

Ann Arbor City Council Regular Session: February 6, 2012  
 Email Redactions List Pursuant to Council Resolution R-09-386

<u>Sent Time</u>	<u>Received Time</u>	<u>To</u>	<u>From</u>	<u>CC</u>	<u>Redactions</u>	<u>Reason for Redaction</u>
7:27 PM	7:27 PM	Taylor, Christopher	ypsijake		email	Privacy

## Corts, Carynne

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**From:** Briere, Sabra  
**Sent:** Monday, February 06, 2012 8:29 PM  
**To:** Beaudry, Jacqueline  
**Subject:** FW: amendments to the 4-part agreement  
**Attachments:** AMENDMENTS Public Transportation Agreement as proposed for 2-6-1012.docx

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**From:** Briere, Sabra  
**Sent:** Monday, February 06, 2012 6:42 PM  
**To:** \*City Council Members (All)  
**Cc:** Agenda, Administrator; Agenda, Attorney; Agenda, Clerk; Fales, Mary Joan  
**Subject:** amendments to the 4-part agreement

Dear colleagues,

Mary Fales offered improved text. I've included it in the attached. These are the amendments I will offer tonight.

*Sabra Briere  
First Ward Councilmember  
(734)995-3518 (home)  
(734)277-6578 (cell)*

**PUBLIC TRANSPORTATION AGREEMENT among the following:**

AATA: Ann Arbor Transportation Authority Ann Arbor: City of Ann Arbor 2700 South Industrial Highway 301 E. Huron Street Ann Arbor, Michigan 48104 Ann Arbor, Michigan 48107 Attention: Michael Ford Attention: City Administrator

Ypsilanti: City of Ypsilanti County: Washtenaw County One South Huron Street 220 North Main Ypsilanti, Michigan 48197 Ann Arbor, Michigan 48107 Attention: City Manager Attention: County Administrator

1. Acknowledged Facts. The Ann Arbor Transportation Authority (hereafter "AATA") was incorporated by the City of Ann Arbor (hereafter "Ann Arbor") for the purpose of acquiring, owning, operating, or causing to be operated a mass transportation system under the provisions of Public Act 55 of 1963. AATA and Ann Arbor are parties to a certain agreement which sets forth the operational relationship between them and which specifically provides the agreement shall remain in full force and effect until mutually terminated. The City of Ypsilanti has contracted with AATA for transportation services for many years and recently approved a Charter Amendment dedicating certain tax revenue for transportation purposes. The above named parties are planning for countywide public transportation by creating a new authority under Act 196 of 1986 ("New TA"). The New TA, in partnership with the other above named parties, would succeed to the public transportation system currently operated by AATA under the terms of this Agreement and Section 11 of Act 196 of 1986 only when all contingencies of the Agreement are met.
2. Authority Formation. The County, upon the AATA's written request, will create a new Act 196 authority by approving, signing and filing articles of incorporation ("Articles") in substantially the form attached as Exhibit A. Prior to the submission of any request by AATA to County to initiate formation of a public authority all of the following must occur: (i) AATA will publish details of the service and funding plan in newspaper(s) of general circulation in the Washtenaw County, (ii) the Articles of Incorporation in the form presented for approval by the County shall be separately adopted by Ann Arbor and Ypsilanti by affirmative vote of the respective governing bodies. No transfer of assets to the New TA from AATA shall occur unless and until all contingencies stated in Section 4 of this Agreement and any and all conditions which may be established in the Articles of Incorporation have been met.
3. City Transportation Millages.
  - a. After all of the Section 8 contingencies to Closing are satisfied, Ann Arbor agrees to designate the New TA, as successor to AATA, as the contracting agency for use of the 2.5 mills tax levy under Section 8.18 of the Ann Arbor City Charter and allocated the tax levy in its entirety to AATA at the 2012 millage rate or as adjusted by State of Michigan statute less a municipal service charge of one percent (1%) of the annual millage to be negotiated by the City Administrator, of which the portion of the service charge for the collection of any tax levy shall not exceed the allowable maximum under statute for tax administration fees at the time of the collection of taxes.
  - b. After all of the Section 8 contingencies to Closing are satisfied, Ypsilanti agrees to transfer its

full respective transportation millages, less a municipal service charge ~~of one percent (1%) to be negotiated by the City Administrator, of which the portion of the service charge for the collection of any tax levy shall not exceed the allowable maximum under statute for tax administration fees~~ at the 2012 millage rate or as adjusted by State of Michigan statute to the New TA effective when the New TA succeeds to AATA's public transportation services.

