



TO: Mayor and Council

FROM: Howard S. Lazarus, City Administrator

CC: Jim Baird, Police Chief
Derek Delacourt, Community Services Area Administrator
Nick Hutchinson, City Engineer
Brett Lenart, Planning Manager
Robyn Wilkerson, Human Resources Director

SUBJECT: Council Agenda Responses

DATE: 12/19/16

CA-1 - Resolution to Approve Professional Services Agreement with Varnum LLP, for Legal Services Relative to MPSC Case No. U-18091 (\$48,000.00) and to Appropriate Funds (\$48,000.00) (8 Votes Required)

Question: If the proposal DTE submitted to the MPSC is approved as proposed, roughly what would be the impact to the \$500K in revenues the city now receives from DTE? (Councilmember Lumm)

Response: Discovery in the proceeding is ongoing and the record as to what DTE is proposing is not yet complete. However, based on DTE's initial filing, testimony, and responses to discovery to date, in addition to revisions to the rate calculations, DTE's proposal contains significant uncertainties as to whether DTE will commit to purchase power from the City in the future, whether DTE would require the City to become a "full service" customer of DTE for all of the City's electric purchases (thereby excluding purchases from alternate providers), and whether DTE would purchase power from the City if the City did not meet DTE's standard of proof (not necessarily an objective standard) that the City's hydro plants are new or the equivalent of new plants. DTE's testimony and discovery responses also do not address fully DTE's analysis regarding power purchased from hydro generation facilities. In other words, there are too many uncertainties at this time to respond definitively to the question.

A big issue is that we may not have a long-term guarantee of purchase from DTE, which significantly impacts any return on investments that we make to keep the hydro plants in service.

Question: What other communities in Michigan sell electricity to DTE and would be impacted similarly to AA and are those communities also legally weighing in on this? (Councilmember Lumm)

Response: Ann Arbor is the only hydro generator that has chosen to intervene in the DTE case. However, on the Huron River both Ypsilanti Township and the French Landing dam in Van Buren Township sell hydro power to DTE.

Please be aware that the MPSC Order that required DTE to file this case also required a number of other providers to file cases (Alpena Power Co., Consumers Energy Co., Indiana Michigan Power Co., Northern States Power Co., Upper Peninsula Power Co., Wisconsin Public Service Co., Wisconsin Electric Power Co., and Thumb Electric Cooperative). All of those cases are proceeding in parallel at the MPSC, and the Commission most likely will be seeking to make consistent decisions in all of the cases. In the Consumers Energy case, a group of independent power producers that generate and sell hydropower to Consumers Energy has intervened in the case. The group includes Kent County and the City of Beaverton. Varnum LLP also represents that group.

CA-3 – Resolution to Approve Amendment #1 to the Professional Services Agreement with Rowe Professional Services Company for General Civil Engineering and Surveying Services (\$30,000.00)

Question: Can staff provide information as to the specific job assignments that require the additional fees? (Councilmember Smith)

Response: Under the general services contract ROWE was requested to perform the engineering design for the Scio Church Road (Main to Seventh) Improvements project. This project is scheduled for construction in 2018, and is receiving Federal aid in the form of Surface Transportation Program (STP) funds. This requires plan submittal and bidding through MDOT. The extension to this contract will allow ROWE to complete the design work on this project and submit the final plans to MDOT in the Summer of 2017 in order to get the funding obligated in the Fall of 2017.

CA-4 - Resolution to Approve Contracts for the Rotary Club of Ann Arbor Universal Access Playground at Gallup Park with Penchura for Fabrication and Supply of the Playground Equipment (\$391,577.00), and with Michigan Recreational Construction, Inc. for Installation of Equipment and Associated Site Work (\$547,756.31), Appropriate Funds, and Amend the Project Budget for Construction (8 Votes Required)

Question: It's exciting to see these contracts coming to Council for approval. Assuming approval tonight, what is the expected timeline for construction of the playground equipment and the installation? (Councilmember Lumm)

Response: The playground equipment will be ordered immediately upon approval, as much of it is custom design and fabrication, requiring a longer lead time. Installation and construction will begin as soon as weather allows, with the majority of site work starting in May with an estimated completion date of July 30th.

CA – 5 - Resolution to Approve a Participation Agreement with Washtenaw County and the University of Michigan for the Acquisition and Maintenance of a Firearms and Force Options Simulator Training System and Appropriate Necessary Funds (\$50,833.00)(8 Votes Required)

Question: Will the simulator be available for other departments in the region to use? (Councilmember Warpehoski)

Response: Yes. AAPD, UMPD and WCSO have agreed to offer the simulator to other Washtenaw County agencies. There will be a small fee associated that will be used to offset maintenance costs for the three primaries.

