provided. Front door coverage on a full-time basis (24/7) is ideal.

Workforce Housing

The parameters for workforce housing are presented in the table below:

<i>Workforce Housing</i>	
Parameter	Discussion
Income Goal/Requirement	Mixture of rent and income targets of 30% AMI to 60% AMI.
Rent	Council Resolution R-18-173 limits rents to 110% of fair market rent (\$1,000/month for a 1-bedroom unit and \$1,210 for a 2-bedroom unit in Ann Arbor for 2018). These limits are very close to the 60% AMI LIHTC rent limits. These rents will enable households at 50% AMI or less with tenant-based vouchers to live in the units and pay 30% of their income on rent.
Configuration	Mixture of 1-bedroom and 2-bedroom units. Efficiencies may be included depending upon funding source restrictions.
Parking	Lower parking required as many tenants are unlikely to own a vehicle.

Workforce housing is defined in this study as 30% -60% of AMI. A full-time minimum wage job currently pays \$19,240/year at \$9.25/hour, which is about 29% of AMI. The maximum rent limit for a one-bedroom

unit at 30% AMI is \$523/month. A full-time job at 60% AMI for a one-person household is \$39,050. The maximum rent limit for a one-bedroom unit at 60% AMI is \$1,046/month under the LIHTC program. The maximum rent limit for a two-bedroom unit at 60% AMI is \$1,255/month under the LIHTC program.

Moderate-Income Housing

Moderate-income housing is targeted at 61% of AMI to 100% of AMI. This range translates into the following monthly rental ranges:

- Efficiency: \$961 - \$1,627
- 1-Bedroom: \$1,001 - \$1,743
- 2-Bedroom: \$1,211 - \$2,092

Market Rate Housing

Market-rate housing is uncontrolled and rental rates are established in comparison to and in competition with other housing in the downtown area. There are no income limits, and pricing is set based upon the mixture of bedroom sizes, unit configuration, and resident amenities offered. Parking requirements are generally higher because most residents are likely to own vehicles. Market rate housing can also include for-sale condominiums. The inclusion of market-rate units in a mixed-income development can help subsidize the rent for supportive, workforce and moderate-income households.

Senior Housing

Senior housing include households in which at least one member is aged 55 or older. Senior housing can be subsidized or market-rate. Rental rates for senior housing are often higher than the basic rate due to the inclusion of on-site meals and other services. Senior units are primarily configured as 1-bedroom to qualify for federal or state subsidies, although some 2-bedroom market rate units may also be included and some units may be offered as for-sale condominiums. Senior housing have low to moderate parking requirements.

Senior housing may include a mixture of independent living, assisted living, skilled nursing and/or continuous care facilities. On-site services may be similar to those provided in permanent supportive housing developments including full time (24/7) on-site staff, medical assistance, case management, and recreational activities.

Summary Table

The table below provides a comparison of the options described in the preceding discussion.

	Supportive	Workforce	Moderate	Market-Rate
Income Target	30% AMI or less	30% – 60% AMI	61% - 100% AMI	Over 100% AMI
Efficiency Rent	\$960 PBV	\$488 - \$960	\$961 - \$1,627	Market
1 Bedroom Rent	\$1,000 PBV	\$523 - \$1,000	\$1,001 - \$1,743	Market
2 Bedroom Rent	\$1,210 PBV	\$627 - \$1,210	\$1,211 - \$2092	Market

	Supportive	Workforce	Moderate	Market-Rate
Rent Max determined by:	Funding Sources	110% Fair Market Rent	City needs to adopt formula (MSHDA rents used here)	Market
Tenant Rent Subsidies (tenant pays 30% income)	All Units have Project-Based Vouchers	Tenant-Based Vouchers eligible (up to 50% AMI)	None	None
1 Person Income Limit	\$19,530	\$39,060	\$65,100	None
2 Person Income Limit	\$22,320	\$44,640	\$74,400	None
3 Person Income Limit	\$25,110	\$50,220	\$83,700	None
Parking Need	None	Low	Moderate	High
Other	24/7 front desk On-site services		Can include owner purchase	Can include owner purchase

For this chart, rent include all utilities (water, sewer, garbage, electric, gas). Rents reduced if utilities paid for by tenant.