1. Transfer of Assets. After all of the Section 8 contingencies to Closing are satisfied, AATA will transfer to New TA at closing all assets then owned by AATA, including, without limitation, all rights to the names "Ann Arbor Transportation Authority". New TA will accept the transfer of those assets subject to all obligations and liabilities regarding those assets existing at the time of the transfer.
2. Assumption of Liabilities. After all of Section 8 contingencies to Closing are satisfied, New TA will assume at closing all liabilities of AATA existing at the time of closing.
3. Indemnification. AATA and its successor-in-interest The New TA shall indemnify and hold Washtenaw County, the Cities of Ann Arbor and Ypsilanti, their elected and appointed officials, employees, agents and volunteers harmless from and against all actions, liabilities, demands, costs and expenses, including court costs and attorney fees, which may arise due to their respective negligent, grossly negligent and/or intentional acts or omissions under this Agreement, and transfer or assumption required under this Agreement once the New TA is operational. This provision shall survive termination or expiration of this Agreement. Nothing in this Section has the effect of waiving the defense of governmental immunity available to an indemnifying party under applicable law as to the acts or omissions of 3<sup>rd</sup> parties.
4. Full Faith and Credit. The parties agree that Washtenaw County shall not be required, by virtue of its action in creating the New TA, to provide its full faith and credit for any project undertaken by the New TA. The parties further agree that the Cities of Ann Arbor and Ypsilanti shall not be required to, and do not by virtue of execution of this Agreement, pledge their respective full faith and credit for any project assumed by the NEW TA at Closing or undertaken by the New TA thereafter when operational.
5. Contingencies to Closing. The closing of the transfer of assets and assumption of liabilities by the NEW TA is contingent upon all of the following occurring on terms acceptable to all parties:
  - a. The creation of New TA by Washtenaw County.
  - b. AATA and New TA obtaining all necessary approvals for the transfer of assets and assumption of obligations and liabilities, including approvals that may be required from federal and state agencies, or other lenders who provided funding for those assets and consents from parties to contracts with AATA.
  - c. AATA taking such necessary actions by its governing body to terminate its operational agreement with Ann Arbor effective at closing.
  - d. In exchange for the mayor's nomination with council confirmation, of seven directors of New TA's board, annual submission to Ann Arbor of the AATA's proposed budget and yearly audit and the New TA's agreement to apprise Ann Arbor City Council and solicit Council's advice prior to making major long-term policy actions concerning mass transportation services and at a minimum, the continued level of services provided by its predecessor-in-interest AATA, Ann Arbor agrees (i) take such necessary actions by its governing body to terminate its operational agreement with AATA effective at closing; (ii) take such necessary actions by its governing body to authorize the execution and delivery of this Agreement and all documents and instruments contemplated by this Agreement, and the performance by Ann Arbor of the

obligations to be performed by it hereunder; and (iii) designate the New TA, as successor to AATA, as the contracting agency for use of the 2.5 mills tax levy under Section 8.18 of the Ann Arbor City Charter and allocated the tax levy in its entirety to AATA at the 2012 millage rate or as adjusted by State of Michigan statute less a municipal service charge ~~of one percent (1%)~~ to be negotiated by the City Administrator, of which the portion of the service charge for the collection of any tax levy shall not exceed the allowable maximum under statute for tax administration fees of the annual millage at the time of the collection of taxes upon transfer from an Act 55 to an Act 196 authority.

e. In exchange for the City of Ypsilanti mayor's nomination with council confirmation, of one director of New TA's board, the new TA agreement to apprise and solicit the Ypsilanti City Council's advice prior to making major long-term policy actions concerning mass transportation, and at a minimum, the continued level of services provided by its predecessor-in-interest, AATA the City of Ypsilanti agrees to pay its charter transportation millage at the 2012 millage rate or as adjusted by State Statute to the New TA upon transfer from an Act 55 to an Act 196 authority.

f. Authority-wide voter approval before December 31, 2014, of a New TA Act 196 funding source adequate to fund ongoing operations of New TA. Any ballot question submitted to the voters of the City of Ann Arbor and/or the City of Ypsilanti shall clearly identify the new funding as additional to the existing millage.