CA – 7 - Resolution to Approve Contracts to J. Ranck Electric, Inc. (\$1,209,995.00) and Turnkey Network Solutions (\$1,036,759.00) for Fiber Optic Network Construction Services (RFP 973), and to Approve Appropriation of Funds (\$867,678.00) (8 Votes Required)

Question: What is the portion of the project on hold until 3rd party funding can be secured? What types of funding or what funders are envisioned for this funding? How will the decision not to complete this work affect the project? (Councilmember Warpehoski)

Response: The 3rd party funding is for non-City governmental entities that are currently utilizing the existing Comcast network, and for one new non-governmental entity (SPARK Central), that wish to utilize the new City Fiber Optics Network (A2 I-NET). The governmental entities are: AAATA, DDA, AA District Library, and U of M. These entities will be responsible for the capital cost to connect to the new City Fiber Optics Network (A2 I-NET).

The 3rd party work will not affect the construction of the City's new Fiber Optic Network (A2 I-NET). The 3rd party entities have been presented with their costs and have orally agreed to connect to the new City Fiber Optics Network (A2 I-NET). However, proper

Fiber Optic Sharing Agreements need to be approved by City Council for each and put in place before the work to connect these agencies can proceed. No final decision has been reached on whether non-governmental entities can use the A2 I-NET or other City facilities and what the standards or guidelines would be to open up those facilities to such non-governmental entities. The current plan is to connect the 3rd party entities as part of the original construction project.

If for any reason a 3rd party entity decides not to or cannot utilize the new City Fiber Optics Network (A2 I-NET), the work identified for that entity to connect will simply not be completed. Again, this would have no impact on completion of the Fiber Optic Network for the City's use.

Question: Can you please remind me what the funding sources are for the full \$3.65M project cost? Also, once the \$877K appropriation from the IT operating reserve is made, what will be the balance in the reserve? (Councilmember Lumm)

Response: Funding Sources for the project are:

- \$2,500,000.00 - Transfer of CTN Franchise fees to the General Capital Projects fund budget (00CP)
- \$877,677.00 – Information Technology department operating reserves
- \$274,890.00 – 3rd party funding sources (DDA, AAATA, AA District Library, U of M, SPARK Central)
- **Total -\$3,652,567.00**

As of the June 30, 2016 audit, the unrestricted operating reserve fund balance (not set aside for projects) is \$1,909,016.00. This will leave a remaining unrestricted operating reserve fund balance (not set aside for projects) of **\$1,031,339.00**, which is approx. 14% of expenditures.

CA-12 - Resolution to Approve the Renewal Contracts with Blue Cross Blue Shield of Michigan to Provide Health Care Coverage, Third Party Administrator Services and Excess Insurance Coverage to City Employees and Retirees and Their Dependents and Authorize the City Administrator to Execute the Necessary Documentation (\$1,442,114.00)

Question: How much have the BCBS administrative costs and costs for stop loss coverage increased for 2017? (Councilmember Lumm)

Response: The below fees/premiums are based on per contract (enrolled employee) per month. Administrative costs have increased by \$2.23 from 2016; Stop loss premiums have increased by \$4.37 from 2016. Below is a chart that captures rates from the previous few years. As we increase the stop loss deductible amount, the stop loss premium amount decreases.

	2014	2015	2016	2017
Base Administration Fee:	\$53.57	\$54.64	\$55.73	\$57.96
Stop Loss Premium:	\$29.65	\$30.08	\$20.10	\$24.47
Stop Loss Deductible Amount (Benefit)	\$275,000.00	\$300,000.00	\$350,000.00	\$350,000.00

B-1 - An Ordinance to Amend Chapter 55 (Zoning), Rezoning of 7.7 Acres from R1C (Single-Family Dwelling District) to R1E (Single-Family Dwelling District) WITH CONDITIONS, Weber Rezoning, 2857 Packard Road (CPC Recommendation: Approval - 6 Yeas and 1 Nays) (Ordinance No. ORD-16-20) (8 Votes Required)

DB-1 - Resolution to Approve the Weber Area Plan, 2857 Packard Road (CPC Recommendation: Approval - 6 Yeas and 1 Nays)

Question: Can you please clarify what approval of an area plan actually commits the developer to do and what it commits the City to as well? Also, the area plan cover memo continues to reference 56 units – can you please clarify/reconcile that with the 52 units in the conditional zoning? (Councilmember Lumm)

Response: The Area Plan doesn't commit the developer to a specific development. An Area Plan does commit the City to applying those ordinances and regulations that are in effect at the time of Area Plan adoption for a period of 3 years after its approval. The Area Plan functions as a general plan for development and subsequent site plan will be required prior to any construction permitting.

