



TO: Mayor and Council

FROM: Tom Crawford, Interim City Administrator

CC: Jacqueline Beaudry, City Clerk
Derek Delacourt, Community Services Area Administrator
John Fournier, Assistant City Administrator
Matthew V. Horning, Interim CFO
Brett Lenart, Planning Manager
Molly Maciejewski, Public Works Manager
Colin Smith, Parks & Recreation Manager

SUBJECT: September 8, 2020 Council Agenda Responses

DATE: September 3, 2020

CA- 1 – Resolution to Approve Amendment No 2 to the Recycling Plant Tours and School Recycling Education Contracts, with the Ecology Center (\$8,022.25 and \$106,859.00)

Question: Regarding CA-1, the cover memo indicates the cost of the school recycling education contract is increasing 6.3%. What is the basis for that increase (is the scope changing)? Also, did the cost increase when the contract was renewed in 2018? (Councilmember Lumm)

Response: The current original Ecology Center contract has an annual contractual increase of 6.3%, the contract extension is a continuation of this yearly increase. The scope of the work presented by the Ecology Center is the same with some modifications to accommodate school from home, such as remote online presentations, and extended video versions of the in-person presentations.

Question: Also on CA-1, can you please provide the details (scope, cost) on any other contracts the city has with the Ecology Center (either directly or indirectly through RAA)? (Councilmember Lumm)

Response: The City does not currently have any additional contracts with the Ecology Center, other than those presented in CA-1.

CA – 4 - Resolution to Name City Property at 385 E. Eisenhower “Willow Nature Area” and Designate as Park Land

Question: Regarding CA-4, the cover memo indicates much of the property is currently filled with invasive plant species. Are there any plans to clean-up the site? (Councilmember Lumm)

Response: The site could host future workdays to help with invasive plant species management. There are some businesses proximate to the nature area that could be good partners for volunteer.

CA – 7 - Resolution to Approve the Location and Hours of a City Clerk Satellite Office on the University of Michigan Campus for the November 2020 General Election

Question: Regarding CA-7, the cover memo indicates the FY21 budget includes the set-up, acquisition of materials and supplies and for staffing of a satellite office. How much is that budget provision in total and can you please provide the detail of the projected costs? (Councilmember Lumm)

Response: The Clerk’s Office requested and received a budget impact with the approval of the FY21 budget for the purpose of setting up and staffing a satellite office. The approved budget included \$25,000 for the set-up and equipment costs and an additional \$5,000 for staffing needs.

Question: Also on CA-7, it’s good that UM is not charging for the space, but given that this satellite largely serves students, it would seem reasonable they would share in the operating costs as well. Did we request the UM share in those costs? (Councilmember Lumm)

Response: No, the availability of the space saved the City Clerk’s Office on rent or other building needs and was considered an in-kind donation. The U-M population, including new students, will benefit from the office and the location on campus was deemed mutually beneficial to the City and the University, but the Clerk’s Office also pursued the establishment of a satellite office based on City Council’s resolution requesting such an office. Based on Council’s previous request, the proposed location will include after-hours service, in addition to additional hours and weekends at City Hall. See attached resolution R-19-524.

CA-10 - Resolution to Direct the City Administrator to Create a Temporary Child Care Benefit for City of Ann Arbor Employees, and to Amend the Budget to Allocate \$524,000 from Various Funds to Fund the Child Care Benefit

Question: Q1. While I recognize the audits are not completed, what are the ending FY20 undesignated fund balances (June 30, 2020) in the General Fund, Water / Sewer / Stormwater Funds, and the Solid Waste Fund, and how do these compare with the FY20 budgeted levels? (Councilmember Lumm)

Response: The estimated undesignated fund balance in the General Fund at 6/30/20 is \$20,660,361. This number is not audited and the final undesignated fund balance will be available once the FY20 audit is complete. The General Fund had an audited undesignated fund balance of \$19,713,016 at 6/30/19. The attached budget summary explains budget versus actual as June 30, 2020. In addition:

- The Water fund unaudited, undesignated fund balance as of June 30, 2020 is estimated to be \$12.5 Mil, vs \$19.1 Mil. projected.
- The Sewer fund unaudited, undesignated fund balance as of June 30, 2020 is estimated to be \$31.8 Mil, \$36.2 Mil. projected.
- The Stormwater fund unaudited, undesignated fund balance as of June 30, 2020, is estimated to be \$15.9 Mil vs. \$13.6 Mil. projected.
- The Solid Waste fund unaudited, undesignated fund balance as of June 30, 2020, is estimated to be \$9.1 Mil vs. \$8.9 Mil. projected.