9. Ann Arbor Approval. Notwithstanding anything in this Agreement to the contrary, if voters in the City of Ann Arbor fail to approve the NEW TA Act 196 funding source, regardless of whether it is approved or not by the other voting jurisdictions, then the City shall have the right to (i) withdraw from this Agreement without penalty;

(ii) veto any attempted termination by AATA of the AATA-City operation agreement; and (iii) refuse to designate and/or assign its millage under Section 3(a).

1. Closing Date. The transfer of assets and assumption of liabilities will occur at a date, time and place agreed between AATA and New TA, but no later than October 1, 2015, given the clearance of all contingencies.
2. Public Transportation Services and Cooperation Before Closing. Before the closing, AATA retains full authority and control over the conduct of its business. AATA will reimburse New TA for reasonable business expenses incurred by New TA before closing, including expenses relating to New TA's formation and preparation to close this transaction.

## 12. Termination of Agreement.

a. Automatic Termination. This Agreement will terminate automatically if (i) Closing does not occur before December 31, 2015, or if (ii) after incorporation of the Authority and the expiration of the statutory withdrawal period from the public authority, the City of Ann Arbor is the only participating political subdivision in Washtenaw County in the New TA. It is recognized by all the parties that if either of these conditions occur the stated objectives of Act 196 and this Agreement will not have been met and the Agreement shall be null and void.

b. Discretionary Dissolution or Withdrawal Conditions. The Washtenaw County Board will also be allowed to dissolve the New TA if there is no Authority-wide voter approved funding passed before December 31, 2014, or voter approval passes Authority-wide but the same is defeated in the City of Ann Arbor. The City of Ann Arbor may also withdraw from the agreement using any of the methods authorized by MCL 124.458.

c. Effective Date, Continuity of Services. No such termination or dissolution shall be effective unless and until provision for continued transportation services to Ann Arbor and Ypsilanti is in place, operational and all liabilities on the New TA have been satisfied.

13. General Provisions.

a. Notices. Any notice required or permitted under this agreement is deemed given either upon personal delivery or within two business days after mailing by U.S. first-class mail, postage prepaid, to the parties at their respective addresses shown on this agreement's first page.

b. Assignment. No party may assign any of its rights or delegate any of its duties under this agreement without the prior written consent of the other parties.

c. Choice of Law: This Agreement shall be governed and construed in accordance with the laws of the State of Michigan

d. Entire Agreement and Amendment. This agreement contains the entire agreement among the parties with regard to its subject matter, supersedes all previous understandings, and may be amended only in writing signed by all parties and approved by the board of each party.

ANN ARBOR TRANSPORTATION  
AUTHORITY (AATA)

Dated: , 2012 By: Michael Ford, Chief Executive Officer

CITY OF ANN ARBOR

Dated: , 2012 By: John Hieftje, Mayor

By: Jacqueline Beaudry, City Clerk Approved as to substance

Steven D. Powers, City Administrator

Approved as to form

Stephen K. Postema, City Attorney

, 2012

CITY OF YPSILANTI By: Paul Schreiber,  
Mayor By: Frances McMullen, City Clerk

Dated: ATTESTED

TO:

City Administrator APPROVED AS TO  
FORM:

WASHTENAW COUNTY By: Conan  
Smith, Board Chair

John Barr, City Attorney Dated: , 2012  
ATTESTED TO: Lawrence Kestenbaum  
County Clerk/Register APPROVED AS TO  
FORM: Curtis N. Hedger Office of  
Corporation Counsel

## Corts, Carynne

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**From:** Michael Ford [MFord@theride.org]  
**Sent:** Monday, February 06, 2012 8:09 PM  
**To:** Briere, Sabra  
**Subject:** Re: proposed amendments to discuss tonight - 4-party agreement

Thanks

*Connected by DROID on Verizon Wireless*

-----Original message-----

**From:** "Briere, Sabra" <[SBriere@a2gov.org](mailto:SBriere@a2gov.org)>  
**To:** Sarah Pressprich <[SPressprich@theride.org](mailto:SPressprich@theride.org)>, Michael Ford <[MFord@theride.org](mailto:MFord@theride.org)>  
**Sent:** Mon, Feb 6, 2012 22:48:00 GMT+00:00  
**Subject:** FW: proposed amendments to discuss tonight - 4-party agreement

sorry! I should have sent this earlier. My fault.