Option 1 – Affordable Housing Only

Affordable housing units included in any development will require multiple funding sources. The unit sizes and income mix will be dependent on the funding that is available at the time of the development. For illustration, the table provided on the following page depicts different scenarios to determine affordable housing project feasibility with a range of income targets and uses. The table also indicates whether or not the policy goals established in Resolution R-18-173 are addressed. Once policy issues have been decided and a developer is selected, the numbers below will change and will be dependent on the market at the time of development. Please also note that this analysis is assuming that the project will be developed with Low-Income Housing Tax Credits (LIHTC), with LIHTC underwriting assumptions. The analysis does not follow the same underwriting assumptions that a market-rate development would. There is no return on investment (ROI) because the goal of affordable housing is to maximize the number of affordable units and to essentially “break-even.” The developer is paid a pre-agreed upon developer fee to develop the project from concept to lease-up. The analysis below can be thought of as a module that can be stand-alone or added to other public or market-rate uses, and the market-rate portion of the building would follow a traditional market-rate development model. The fourth scenario includes a mixture of tax credit units and market-rate units within the same module.

OPTION 1 – HOUSING ONLY (SUPPORTIVE, WORKFORCE, AND MODERATE OPTIONS)						
POLICY GOAL ACHIEVEMENT						
Goal 1 Land Lease	Goal 2 Recover Initial Cost	Goal 3 Mix of Units & Rents	Goal 4 Maximize Low Income/ Workforce	Goal 5 Accept Vouchers	Goal 6 Ground Floor Active	Goal 7 Additional Public Purpose
Yes	Yes	Yes	Yes	Yes	Yes	Yes
DESCRIPTION						

OPTION 1 – HOUSING ONLY (SUPPORTIVE, WORKFORCE, AND MODERATE OPTIONS)				
These scenarios are stand-alone residential projects with 5,000 SF first floor office/community space D1 Zoning Scenario 1 & 2, D1 with Affordable Housing Premium Scenario 3 & 4 which triggers parking Rental rates: 1-bedroom \$860 -\$1209; 2-bedroom \$1069 - \$1488				
Scenario:	1 4% & 9% LIHTC ⁸ 75 PSH 40 WF 35 Mod	2 TWO 9% LIHTC 75 PSH 40 WF 47 Mod	3 TWO 9% LIHTC 80 PSH 60 WF 60 Mod	4 TWO 9% LIHTC 80 PSH 60 WF 60 Market
ZONING				
FAR	400%	400%	600%	600%
Number of Units	150	162	200	200
Floors	5-6	5-6	6-7	6-7
Parking Requirement	n/a	n/a	47	47
DEVELOPMENT PRO FORMA				
Total Dev Cost	\$38.2M	\$40.5 M	\$55.4M	\$55.2M
4% & 9% LIHTC Equity*	\$23.2M	\$28.2M	\$28.2M	\$28.2M
MSHDA Bond/Loan**	\$11.0M	\$12.3M	\$17.7M	\$21.0M
Add'l Gap Financing	\$4.0M	\$00.0M	\$9.5M	\$6.0M
YEAR 1 OPERATING FINANCIALS				
Annual Income	\$1.7M	\$1.9M	\$2.5M	\$3.3M
Total Operating Expense	\$0.9M	\$0.9M	\$1.1M	\$1.7M
Net Operating Income	\$0.8M	\$0.9M	\$1.4M	\$1.6M
Debt Payment	\$0.7M	\$0.8M	\$1.2M	\$1.4M
Net Cash Flow	\$0.1M	\$0.2M	\$0.2M	\$0.2M
ANNUAL REVENUE TO CITY				
Annual Lease***	\$87K	\$125K	\$136K	\$156K
Property Taxes/PILOT	PILOT	PILOT	PILOT	\$540K
NOTES:	*\$0.94 credit/\$1.00; **35 years at 5.75%; ***75% post audit cash flow			

Option 2 – Mixed Use Development

Option 2 envisions the development of a mixed-use and mixed-income development (including housing) on the Y-Lot or expanded to the adjacent AAATA lot. Due to its prominent location in the downtown, the City has been contacted by other entities with an interest in partnering to achieve multiple outcomes from the redevelopment. The two alternatives identified below present approaches for a stand-alone project on the Y-lot and a combined development on an expanded footprint.

Option 2A: The City enters into a development agreement with a private partner to develop a stand-alone project on the Y-Lot only. The project could include a combination of the uses allowed under the zoning and a mix of market rate and workforce housing. There are endless possible scenarios that are financially feasible.

If the City’s main goal is to maximize taxes, then the City should issue an RFP to the private sector with a minimal amount of workforce housing required, such as 20%. The Workforce housing component must

⁸ Tax credits at 4% are non-competitive. Tax credits at 9% are competitive.

accept vouchers as a form of payment, without a minimum income requirement. Under this RFP, it is assumed that if there are no LIHTC units then all of the units pay full taxes. There will not be any supportive housing units and the workforce units will be subsidized by the market-rate units. Under this RFP it is assumed that the City will not sell the property and therefore the City will charge an annual lease payment in addition to annual taxes. In addition, it is assumed that the City can be reimbursed up-front for the \$5.75 million acquisition cost.