Question: Q2. Please provide an updated/current FY21 forecast for revenues, expenses, and year-end undesignated fund balances in the General Fund, Water / Sewer / Stormwater Funds, and the Solid Waste Fund? (Councilmember Lumm)

Response: As we are in the first quarter of FY21, the financial forecast is essentially the budget. After September when the first quarter is complete, we will begin to identify variances from budget and develop forecasts.

Question: Q3. Can you please provide the latest status in terms of reimbursements to the City from the State of CARES Act funds (timing and amounts)? (Councilmember Lumm)

Response: Please see chart below.

Granting Agency	Grant Name	Payment Date	Amount
U.S. Dept. of Justice	Coronavirus Emergency Supplemental Funding	Unknown	59,184.00
State of Michigan	First Responder Hazard Pay Premiums Program (FRHPPP)	No later than November 14	215,000.00
State of Michigan	Public Safety and Public Health Payroll Reimbursement Program (PSPHPR) - Round 1	No later than September 18	5,048,828.55 Award may be decreased due to oversubscription
State of Michigan	Public Safety and Public Health Payroll Reimbursement Program (PSPHPR) - Round 2	No later than November 7	Approximately \$5 million. Award may be eliminated due to oversubscription
State of Michigan	EGLE Water & Wastewater Assistance Program	NA	Unknown

Question: Q4. When this was discussed at the Budget & Labor Committee meeting, I asked about other employers offering similar programs and would still appreciate that information. Specifically, have any other major employers in the Ann Arbor area adopted a similar program for their employees and if so, which employers and are their programs similar in terms of eligibility and benefit amount? (Councilmember Lumm)

Response: Few employers are offering an additional childcare benefit for their employees during the pandemic. Some employers, like U-M, are running childcare centers that their employees may use and have opted to keep these centers open. Though there are some employers who are offering direct subsidy for child care, our recommendation to provide the benefit isn't based on a market survey but rather is based on an understanding of the challenges our own employees are facing. In a recent survey of Ann Arbor City Employees, 38% of respondents said that they would prefer to have in home childcare, but have been unable to arrange it. Additionally, 32% of respondents said that cost was the overriding factor in securing childcare resources. Additionally, employees are eligible for the federal 12-week FFCRA paid FMLA benefit to take care of children. We are concerned that given the need of our employees to care for children who are schooling at home, and the paid federal benefits that they have been guaranteed, if we do not offer some kind of benefit to help defray the cost of outside childcare we will lose a significant portion of our workforce this fall to the paid FMLA benefit. We are recommending this program both as a benefit to our workers who are overwhelmed by their competing responsibilities, and as a means to preserve the integrity of our workforce during the fall.

Question: Q5. The cover memo references the new paid 12-week FMLA benefit approved in the Spring and this was mentioned at the Budget & Labor Committee Meeting as well. Have any city employees taken advantage of that program? (Councilmember Lumm)

Response: Yes. At this point, only a few have exhausted the benefit, but we have received or processed 110 applications for the enhanced FMLA benefit as of this writing.

Applications to use the benefit continue to be received. What that means is employees are applying to activate the benefit in anticipation of using it this fall. The federal benefits expire on December 31, 2020.

Question: Q6. It is not clear to me exactly how this would work. The cover memo suggests the city would reimburse actual contracted child care services, but my takeaway from the Budget and Labor Committee was that the benefit is a flat \$500/month. Can you please clarify? (Councilmember Lumm)

Response: The city would reimburse up to \$500 a month in eligible child care expenses. The Benefits Office would need to be presented with supporting documentation from the employee showing that they have secured the childcare services from a person who is not a member of their family, and also demonstrate that they have paid for those services. The cost of childcare on a monthly basis in Ann Arbor is several times more than \$500, so we think it is likely that each employee who participates would apply for reimbursement for the maximum amount.