*Sabra Briere  
First Ward Councilmember  
(734)995-3518 (home)  
(734)277-6578 (cell)*

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**From:** Briere, Sabra  
**Sent:** Mon 2/6/2012 12:41 PM  
**To:** \*City Council Members (All)  
**Cc:** Agenda, Administrator; Agenda, Attorney; Agenda, Clerk  
**Subject:** proposed amendments to discuss tonight - 4-party agreement

Dear colleagues,

Attached are a few proposed amendments to the 4-party Agreement. Please ask any questions regarding these directly to me.

I've also attached an excerpt of PA196 for your files, as I've referred to it.

Sabra

*Sabra Briere  
First Ward Councilmember  
(734)995-3518 (home)  
(734)277-6578 (cell)*



## Corts, Carynne

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**From:** Higgins, Marcia  
**Sent:** Monday, February 06, 2012 8:02 PM  
**To:** \*City Council Members (All)  
**Subject:** FW: Retiree Healthcare Memo - Budget Committee  
**Attachments:** VEBA Funding Issues - Budget Committee.pdf; retiree health table.pdf

Council,  
For you review prior to our work session next Monday.  
Take care,  
Marcia

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**From:** Crawford, Tom  
**Sent:** Monday, February 06, 2012 5:22 PM  
**To:** Higgins, Marcia; Anglin, Mike; Briere, Sabra; Lumm, Jane; Taylor, Christopher (Council)  
**Cc:** Powers, Steve  
**Subject:** Retiree Healthcare Memo - Budget Committee

Committee,

At the last budget meeting the committee requested a memo describing staff's recommendations regarding how retiree healthcare costs are allocated. Attached is the memo. Please note that this is a complicated topic and I will be available at the 2/13 working session to answer additional questions.

Also as a reminder, below is calendar of events for the budget:

2/13 – Working Session (Budget Overview, strategy, and police impacts)

2/27 – Working Session, if necessary (additional time service impacts)

3/12 – Working Session (Fire and other organizational impacts)

3/26 – Working Session, if necessary (additional time service impacts)

4/16 – City Administrator Recommended Budget

5/7 – Public Hearings on Budget and Fee Changes

5/21 – Council consideration of the Budget

Tom



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TO: Council Budget Committee

CC: Steve Powers, City Administrator

FROM: Tom Crawford

DATE: February 6, 2012

SUBJECT: VEBA Funding and Allocations

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At the Committee's December meeting, staff was asked to provide a memo describing the retiree healthcare allocation methodology change. Since that time, the City has received the VEBA (Voluntary Employee Beneficiary Association) actuarial report as of June 30, 2011. The receipt of this report has raised an additional policy issue for discussion. Following is a brief summary of the two issues which I will be available to discuss in greater detail at the February 13<sup>th</sup> Council working session.

#### **Issue #1-Funding Level**

Background: The City charges the various city service units for retiree healthcare claims as well as contributions to pre-fund the VEBA. These amount are determined by the actuaries on an annual basis and is called the Actuarial OPEB (Other Post-Employment Benefits) Cost (AOC). The most recent actuarial report determined the City's AOC is now approx. \$12.4 mil. The City's planned cost for FY13 was \$15.3 mil.

The reduction is primarily due to:

- High investment return (28% last year) – the VEBA system assumes a 7% return so anything above that is beneficial. High investment returns reduce the plan's unfunded liabilities.
- Ordinance changes (Plan design) – recent collective bargaining agreements and ordinance changes reflect a plan design with lower City costs for active employees. These reduced costs also affect projected retiree healthcare costs for these active employees. In addition, employees hired after 7/1/11 have an access-only retiree healthcare plan which is a significant cost savings for the city compared with the traditional plan. These Plan changes reduce the city's normal cost going forward. The normal cost represents the portion of the AOC that is attributable to the future benefit cost that an active employee earns in exchange for a year's worth of service to the city.
- Lower claims experience – the city's claims experience has declined from previous levels. Lower claims reduce both actuarial unfunded liabilities and normal costs.

