



Legislation Text

File #: 11-0467, **Version:** 3

Resolution of Instruction to the Mutually Beneficial Committee

Whereas, The Downtown Development Authority ("DDA") and the City of Ann Arbor ("City") have entered into a contract governing the DDA's maintenance and operation of the City-owned public parking lots and parking structures, as amended most recently in 2005 (the "1992 Agreement");

Whereas, The term of the 1992 Agreement ends in 2015 unless the DDA exercises its sole option to extend the term from 2015 to 2033, subject to either party's termination without cause every third year during the extended term beginning in 2018;

Whereas, The DDA in recognition of the City's great financial need, and at the City's request, transferred \$2,000,000.00 from the City's parking system to the City in the 2011 fiscal year ("FY 2011");

Whereas, The DDA's gratuitous transfer in FY 2011 obviated the need for the City to make substantial service reductions across all city departments;

Whereas, Since May 2010 the DDA and the City have negotiated in good faith the terms an agreement intended to supersede the 1992 Agreement ("New Agreement");

Whereas, The City's Mutually Beneficial Committee has reached consensus with its negotiation partner, the DDA's Mutually Beneficial Committee, on nearly all the terms of the draft New Agreement;

Whereas, The City's Mutually Beneficial Committee has not reached consensus with its negotiation partners, the DDA's Mutually Beneficial Committee, on the annual amount of funds to be transferred by the DDA to the City in consideration of the revenue benefit realized by the DDA through its management of the City's parking system;

Whereas, The DDA's Mutually Beneficial Committee has proposed that the DDA transfer 16% of the DDA's gross parking revenue to the City during the full term of the New Agreement ("DDA's Proposal");

Whereas, The City's Mutually Beneficial Committee has proposed that the DDA transfer 18% of DDA's gross parking revenue during the ten years of the New Agreement ("City's Proposal");

Whereas, The City Administrator has developed a Budget for the 2012 fiscal year ("FY 2012") based upon the City's Proposal;

Whereas, The City Administrator has reported to the City Council that the adoption of the DDA's Proposal would necessitate the permanent reduction of an additional 4 Safety Services FTEs in FY 2012 and an additional 2 Safety Services FTEs In FY 2013;

Whereas, The DDA, based upon the assumptions contained in its 10-year plan, maintains that the adoption of the City's Proposal rather than the DDA's Proposal would result in a reduction of the DDA's fund balance from a nadir of 10.9% of budget to a nadir of 7.8% of budget; and

Whereas, The City's Mutually Beneficial Committee desires to receive instruction from the City Council as to the financial terms according to which it should continue to negotiate;

RESOLVED, That the City Council instructs the City's Mutually Beneficial Committee to continue negotiations with the DDA's Mutually Beneficial Committee toward the completion of the New Agreement on the basis of the City's Proposal.

Sponsors: Taylor, Hohnke, Teall

As Amended by Ann Arbor City Council on April 19, 2011