This scenario does not include a detailed financial analysis because the options are unlimited and require the expertise of an experienced market-rate development team of downtown mid- to high-rise developments to provide a financial analysis. The City could choose to dedicate resources to hire an architect to design concepts and a development consultant to design financial models for this model in order to adopt a PUD prior to issuing the RFP.

OPTION 2A – Private Partnership Mixed-Use and Mixed-Income						
POLICY GOAL ACHIEVEMENT						
Goal 1 Land Lease	Goal 2 Recover Initial Cost	Goal 3 Mix of Units & Rents	Goal 4 Maximize Low Income/ Workforce	Goal 5 Accept Vouchers	Goal 6 Ground Floor Active	Goal 7 Additional Public Purpose
Yes	Yes	Yes	No	Yes	Yes	No

Option 2B: The footprint can be expanded if the City potentially partners with the Ann Arbor District Library (AADL) and the AAATA to redevelop the Y-Lot, AADL’s current property at 343 S. 5th Avenue, and AAATA’s Blake Transit Center at 371-399 S. 5th Avenue. This partnership would work well with 100 to 200 units of permanent supportive housing and workforce housing due to the compatibility of uses and financial feasibility of an affordable housing project of this size. In addition, with 3 public entities partnering, the sites should include community event and meeting spaces.

Option 2B is more complex legally, financially, and politically but it would enable the City to address transportation, housing, parking, community space and the library’s needs in a larger, integrated project. This option would include an expansion of the underground parking. Under this scenario, the City would not issue an RFP, but would enter into an agreement with the AADL, AAATA, DDA and the AAHC to develop the site for a multitude of public purposes. This scenario might not generate any taxes, but the City could charge an annual lease amount. This scenario does not include an analysis because it would require significantly more resources to design concepts, determine the legal structure and financing mechanisms for these public entities.

OPTION 2B – Public Partnership Mixed-Use and Mixed-Income						
POLICY GOAL ACHIEVEMENT						
Goal 1 Land Lease	Goal 2 Recover Initial Cost	Goal 3 Mix of Units & Rents	Goal 4 Maximize Low Income/ Workforce	Goal 5 Accept Vouchers	Goal 6 Ground Floor Active	Goal 7 Additional Public Purpose
Yes	Yes	Yes	Yes	Yes	Yes	Yes

Option 3 - Sell As-Is

If City Council moves forward with Option 1 or 2 and a project has not progressed satisfactorily to the City within 48 months, then Option 3 is to sell the property as is. Under this option, the City would seek to maximize the financial gain that could be realized by selling the property to a developer with no restrictions. The most recent appraisal the City had performed for the site estimated the value at ~\$11.0M under normal development density (700 FAR⁹) and current zoning (D1). Assuming a range of ± 25%, the City would realize between \$8.25M and \$13.75M. In total, the City purchased the property at an all-in cost of \$5.75M, producing a net income of between \$2.5M and \$8.0M. Under the conditions Council established in its May 1st resolution, a minimum of 50% of the proceeds would be deposited into its Affordable Housing Fund.¹⁰

OPTION 3 – Sell "As-Is"						
POLICY GOAL ACHIEVEMENT						
Goal 1 Land Lease	Goal 2 Recover Initial Cost	Goal 3 Mix of Units & Rents	Goal 4 Maximize Low Income/ Workforce	Goal 5 Accept Vouchers	Goal 6 Ground Floor Active	Goal 7 Additional Public Purpose
No	Yes	TBD	No	No	TBD	TBD

COMPARISON OF ALTERNATIVES: The purpose of this section is to compare the options to support the recommendations presented in the last section of the study. The first mechanism used to present the comparison is a side-by-side comparison of the options with respect to achieving Council’s policy goals. As shown below, Options 1 and 2b can best achieve the objectives of Council. Option 2a has the potential to achieve many of the objectives of Council. Option 3, while it maximizes the return on initial purchase investment, is offered only as a last resort if the City is not able to obtain a development partner that is able to meet the City’s development goals. Staff recommend that City Council direct staff to conduct a similar analysis on other underutilized city-owned sites to determine which of the 3 options achieves the City’s goals on a site-by-site basis.

Council Goal		Option 1 Housing Only	Option 2a Private Mixed Use	Option 2b Public Mixed-Use	Option 3 Sell "As-Is"
1	Maintain ownership of the property	Yes	Yes	Yes	No
2	Recapture cost of purchase/ensure sustainable financial model	No	Yes	Yes	Yes
3	Offer a mix of unit types and rents	Yes	Yes	Yes	TBD
4	Maximize number of affordable/workforce units	Yes	No	Yes	No
5	Accept housing choice vouchers	Yes	Yes	Yes	No

¹⁰ The City may want to consider selling the property earlier if the Library Lot project is not closed. The proceeds from the Library Lot were intended to pay off the loan taken to purchase the Y-Lot (\$5.75M), with the remainder to be deposited into the Affordable Housing Fund. However, if these proceeds are not realized, the Council should consider the impacts of the Y-Lot purchase debt on the City’s financial position.