Staff Recommendation: Take \$2.5 mil. of the \$2.9 mil. city-wide savings and continue to contribute it to the VEBA to pay down the unfunded liability and reduce future expenditures.

Reasoning:

1. The \$2.9 mil. savings derives from the favorable convergence of the above three factors; however, they are volatile and could reverse in the future resulting in higher costs.
2. This is a unique opportunity given recent investment performance. If utilized to reduce future costs, it will contribute to creating a financially sustainable city organization.
3. Due to a settlement with the IRS regarding previous funding, the city will end up with a \$12 mil. OPEB obligation. Contributing the \$2.5 mil. to the VEBA will help address the OPEB obligation and hopefully pay it off in 5 years.
4. Historically the city's contribution to the VEBA has been substantially more than the retiree health benefit costs. The excess over the cost of claims contributes to pre-funding future benefits. Due to an increased number of retirees and the higher cost of medical care, the benefit expense is expected to exceed the AOC in the next couple of years. As this occurs the city will face a greater reliance on achieving the actuarial assumptions or face greater volatility in annual expenditures.
5. If the city had a VEBA funding policy that directed future city contributions would be based on the FY2012 level adjusted up/down for the percentage change in total General Fund revenues, the General Fund would achieve greater stability in financial planning and investing thereby reducing future volatility in expenditures.

Policy Highlights:

- Recognize the city has been collecting sufficient funds from the organization to pay the full AOC.
- Recognize the IRS settlement has resulted in repayment to the pension system, which in turn has created an OPEB obligation.
- Recognize a greater risk of volatility in the AOC expense due to the benefit costs exceeding the AOC.
- Recommend the city continue to collect sufficient funds from the organization to pay a minimum of the AOC based on the FY2012 budget level adjusted up/down for the annual percentage change in total General Fund revenue.
- Recommend the policy be re-visited in 3-5 years since investment and claims experience create volatility.

The second issue relates to how the organization collects the costs from each service unit. This process is driven by the methodology for retiree healthcare allocation.

**Issue #2-Allocation Method for Retiree Healthcare**

Background:

Initially the city, like most other communities, paid for retiree healthcare benefits with a pay-as-you-go method. This means that as claims came in for existing retirees in any given year, the claims were paid from that year's budget. For the past decade, the city has had an actuarial report prepared which determines the amount of funding needed to both pay for

existing claims as well as set aside funds in the VEBA to pay for future claims from all employees. In 2008, the city started consistently collecting sufficient funding to pay the AOC.

In 2010, the City settled an issue with the IRS that resulted in an OPEB obligation being created (estimated \$12 mil.). This obligation is over and above the city's typical Actuarial Required Contribution and needs to be paid-off.

The city collects funds to pay its AOC by charging each service unit for retiree healthcare. Historically this charge had two components: retiree healthcare claims expense (73% of AOC) and pre-funding (27% of AOC). Because the city knows which service unit each retiree worked in, each service unit was charged a per retiree cost to cover the claims expense. In addition, the pre-funding amount determined by the actuary was charged for all active employees.

This method worked well for the city until the plan design changed in 2011 so that all new hires after 7/1/11 have an access-only plan. This plan is much less expensive for the city. In trying to budget for the implementation of the new plan, the disadvantages of the existing method of allocation were highlighted (described more fully below under "Reasons for New Methodology").

Staff Recommendation: Adopt a new retiree healthcare allocation methodology that allocates the costs based on where the liability is generated. The breakdown is as follows:

1. The liability for future benefits for active employees because they worked in the service of the city for the past year (27% of AOC)
2. The unfunded liability for active employees who worked prior years but for which there are no funds previously set aside (16% of AOC)
3. The unfunded liability related to the future cost of benefits for existing retirees (40% of AOC)
4. The repayment of the Net OPEB obligation (17% of AOC)

Reason for New Methodology: With the changing environment, there are now several reasons why the city should consider changing its retiree healthcare methodology.