Question: Q7. The cover memo mentions the program will be re-evaluated in December. What will the criteria be in making the recommendation to continue the program or not? (Councilmember Lumm)

Response: We will consider at least three criteria. First, what the state of the pandemic is. Second, whether schools are still closed or not. Third, whether employees have taken advantage of the benefit or not. If these three factors are improved or there is reason to believe that they will be improved in the short term, then we would likely not recommend extending the program. But if our situation is the same, or worse, we may recommend extending the program depending on the state of the city's finances.

~~CA – 12 – Resolution to Approve Increasing the Purchase Order with Washtenaw County for SWAT Supplies (\$26,469.09)~~

Question: Please provide a list of items the SWAT team is acquiring. (Councilmember Eaton)

Response: This item has been removed from the agenda.

Question: What would the consequences be if the City declined to contribute to the SWAT supplies? (Councilmember Eaton)

Response: This item has been removed from the agenda.

B-1 – An Ordinance to Amend Title VII (Businesses and Trades) of the Code of the City of Ann Arbor by Adding a New Chapter Which Shall be Designated as Chapter 97 (Short-Term Rentals) (Ordinance No. ORD-20-24)

Question: Q3. In response to a question I asked August 6th regarding confirmation of existing STR's, it was indicated that "City staff are already working on methods to confirm that the use was in existence prior to ordinance." Can you please elaborate on the methods and what staff's recommended approach is (if that's been determined)? (Councilmember Lumm)

Response: This has not been determined based on the current proposed ordinance. If such an exercise were undertaken, here are some of the options that have been discussed:

- Affidavit from owner to self-determine.
- Requiring documentation to support finding such as:
 - Contract or agreement with a rental advertising platform (e.g. VRBO, AirBnB, etc.)
 - Contract or agreement with a tenant that establishes operation prior to a date.
 - Any City records that assert the property was used for a short-term rental

DB-1 - Resolution to Approve Home2 Hotel Site Plan and Development Agreement, 361 West Eisenhower Parkway (CPC Recommendation: Approval - 8 Yeas and 0 Nays)

Question: Regarding DB-1, the 4th whereas clause references C3 zoning, but the staff report indicates the current (and proposed) zoning is Office – can you please clarify? (Councilmember Lumm)

Response: The reference to C3 Zoning is a typographical error and has been corrected to O (Office).

Question: Agenda items DB-1 ND DB-2 ARE listed under "Ordinances – Second Reading". Regarding DB-1, does a site plan require two readings and if so when was the first reading? Regarding DB-2, does an annexation require 2 readings, and if so, when was the first reading of this item? (Councilmember Eaton)

Response: No, neither a site plan nor annexation requires two readings. These items are placed on the agenda for closer proximity to the corresponding public hearings for those that are interested in the outcome of the items.

DB-2 – Resolution to Approve the Valhalla Annexation, 9.8 Acres, 31, 50, 57, 77, 97, 98, 107, 145, 147, 151, 155, 159, 163 Valhalla Drive (CPC Recommendation: Approval - 8 Yeas and 1 Nay)

Question: Q1. Why is the developer requesting annexation and not just constructing the project in Pittsfield Township? (Councilmember Lumm)

Response: All parcels included with the project area located within the area covered by an annexation agreement with Pittsfield Township. In order to develop any property within that area the site must be annexed and connected to utilities.

Question: Q2. Is the developer's annexation request contingent on this proposal and the R4E zoning being accepted? (Councilmember Lumm)

Response: No, the annexation request is an independent petition.

Question: Q3. If City Council votes to annex the property, I'm assuming that is NOT approving any specific zoning request or implying anything with regard to zoning or a site plan – correct? If council votes to annex, what are the city's subsequent requirements or obligations in terms of zoning once annexed (e.g. is the city guided by the Master Plan land use element)? (Councilmember Lumm)

Response: That is correct, no action on zoning is implied or taken with the annexation. Even if it were desired, the City can't take action to zone a property until it has been successfully annexed into the City. Staff recommends that a zoning district be applied to the property after annexation to ensure appropriate land use regulations are applied. Any zoning action should be made with consultation of the City's Master Plan documents.

Question: Q4. City staff recommended denial of R4E initially. The June 2nd Staff report stated "the project includes 454 units, a significant increase from the Master Plan Future Land Use recommendation of single-family. At an R1D zoning based on lot area only, a maximum of 84 units could be constructed." **454 is more than five times 84!** On what basis has staff now concluded that density of 50 units an acre is appropriate when the Master Plan calls for 1/5th of that? (Councilmember Lumm)

Response: Staff never made such a conclusion. Staff identified several positive attributes of the proposal, but based on other project experience and the significant deviation from the proposed density in the Master Plan Land Use Element, staff recommended denial of the petition. The Planning Commission considered the proposal, discussed revisions, and concluded with a recommendation for approval.

