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TO: Mayor and Council

FROM: John Fournier, Acting City Administrator

CC: Craig Hupy, Public Services Area Administrator  
Nick Hutchinson, City Engineer  
Marti Praschan, Financial & Administrative Services Manager/CFO  
Missy Stults, Sustainability & Innovations Manager

SUBJECT: October 4, 2021 Council Agenda Responses

DATE: September 30, 2021

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**CA-5 – Resolution to Approve a Construction Contract with Granite Inliner, LLC for the Nichols Arboretum Sanitary Sewer Lining Project (\$1,734,293.00) (ITB 4686)**

**Question:** Since 2010 what are the dates and amounts of raw sewage overflow as a result of failure in the network of piping that is targeted to be re-lined with this contract? (Councilmember Ramlawi)

**Response:** Please see table below.

Date(s)	Volume Discharged	Location	Reason for Discharge	Addressed by Lining Contract?
12/24/2012	1000 gallons	Lateral	Tree Roots	Yes
8/29/2013	n/a	Lateral	Tree Roots	Yes
02/02/2014	n/a	Sanitary Interceptor (large pipe)	Failed joint	No – not in laterals (addressed in a previous lining contract)
5/16/2017	100	Sanitary Interceptor (large pipe)	No - Contractor Performance (pump failed)	No - Contractor Performance No – not in laterals
6/10/2018	~300,000 gallons	Sanitary Interceptor (large pipe)	Contractor Error	No - Contractor Performance No – not in laterals
5/9/2019	1,800 gallons	Lateral	Sewer blockage of gravel	No - Third Party Actions
2/18/2020	500 gallons	Lateral (UM-owned)	Debris/tree roots	Yes
3/14/2020	450 gallons	Lateral	Debris/tree roots	Yes
4/1/2021	500 gallons	Lateral	Tree roots	Yes
5/10/2021	600 gallons	Lateral	Tree roots	Yes

**Question:** What were the fines assessed against the city with each incident of sewage overflow since 2010? (Councilmember Ramlawi)

**Response:** No fines were assessed directly for each instance of sewage overflow.

**Question:** Will the complete network of piping be re-lined within the area of the Arb? If not, what percentage of the existing network of pipes will be left to address? (Councilmember Ramlawi)

**Response:** This contract with Granite InLiner will complete all of the necessary lining for the local sanitary sewer (smaller diameter) pipes within the Arboretum. A lining project to address the larger interceptor pipe (Southside Interceptor Rehabilitation - Phase 5 is proposed in the Capital Improvements Plan (CIP) in future years. The City has recently inspected this section of the interceptor pipe and has found that the pipe does not need immediate corrective action. Staff will continue to monitor and inspect this pipe as a part of the City’s Asset Management Plan. Once this future project is complete, all city-owned sanitary sewers in the Arboretum will be lined, thus prolonging the life of the sanitary sewers substantially.

**Question:** Will the higher than anticipated costs to complete this type of work become a major policy consideration for council as it prepares to adopt a new 2 year budget? (Councilmember Ramlawi)

**Response:** No. The proposed Capital budget will address and include any cost modifications with the increase in construction costs.

**Question:** Whereas, we will become unable to maintain minimum replacement needs of our infrastructure as higher than anticipated contract costs are challenged with revenue streams that do not keep pace? (Councilmember Ramlawi)

**Response:** No. Preventive Maintenance, as directed by the City's Asset Management Program, is a driver in how rates are set with respect to necessary revenue. Also, prices for this type of work have been high recently due to material shortages. Staff anticipates prices stabilizing in the near future once supply issues have been resolved.

**Question:** The staff memo notes, "*Plans and specifications were advertised through BidNet (ITB No. 4686). One bid was received and opened on August 10, 2021. This bid was submitted by Granite Inliner, LLC in the amount of \$ 1,734,293.00 which was higher than the engineer's estimate of \$1,114,485.00. Staff has reviewed the bid, and believes the prices reflect the current bidding environment as well as the difficult nature of the work.*" I appreciate that staff has reviewed the price and determined that the price of this bid is warranted. However, I would like to learn more about what factors staff believes resulted in this contract having only one bid. (Councilmember Briggs)

**Response:** This project is located in a challenging area to work in. The work is occurring within easements between residential properties and in wooded areas, making access for construction more challenging and thus affecting the price and the number of bidders willing to take it on. There is also anecdotal evidence that suggests that many contractors are struggling to hire workers, thus resulting in fewer crews and less availability. Prices have also been affected recently by material shortages.