1. Individual service units would not see the cost savings in their service unit for employees hired under the new ordinance under the existing methodology, but service units will with the new methodology.
2. The city could adopt a true pre-funding methodology which is consistent with best practice funding principles instead of its recent modified pay-as-you-go funding method.
3. The recommended methodology aligns the cost of the benefit to where the liability is generated.

These are complicated topics that I'll be available to discuss further at the working session, but if you have questions in advance, please let me know so I can address them.

FY 2013 Projection-Before Allocation Change

FY 2013 Budget-Recommended



Fund	4239-Retiree Health Care		4238-VEBA Funding		2013 Budget Total		Revised Active			Cost (Savings)
	Health Care		Funding		Amount (a)	Employee Amount (b)	2013 Revised Plan Total			
0003-DDA	27,400	12,749	40,149		14,592	28,588	43,180		3,031	
0010-General	7,295,250	2,304,991	9,600,241		3,885,110	4,699,539	8,584,649		(1,015,592)	
0011-Central Stores	68,500	18,053	86,553		36,480	30,589	67,069		(19,484)	
0012-Fleet	164,400	77,764	242,164		87,552	185,677	273,229		31,065	
0014-Information Technology	123,300	149,411	272,711		65,664	263,722	329,386		56,675	
0016-CTN	13,700	55,002	68,702		7,296	150,086	157,382		88,680	
0018-Parks Millage		1,596	1,596		-	5,003	5,003		3,407	
0021-Major Streets	520,600	148,426	669,026		277,247	303,602	580,849		(88,177)	
0022-Local Streets	27,400	42,579	69,979		14,592	96,055	110,647		40,668	
0024-Park Acquisition		2,874	2,874		-	3,573	3,573		699	
0026-Construction Code	253,450	84,716	338,166		134,976	179,531	314,507		(23,659)	
0034-Parks Memorials		376	376		-	715	715		339	
0042-Water	945,300	332,367	1,277,667		503,423	752,286	1,255,709		(21,958)	
0043-Sewer	602,800	314,852	917,652		321,023	674,385	995,408		77,756	
0046-Market		4,678	4,678		-	16,152	16,152		11,474	
0047-Golf	54,800	24,668	79,468		29,184	61,321	90,505		11,037	
0048-Airport	95,900	15,523	111,423		51,072	12,150	63,222		(48,201)	
0049-Project Management	191,800	165,404	357,204		102,144	286,735	388,879		31,675	
0057-Insurance	54,800	22,610	77,410		29,184	54,317	83,501		6,091	
0058-Wheeler Center		2,306	2,306		-	3,573	3,573		1,267	
0059-Retirement System	41,100	15,388	56,488		21,888	23,585	45,473		(11,015)	
0061-Alternative Transportation		6,325	6,325		-	10,720	10,720		4,395	
0063-DDA Parking System		12,748	12,748		-	28,588	28,588		15,840	
0069-Stormwater	41,100	115,778	156,878		21,888	238,708	260,596		103,718	
0071-Parks Maintenance & Capital	137,000	121,909	258,909		72,960	250,000	322,960		64,051	
0072-Solid Waste	424,700	138,705	563,405		226,175	290,023	516,198		(47,207)	
00MG-Major Grants		4,354	4,354		-	-	-		(4,354)	
<b>Total (excl. Housing Commission)</b>	<b>\$ 11,083,300</b>	<b>\$ 4,196,152</b>	<b>\$ 15,279,452</b>	<b>73%</b>	<b>\$ 5,902,448</b>	<b>\$ 8,649,222</b>	<b>\$ 14,551,670</b>	<b>100%</b>	<b>\$ (727,782)</b>	

Notes:

(a) Retiree amount is reflective of the Unfunded Retiree Health Care Cost and is no longer based on the pay-as-you-go rate.

(b) Employee amount is reflective of three components: the normal cost of funding retiree health care for actives, the unfunded portion of retiree health care for actives, and an additional amount to pay down the OPEB obligation.