Some of the reasons discussed by the Planning Commission in support of the petition included: the provision of affordable housing units; sustainability aspects such as green roofs, the provision of solar panels, a fully electrified development, and the provision of

numerous electric vehicle charging stations; proposed density along transit corridors; and proposed housing density in close proximity to shopping and employment centers.

Question: Q5. In reading the staff reports of July 7 and July 21, my takeaway is that the developer made no substantive changes to the project to address any of the concerns raised about height, traffic mitigation, site layout, building design -is that accurate? My takeaway also is given the developer wasn't going to change any of the basic project, staff and the Planning Commission shifted gears to sustainability to find justification to support the zoning and project. Is that also accurate? (Councilmember Lumm)

Response: It is correct that there were no changes to height, traffic mitigation, site layout, and building design. However, during deliberation, these were not the primary areas of concern expressed by the Planning Commission. The Planning Commission focused on tradeoffs of affordable units and a more sustainable development project as aspects that met master plan goals, and that the project should respond to these goals to a higher degree than originally proposed. With the revisions to affordability and sustainability aspects, the Planning Commission ultimately concluded that these goals were advanced adequately.

Question: Q6. Another takeaway I have is that from the point when staff recommended denial of the project to now, all that's really changed is that the number of solar panels and EV stations increased a bit, and the 15 affordable units are all at 60% AMI (rather than 9 units at 60%, 3 at 70%, 3 at 80%). Can you please confirm that's accurate and if so, how can those relatively small changes justify reversing the staff position and recommending approval of density 5 times what is contemplated in the Master Plan? (Councilmember Lumm)

Response: See Q4 and Q5 responses above.

Question: Q7. The certified letter council members received from the Valhalla Glen Action Committee indicated that traffic out of the complex can only go north on S. Main which translates into a lot of loops around Pioneer HS to head back south on S. Main to the shopping areas. Assuming that's accurate, can you please comment on what mitigation measures are being implemented/were considered? Also, can you please provide the data that drove the conclusion in the staff report that "the proposed development will not have a significant impact on the nearby intersections." (One would just think the added traffic of 450 new units would have a significant impact – out of curiosity, how many new units would it take for the traffic study to conclude there was a 'significant' impact?) (Councilmember Lumm)

Response: The site contains two access points to the public transportation system. These are the driveway onto Main Street and the driveway onto the Main Street service drive. Staff do not expect any "loops around Pioneer HS to head back south on S. Main to the shopping areas" as it will be much easier to use the Main Street service drive if the destination would be along Ann Arbor Saline Road or Main Street south of Ann

Arbor Saline Road. Additionally, staff have worked with the developer to provide non-motorized connections to these areas allowing for car-free trips.

The data supporting the conclusion of “the proposed development will not have a significant impact on the nearby intersections” is provided in the development’s transportation impact analysis. Trip generation for the site is provided on page 12; future conditions analysis is provided on page 14. Please note the final set of columns, labeled “Difference”, in Table 6 show the largest overall increase in delay to drivers for a signalized intersection would be 4.4 seconds per vehicle.

The number of new units that would impact the transportation network’s ability to absorb new walking, bicycling, transit, and driving trip demand is very specific to a location and the available infrastructure. For this specific site deficiencies were identified in the transportation network’s ability to support the new demands for walking, bicycling, and accessing transit stops; the developer is being required to make improvements to satisfy those needs.

Question: Agenda items DB-1 ND DB-2 ARE listed under “Ordinances – Second Reading”. Regarding DB-1, does a site plan require two readings and if so when was the first reading? Regarding DB-2, does an annexation require 2 readings, and if so, when was the first reading of this item? (Councilmember Eaton)

Response: No, neither a site plan nor annexation requires two readings. These items are placed on the agenda for closer proximity to the corresponding public hearings for those that are interested in the outcome of the items.