The original Area Plan and cover memo that accompanied the rezoning request to City Council included up to 56 units. Based on the feedback and dialogue with the City Council, the petitioner has revised the original area plan down to 52 units. A memo that summarizes this change and proposes possible amendments to Council's resolution is attached.

DC-5 - Resolution to Approve 2017 Council Rules

Question: Page 2 of the rules document indicates that the revision date is August 15, 2016. Recognizing that CM Warpehoski has provided potential amendments that we will

consider, I'm assuming there are no other new revisions imbedded in the rules that were attached, but can you please confirm that? (Councilmember Lumm)

Response: Councilmember Warpehoski's proposed amendment is the only known potential revision at this time.

DC -6 - Resolution Recommending a Nomination and Administrative Actions to the Downtown Area Citizens Advisory Council

Question: Can you tell me how often boards/commissions have bylaws, please? (Councilmember Frenzel)

Response: Most, but not all, standing City boards or commissions have bylaws. Some boards or commissions, including non-City bodies to which the City makes appointments, have their role and procedure governed by other documents or rules, such as agreements, articles of incorporation, charters, ordinances, statutes, resolutions, or regulations.

DC-7 – Resolution to Amend R-07-516 to Establish Preserve Areas with the City Park System

Question: What is the driver for this resolution and is there a specific problem/concern that it is intended to address? Also has PAC weighed in on this proposed change and what is Staff's position? (Councilmember Lumm)

Response: The Sister Lakes Stormwater Improvement Project in Dolph Park is a Capital Project that City staff have been actively working on for several months. As of this date, public engagement has started, concept designs have been preliminarily reviewed by staff, and public meetings have been scheduled.

During the most recent public meeting, the community brought resolution R-07-516 - "Resolution to Establish Preserve Areas Within the City Park System" to the attention of City Staff. This 2007 council resolution appears to prohibit any grading work in established preserve areas, including the Dolph Nature Area. The proposed Stormwater Improvement Project in Dolph Park would necessitate a large amount of earth movement and alterations to the landscape.

The driver for DC-7 is to allow for the construction of the Sister Lakes Stormwater Improvement Project in Dolph Park.

PAC has not had an opportunity to weigh in on this resolution, but has been briefed multiple times on the Sister Lakes project and has written a resolution in support of the proposed water quality project.

Staff are supportive of amending resolution R-07-516, with the suggestion any construction, development, grading or other improvement to areas designated as

Preserves first be reviewed by the Natural Area Preservation Manager, and then sent to PAC for recommendation.

DS-1 - Resolution to Approve First Amendment to Professional Services Agreement with Bodman, PLC, for Legal Services Relative to 1,4-Dioxane from Gelman Sciences, Inc., dba Pall Life Sciences (\$100,000.00)

Question: Has the initial not to exceed \$25K been spent and can you please confirm that Bodman PLC provides detailed hourly billings and that the City Attorney's Office reviews those invoices? (Councilmember Lumm)

Response: The initial amount of the contract has been used. All bills are reviewed by the Attorney's Office. Invoices are by hourly billing.

MEMORANDUM

TO: Mayor and City Council

FROM: Brett Lenart, Planning Manager

SUBJECT: A Resolution to Approve the Weber Area Plan, 2857 Packard Road

DATE: December 19, 2016

After first reading of the proposed rezoning of 2857 Packard Road, the petitioner revised the proposal to request the rezoning be conditional. In responding to comments raised by City Council, the petitioner also reduced the maximum number of proposed lots from 56 to 52.

An updated Area Plan has been provided to City Council with the proposed Conditional Rezoning. Updates that reflect the changes to the Area Plan in the resolution are proposed here if rezoning is approved prior:

Whereas, Peters Building Company has requested area plan approval in order to develop 52 lots located at 2857 Packard Road;

Whereas, The Ann Arbor City Planning Commission, on September 7, 2016 recommended approval of the petition pursuant to Chapter 57, Section 5:121;

Whereas, The development would comply with all applicable local, state, or federal laws, ordinances, standard and regulations;

Whereas, The development would limit the disturbance of natural features to the minimum necessary to allow a reasonable use of the land;

Whereas, The development would not cause a public or private nuisance and would not have a detrimental effect on the public health, safety and welfare;

Whereas, The proposed uses or other uses permitted under the associated amendment to R1E (Single-Family Dwelling District) with conditions are compatible with the City's adopted plans and policies.

RESOLVED, That City Council approve the Weber Area Plan dated October 25, 2016.

Cc: Howard Lazarus, City Administrator
Jacqueline Beaudry, City Clerk
Derek Delacourt, Community Services Administrator
Kevin McDonald, Senior Assistant Attorney
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