**Question:** I have noticed a few other items on our agenda recently that are significant public services projects with only one bid. Is this an issue affecting other communities in the region? (Councilmember Briggs)

**Response:** Anecdotally yes, other communities are experiencing similar drops in bid responses. In addition to labor challenges, generally speaking, construction work in the public sector is not as attractive to contractors as private sector work. Public entities typically require more stringent bidding documentation and reporting requirements.

**Question:** Are there additional steps our community could be taking to increase the number of responsible bidders responding? (Councilmember Briggs)

**Response:** There is a level of anticipation with the pandemic potentially starting to wind down that bid responses may get back to pre-pandemic levels. Theoretically, the more difficult the bidding and compliance process is the less likely it is that we will receive multiple responsible bids. However, those considerations must also be weighed against the Council's public policy objectives. It is also too early to tell whether the city's new ITB processes passed by Council are having an impact on bidding activity.

**Question:** Do we have data about how responsiveness to our bids has shifted over time? (Councilmember Briggs)

**Response:** Please see attached data table “SewerBidAnalysis.” Looking at “sewer” construction projects alone our pre-pandemic response rate averaged 3.46 per ITB. Since May 2020, the City is experiencing an average “sewer” bid response rate of 3 per ITB.

### **CA-8 – Resolution to Assess Certain Delinquent Municipal Utility Charges as a Tax and Ordering Collection Thereof**

**Question:** Is it possible to estimate the average relief that barrier busters grants to eligible applicants (e.g. is it more or less than 50% of what is owed)? (Councilmember Disch)

**Response:** During the first two quarters of 2021, the total amount of average need per household was \$929.06, with \$735.79 (79%) of the relief coming from Barrier Busters, and \$193.23 (21%) coming from other leveraged sources.

**Question:** Is there any fund that provides relief specifically for businesses? (Councilmember Disch)

**Response:** Barrier Busters screening is done by social service partners who’s focus is on individuals and families. Emergency assistance funding received from local municipalities and foundations have been exclusively for families, not for businesses.

**Question:** What would be the implications to the City budget of forgiving some portion of these charges for individuals or commercial users who owe in excess a certain threshold that staff could determine (e.g. lower for individuals than for commercial users)? (Councilmember Disch)

**Response:** Forgiveness of some portion of the outstanding utility charges would result in financial implications to the General Fund. Forgiveness would necessitate the General Fund to reimburse the appropriate Utility Fund for the portion of the user charges. Specific implications would depend on the amounts determined and could result in cuts in other service levels. Of greater concern than the budgetary issues would be the legal implications of a direct contribution to the utility fund for the benefit of only some rate payers which may be problematic considering the city’s utility accounting and rate setting requirements under Bolt. Before the Council considers such an action the City Attorney’s Office should provide legal guidance.

**Question:** Would it be possible to use the federal relief money--if the legislature ever releases it to us--to forgive some portion of these charges? (Councilmember Disch)

**Response:** Specific federal relief funding has not been identified for forgiving utility user charges; however, various assistance programs are available for customers experiencing difficulty including Barrier Busters, [www.mi211.org](http://www.mi211.org) or customers can apply for State Emergency Relief [here](#) or by calling 855-275-6424. Of greater concern than the budgetary issues would be the legal implications of a direct contribution to the utility fund for the benefit of only some rate payers which may be problematic considering the city's utility accounting and rate setting requirements under Bolt. Before the Council considers such an action the City Attorney's Office should provide legal guidance.

**CA-9 – Resolution Levying Certain Delinquent Municipal Solid Waste, Board Up, Clean Up, Vacant Property Inspection Fees, Housing Inspection Fees, and Fire Inspection Fees as Special Assessments and Ordering Collection Thereof**

**Question:** I noticed some pretty large fees for unpaid commercial waste collection. Were these businesses open and generating waste for the period during which the charges were incurred? Did they have an option to suspend their service if they were not operating? (Councilmember Disch)

**Response:** Customers always have the option to reduce, suspend, or cancel their solid waste services by notifying customer service. All the charges being proposed to go to tax roll were charges for services provided and due between 10/1/20 and 3/31/2021; therefore ample time has been allowed for notifications of any changes due to COVID. Based on a review of the accounts, a few of the businesses subsequently have closed; however, the businesses appear to have been open and generating waste during the period.

It should be noted that prior to the pandemic we would collect delinquent accounts involving dumpsters by removing the dumpster for non-payment. That collection approach was suspended with the onset of the pandemic and has not been re-started. Suspending that approach does contribute to some of the higher balances.