Question: I have a question about the Valhalla annexation. It shows on one part of the attachments that the annexation will come in as R1D. In another place it suggests that later they will ask for R4E. I’ve heard from several residents that there is a plan underfoot to actually annex this as conditional R4E. If this annexation is approved, what will be the zoning upon completion of annexation? What is the timeline for this project, and also, is it true that there is a need for sanitary sewer lift stations to handle the new capacity? I have concerns about this and stormwater retention for a site and project of this size. (Councilmember Hayner)

Response: The petitioner has applied for, and the Planning Commission has recommended rezoning to R4E with conditions. The reference to R1D was an alternative zoning district proposed by staff in the context of our recommendation against the R4E rezoning to the Planning Commission. The zoning action would follow only after annexation of the properties has been completed. The City Council will determine the zoning. After annexation is complete, which can take several months, the rezoning and site plan would be presented to City Council for consideration. Sanitary lift stations are proposed based on the site conditions. Staff would be happy to provide any response to questions on stormwater during the site plan review action, but at this time, the plan has been approved by the Washtenaw County Water Resources Commissioner.

C-2 – An Ordinance to Amend Sections 5.24, 5.29.2, 5.33.2, 5.35.2, 5.36.2 and 5.37 of Chapter 55 (Unified Development Code) Of Title V of The Code Of The City Of Ann Arbor – Sign Regulations

Question: Q1. The cover memo references the community engagement generally and I'm wondering if the business community generally and the real estate industry professionals have had an opportunity to provide input? (Councilmember Lumm)

Response: The City held several general input sessions, but no specific outreach was performed to the business community or real estate industry professionals. The sign regulations however, do not significantly change the signage available to businesses in the City.

Question: Q2. When this ordinance was last updated (to reflect the proliferation of illuminated signs), there was much discussion regarding the illumination levels as well as the permitted times of operation and frequency of content changeover – those are covered on page 9, but I can't tell if the requirements have been changed – can you please clarify? (Councilmember Lumm)

Response: There have been some changes. Changeable copy signs are no longer limited to 30 sq ft per sign but the limitation on this type of sign remains as it cannot exceed 50% of the total sign area. The changeable copy could not previously change every 15 minutes and is proposed to be amended to copy shall not change more than once per minute. The proposed Illumination section also clarifies temporary signs cannot be lit and new signs shall have mounted lights above the sign and shielded to prevent lighting from projecting onto neighboring properties.

The Planning Commission supported limiting illumination levels while businesses were not in operation. These hours of operation are listed for lots that contain a businesses and those lots that do not. This section is consistent with a proposed Outdoor Lighting Ordinance.

Question: Q3. I support allowing the exception to the 65-day freestanding sign limit for properties/building being sold and understand the rationale, but am less clear on the rationale for allowing one freestanding sign per residential property for an unlimited period of time. Can you please elaborate? (Councilmember Lumm)

Response: The rationale for this is to provide this limited opportunity for properties to display a non-commercial message for a longer period of time to provide opportunity for free expression.

Question: Q4. If I'm reading Table 5.24-6 correctly, it says that for any property in a single family district, the maximum number of signs is 6 (or 20 sq ft maximum of signs). Is that correct, and if so, what was the rationale for those limits? (Councilmember Lumm)

Response: This was an area that received a significant amount of debate and attention. The standards you reference are the maximum amount of temporary signs. The size and limits are intended to provide a level of flexibility for real estate, political, or other signage. The number and maximum size was increased to allow more opportunity for such signage (e.g. the desire to display 6 political candidate signs vs. a maximum of 4, which was previously considered).

Question: Q5. In terms of billboards, I can understand the need to grandfather, but this language seems to grandfather existing billboards forever. Was there any discussion about limiting the duration on grandfathering large billboards? (Councilmember Lumm)

Response: No, like other zoning precedent, billboards are provided protections in the context of non-conforming laws. The proposed draft does eliminate billboards and extends the protections to any sign over 200 sq. ft. This approach is consistent with recent case law that directs communities to regulate signage from a content neutral approach, and billboards were previously defined as a type of off-premises signage.