6	Dedicate 50% of ground floor to active uses	Yes	Yes	Yes	TBD
7	Use ground and adjacent levels for public uses	Yes	No	Yes	TBD

The second means of comparison is a SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis, which is provided below:

SWOT COMPARISON OF OPTION 1 (HOUSING) AND OPTION 2B (MIXED-USE)		
	OPTION 1	OPTION 2B
Strengths	<ul style="list-style-type: none"> • Maintains City ownership of property • Can be accomplished within 4 years • Recovers initial property purchase cost through annual lease payments • Simpler – requires a single entity • Provides more affordable units • Accepts housing choice vouchers • Dedicates ground floor to active uses • 	<ul style="list-style-type: none"> • Maintains City ownership of property • Recovers initial property purchase cost • Provides more diverse funding options • Parking potentially at market rate • Accepts housing choice vouchers • Dedicates ground floor to active uses
Weaknesses	<ul style="list-style-type: none"> • Provides low financial return to City • May Require parking subsidies or reductions • No market rate component • No tax return to City 	<ul style="list-style-type: none"> • No tax return to City • No market rate component
Opportunities	<ul style="list-style-type: none"> • Replaces 100 very affordable housing units that were previously on site 	<ul style="list-style-type: none"> • Provides opportunities to address transit and AADL needs and concerns • Replaces 100 very affordable housing units that were previously on site • Each of the stand-alone affordable housing analyses above can be a condominium combined with other public uses in separate condos
Threats	<ul style="list-style-type: none"> • Will be difficult to receive 2 9% LIHTC awards in same funding round 	<ul style="list-style-type: none"> • Complex – involves multiple parties • May not be achievable within 4 years

RECOMMENDATIONS:

Staff recommend pursuing **Option 2B**. In order to maximize community input and develop a vision for a broader scope. The following next steps are recommended:

1. Contract with the appropriate professionals to develop conceptual plans and conduct a series of public engagement meetings to seek input and identify preferred uses for the site. The AAATA and DDA have agreed to partner with the City, each contributing \$25,000 to engage the appropriate professionals. The Library Board may also be interested in exploring options through a public engagement process.

- a. Development of the conceptual plans will allow the community and stakeholders to gain an understanding of what each option could provide on the site, the mix of potential uses and most importantly to visualize what the site will look like and how it will function.
 - b. Seek feedback from the community regarding the potential options and provide clarity regarding design and massing of the site and incorporate feedback into a final recommendation.
2. Complete additional site review to include a full federal Environmental Review, BEA, Phase I, Phase II, and water infiltration study.
3. Initiate discussions with DDA about parking and other DDA resources. Determine what resources the City and DDA will make available for the site (i.e Brownfield TIF, Affordable Housing Fund etc).
4. Provide City Council and other applicable boards and commissions with a recommendation regarding which option to move forward.
5. Refine and seek additional public input on the preferred option. Solicit appropriate development partners to develop the approved PUD project.

The Housing and Human Services Advisory Board (HHSAB) met on September 13, 2018 and reviewed this document and adopted the following resolution in support of staff's recommendation:

Now therefore be it resolved that the Housing and Human Services Advisory Board (HHSAB) supports the Staff recommendation as provided in the Staff Study for 350 S. 5th Avenue (Option 2B), and;

May it further be resolved that the HHSAB will incorporate the four policy recommendations above into their FY19 work plan for review and action as necessary.

Staff also provides the following policy recommendations:

1. If part of the residential portion of the site is permanently restricted by covenant to below-market rents, the parking requirements for the residential portion be waived or significantly reduced in a D1 district.
2. The City should adopt a policy for City grant or other funding, limiting the per-unit subsidy amount and income limit to an amount such as \$100,000/unit and limiting the income target to 60% AMI.
3. The PILOT ordinance should be amended to increase the maximum rent to 80% AMI for qualified PILOT projects to match the new IRS rules.
4. The City should create a centralized waitlist for all income-restricted apartments that the City is monitoring through a covenant, that do not already have HUD or MSHDA waitlist requirements.

5. The City should consider whether a minimum of 600 SF for an affordable unit as a zoning premium is too large and can be accomplished with a smaller minimum such as 400 SF for a studio apartment and 500 SF for a 1-bedroom apartment.
6. Staff recommend that City Council direct staff to conduct a similar analysis on other underutilized city-owned sites to determine which of the 3 options achieves the City's goals on a site-by-site basis.