**C-1 - An Ordinance to Add Chapter 104 (Energy and Water Benchmarking) to Title VIII of the Code of the City of Ann Arbor**

**Question:** I know that staff has worked with commercial and multifamily property owners in the development of this ordinance and plans to continue to offer support if this ordinance is adopted, however that process isn't documented in the materials provided on Legistar. Could staff briefly outline what has been done to engage and incorporate feedback from property owners in the development of this ordinance and what support is anticipated moving forward. (Councilmember Briggs)

**Response:**

In response to the question on what stakeholder engagement has taken place and how feedback was incorporated into the policy:

City staff facilitated a Commercial Benchmarking Task Force that included building owners and property managers of commercial and multifamily buildings, energy service providers, the Ann Arbor 2030 District, DTE, the Housing Commission, and City staff of the building, planning, and IT departments. Starting with practices learned from dozens of cities with similar policies, the Task Force worked to define an opportunity, develop evaluation criteria, and [co-create policy recommendations](#).

Those policy recommendations were presented in a public Open House that was recorded and posted online. Feedback was collected live during the Open House and through a public survey posted online. A public-facing website posted resources including the policy recommendations and summary information, along with an open email address to send comments or questions to. City staff also offered to co-host informational meetings with organizations or trade groups, and presented to the Main Street Area Association and met with property owners as requested. The feedback from public comment and internal staff review were incorporated into the policy, and a final version was presented to the Task Force for review.

In response to the question on what support is currently available and will be available to building owners to benchmark their buildings:

Energy benchmarking is a fast and easy process that uses a free online tool, ENERGY STAR Portfolio Manager. It takes one to two hours to complete an initial set up of a property, and minimal time to maintain, especially if energy and water consumption data is automatically transferred. City staff are prepared to provide support to building owners to begin benchmarking and to continue work to establish automatic data uploads to minimize the time and effort needed to benchmark.

The Ann Arbor 2030 District provides support to building owners to begin benchmarking their buildings, and City staff meet with the 2030 District regularly to coordinate efforts. The Ann Arbor 2030 District has secured additional support from a Project Team from the Graham Sustainability Institute in anticipation of supporting the first phase of buildings to benchmark their energy and water consumption prior to the first deadline of the ordinance. In addition, City staff intend to provide support activities such as trainings, “data jam” sessions, or a help desk to provide additional support. City staff anticipate demand for this support to peak in the months before and after the annual deadline.

The City is currently participating in a data access pilot with DTE to provide automatic energy consumption data transfers into ENERGY STAR Portfolio Manager. City staff have also been working to pilot automatic water consumption data transfer in anticipation of this ordinance. While manual data entry into ENERGY STAR Portfolio Manager is feasible and scalable across building portfolios, automating the process will continue to minimize the time and effort needed for building owners to both comply with the ordinance and to access the data they need to make informed energy investments. It will be a priority of City staff to secure these capabilities.

Invitation to Bid Analysis - "Sewer" Construction					
Publication Year	Publication Month	ITB#	ITB Title	Bids Rec'd	Comments
2016	April	4433	Ferdon Wells Storm Sewer Rehab	5	
	April	4438	Southside Interceptor Sewer Lining Project – Phase III	3	
	April	4441	2016 Sewer Lining Program	4	
	October	4461	Nichols Arboretum Sewer and Siphon Rehab	4	
2018	March	4524	2018 Water Main and Sanitary Sewer Projects	3	
	June	4526	Rock Creek Sanitary Sewer Repair	4	
	March	4527	Riverview Drive Sanitary Sewer and Water Main Replacement Project	1	
	May	4540	2018 Sanitary Sewer Lining Project	3	
	May	4541	Village Oaks/Chaucer Court Emergency Storm Sewer Overflow Project	4	
	November	4555	Riverview Drive Sanitary Sewer and Water Main Extension Project	3	
2019	January	4567	Southside Sanitary Sewer Diversion Chamber Project	3	
	May	4589	High Level Trunkline Sanitary Sewer Rehab	3	
	August	4600	High Level Trunkline Sanitary Sewer Rehab	5	Pre-Pandemic
Average Bid Response				3.4615	
2020	May	4633	Southside Interceptor Sewer Lining Phase V	1	
	September	4642	Southside Interceptor Sewer Lining Project – Phase VI	5	First ITB issued with RCP elements
	September	4643	2020 Sewer Lining Project	4	
	December	4651	Swift Run Sewer Lining Project	4	
2021	July	4686	Nichols Arboretum Sanitary Sewer Lining	1	
	Average Bid Response				3