Question: Q6. In the discussions, what were the most contentious items and what arguments carried the day for the recommendations included in the proposed ordinance? (Councilmember Lumm)

Response: The most contentious items and arguments were:

- Lighting regulations – whether to apply sign-specific or regulate through a proposed outdoor lighting ordinance. Ultimately lighting levels were incorporated, consistent with current proposals for outdoor lighting regulations.
- Temporary Signs as referenced previously. There was much discussion about real estate signs, the maximum signs allowed, and the maximum number. Ultimately, the maximum sign area was increased from 12 sq. ft. to 20, and the number of signs increased from 4 to 6.
- Permanent signs in residential areas was an area of focus. Ultimately, the size of permanent signage was reduced for multiple family residential btw 2-6 dwelling units to a maximum of 1 sq. ft.
- Staff had discussion and debate over the frequency which an electronic sign could change. This was changed from once each 15 minutes to once every minute.
- There was some discussion of creating an exception for some signs, however, staff did not arrive at a logical definition of why or how such signs would be distinct in a way that would warrant flexibility from standards, so such provisions were not included.
- There was discussion of enforcement of temporary sign permits. The proposed ordinance does not require a temporary sign to receive a permit. This means that enforcement of signs that extend beyond time limitations (65 days) may be challenging.

DC-1 – Resolution to Amend the Other Postemployment Benefits (OPEB) Funding Policy

Question: Q1. The resolution is sponsored by a council member, not staff, which is unusual for a funding policy. While I recognize the resolution was prepared and reviewed by staff, I'm interested in staff's views on the pros and cons of changing the policy including why the Policy should be changed rather than acting on a one-off basis when necessary? (Councilmember Lumm)

Response: The pro is that this policy would establish a reserve of funds that would be available immediately in a time of great financial need. The con is that the reserve is created from funds that would otherwise have been sent to the VEBA trust. So, the funding of the VEBA trust will be slowed correspondingly. However, the reserved funds will be held earmarked for retiree health care and could be sent to the VEBA at any time. A one-off approach with these funds is not possible, as once the funds are sent to the VEBA, they cannot be recalled.

Question: Q2. The 3rd whereas clause references an uncertain economic outlook for FY22 and beyond and while that's accurate, what are the latest projections for FY22 in the city's general fund and water/sewer/stormwater funds, as well as for the DDA? (Councilmember Lumm)

Response: Staff has 5-year projections, however, they were developed pre-COVID. Staff is still trying to evaluate the short and long-term effects of the pandemic on the City's finances. Once these variables become clearer, we can begin to amend our models with pandemic adjusted assumptions.

Question: Q3. Can you please provide a couple of possible, but realistic scenarios of how this policy change might play out and can you please remind me what the current restrictions are (if any) on use of Risk Fund dollars? (Councilmember Lumm)

Response: The reserves will accumulate in the Risk Fund, earmarked for retiree health care. As the reserve grows, Council could release all or part of those funds to the VEBA, thereby increasing the funded ratio of the plan. If a great financial need presented itself, Council could rebate all or part of the accumulated reserves to the participating funds. Risk Fund expenditures are governed by Chapter 11 of City Code:

1:265. - Authorized expenditures.

The Board of Insurance Administration is authorized to expend up to \$10,000.00 from the risk fund on a single claim without City Council approval. The Board of Insurance Administration may delegate to the chief financial officer by resolution authority to expend a lesser amount. Each expenditure shall be reported to City Council as part of the official minutes of the Board of Insurance Administration. Expenditures from the risk fund above \$10,000.00 may be expended only after recommendation of the Board of Insurance Administration and approval by the City Council. Payments from the risk fund may be made only as follows:

(1) Payment to or on behalf of employees of the City of Ann Arbor of amounts for which the city is or becomes liable to them by reason of the Worker's Disability Compensation Act. Such payments may be made prior to the recommendation of the Insurance Board and approval by City Council after the chief financial officer has verified the employee's entitlement to payment.

(2) Payment of compensation for injury to persons or property or other claims for which the city is liable or is authorized to pay on behalf of its officers or employees and in respect of which the city is not otherwise protected by insurance.

(3) Replacement of moneys, credits, or securities belonging to the City of Ann Arbor that have been lost to the city through the defalcation or misconduct of any officer or employee of the city or of any other person and in respect of which the city is not protected by surety bond or other insurance.

(4) Reimbursement for the amount of loss or damage in excess of \$1,500.00 to property belonging to the City of Ann Arbor not otherwise protected by insurance, caused by any peril, except losses caused by ordinary wear and tear of use, war or any form of atomic fission.

(5) Payment of expenses incurred in the investigation and defense of claims that are payable from the risk fund. Such payments may be made prior to the recommendation of the Board of Insurance Administration and approval by City Council.

(6) Payment for actions that City Council, by resolution, has determined may mitigate a public safety concern, a public health concern or a nuisance, or limit potential liability of the City of Ann Arbor.

(7) Payments to fund health and employee benefits, and related administrative costs, for City employees, retirees, and their authorized dependents.

(Ord. No. 3-73, 1-29-73; Ord. No. 2-76, 2-17-76; Ord. No. 60-80, 12-15-80; Ord. No. 46-88, § 1, 12-5-88; Ord. No. 28-05, § 2, 7-18-05; Ord. No. 19-21, § 1, 7-1-19)

Question: Q4. What was the rationale for 90% (as opposed to some other number)? (Councilmember Lumm)

Response: All funds contributed to the VEBA trust can only be utilized for retiree healthcare expenditures, and the actual retiree healthcare liability will likely be different than the projected liability because the projection is based on a number of assumptions. As a self-insured entity, retaining a portion of the retiree healthcare funds in the Risk Fund allows the city to maintain an insurance reserve that can pay for retiree healthcare costs

if needed, but also support the city in the event of a short-term economic challenge. The 90% level was subjectively determined by staff after consultation with the system's actuary.

Question: Q5. Who, how, and when would the decision be made to “rebate back the excess funds to the contributing funds” and would there be any minimum conditions established for that to occur or would it simply be for any reason/purpose? (Councilmember Lumm)

Response: A rebate would require City Council approval. Council would receive a recommendation from staff indicating why and how much.

Question: Q6. The suggestion is that this is a temporary action to react to pandemic-related economic impacts, and perhaps I missed it, but I did not see a sunset date. If this is temporary, shouldn't there be a defined time when the funding policy reverts back to 100%? (Councilmember Lumm)

Response: This is at the discretion of Council. Council could establish a sunset date, or simply modify the policy at a future date.

Question: Q7. The revised section 1.6 references the need for a “rainy day” reserve. Typically, the “rainy day” reserve is the General Fund undesignated balance and not spread out in a number of funds. Why is establishing a “rainy day” reserve in any fund outside the General Fund appropriate, and why the Risk Fund and not some other funds? (Councilmember Lumm)

Response: The nature of the Risk Fund and the VEBA pass-throughs makes the Risk Fund administratively desirable. We already use the Risk Fund for the VEBA process, and would simply be sequestering a portion of the funds before sending to the VEBA.

Question: What is the City's current unfunded liability for Postemployment Benefits expressed a percent and expressed in dollars? (Councilmember Eaton)

Response: The Unfunded Actuarially Accrued Liability as of June 30, 2019, was 33.9%, or \$95,789,112. The status is typically expressed as a funded ratio rather than an unfunded ratio. That funded ratio is 66.1%. This ratio is significantly higher than industry benchmarks. Updated figures as of June 30, 2020 will be available in the coming months.

DC-2 - Resolution to Refer Ordinance to Amend Sections 3:16 and 3:17 of Chapter 40 (Trees and Other Vegetation) of Title III of the Code of the City of Ann Arbor to the Environmental Commission for Consideration

Question: When the Transportation Commission considered the ordinance on August

19, 2020, did the Commission make any substantive recommendations other than to seek input from the Environmental Commission? (Councilmember Eaton)

Response: The Transportation Commission motion did not include any additional recommendations. The Commission's action on this item is as follows:

A motion was made by Councilmember Griswold, seconded by Hautamaki, that the Transportation Commission recommends that City Council refer the Ordinance to Amend Sections 3:16 and 3:17 of Chapter 40 (Trees and Other Vegetation) of Title III of the Code of the City of Ann Arbor to the Environmental Commission for consideration, and should be returned by 9/8/2020. On a voice vote, the Chair declared the motion carried with a no vote made by Feldt.

Question: Does the Environmental Commission have authority to make safety recommendations? (Councilmember Eaton)

Response: The proposed ordinance revision, an increase from 12 to 18 inches on private property, is not considered a matter of public safety. See question below, posed by a Transportation Commissioner, and staff response prepared by a Transportation Engineer.

Q. Are there sight distance or other safety ramifications of raising the limit from 12 inches to 18 inches?

Response: It is acceptable to raise the vegetation height limit from 12 inches to 18 inches on private property. Plants at 18 inches tall, in general, do not block drivers' sight line. There may be unique locations, such as intersection approach on a steep slope, where sight line requires reduced vegetation height.