## Corts, Carynne

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**From:** Beaudry, Jacqueline  
**Sent:** Monday, February 06, 2012 7:52 PM  
**To:** Anglin, Mike; Derezsinski, Tony; Lumm, Jane; Chamberlain, Kathleen; Fales, Mary Joan; Welton, Ralph; Pfannes, Robert; Horning, Matthew; Pettigrew, Michael; Bowden (King), Anissa  
**Subject:** Agenda for tomorrow's liquor meeting  
**Attachments:** 2012-02-07 liquor committee agenda.pdf; 2012-01-24 liquor committee minutes.pdf; 312 s. main - melange bistro.PDF

Hi:

Attached are the agenda and other items for tomorrow's meeting.

See you at 1:30.

Jackie

### Jacqueline Beaudry, City Clerk

**Please Note: The City Clerk's Office has relocated back to City Hall.**

City Clerk's Office | Guy C. Larcom City Hall | 301 E. Huron, 2nd Floor · Ann Arbor · MI · 48104

734.794.6140 (O) · 734.994.8296 (F) |

[jbeaudry@a2gov.org](mailto:jbeaudry@a2gov.org) | [www.a2gov.org](http://www.a2gov.org)



Think Green! Please don't print this e-mail unless absolutely necessary.



# City of Ann Arbor

301 E. Huron St.  
Ann Arbor, MI 48104  
<http://a2gov.legistar.com/Calendar.aspx>

## Meeting Agenda Council Liquor License Review Committee

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Tuesday, February 7, 2012

1:30 PM

Ann Arbor Municipal Center, 301 E. Huron  
Street, 2nd Flr.

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CALL TO ORDER

APPROVAL OF AGENDA

APPROVAL OF MINUTES

**12-0196** Council Liquor License Review Committee - January 24, 2012

(City Clerk - Jacqueline Beaudry)

**Sponsors:** Council Liquor License Review Committee

**Attachments:** 2012-01-24 liquor committee minutes.pdf

ACTION ITEMS

**12-0185** Resolution to Approve a Request to Transfer Ownership of a 2011 Class C Liquor Licensed Business with a Dance Permit, Located at 312 S. Main, from 314 S. Main, L.L.C. to Mélange Bistro LLC, d/b/a Mélange Bistro

(City Clerk Services - Jacqueline Beaudry, City Clerk)

**Sponsors:** Council Liquor License Review Committee

OLD BUSINESS

**Annual Renewals**

NEW BUSINESS

INFORMATION/UPCOMING BUSINESS

ADJOURNMENT

# City of Ann Arbor

301 E. Huron St.  
Ann Arbor, MI 48104  
<http://a2gov.legistar.com/Calendar.aspx>



## Action Minutes

Tuesday, January 24, 2012

1:30 PM

Ann Arbor Municipal Center, 301 E. Huron Street, 2nd Flr.

Council Liquor License Review Committee



CALL TO ORDER

*The Chair, Tony Derezinski, called the meeting of the City Council Liquor License Review Committee to order at 1:42 p.m. in the City Council Chamber, 301 E. Huron Street.*

*City Clerk Jacqueline Beaudry, Fire Marshal Kathy Chamberlain, Sgt. Bob Pfannes of the AAPD, Ralph Welton, Chief Building Official, and Assistant City Attorney Mary Fales were in attendance.*

**Present:** 3 - Mike Anglin, Tony Derezinski and Jane Lumm

APPROVAL OF AGENDA

APPROVAL OF MINUTES

1. **12-0137** Council Liquor License Review Committee - November 18, 2011

**A motion was made by Councilmember Anglin, seconded by Councilmember Derezinski, that the Minutes be Approved by the Commission and forwarded to the City Council by 2/21/2012. On a voice vote, the Chair declared the motion carried.**

ACTION ITEMS

1. **12-0129** Resolution to Approve a Request to Transfer Ownership of a 2011 Class C Liquor Licensed Business with a Dance Permit, located at 226. S. Main, from Parthenon Gyros Restaurant, Inc. to Habana on Main, LLC, d/b/a/ Café Habana

**Sponsors:** Council Liquor License Review Committee

*Ralph Welton, Chief Building Official, requested that this resolution included a contingency on a final inspection and approval from Planning and Development once construction is completed. (It was agreed to add this contingency to the resolution prior to forwarding it on to City Council.)*

*The petitioner, Greg Lobdell, spoke about the project, as well as the plans to expand Blue Tractor at the former location of Cafe Habana.*

**A motion was made by Councilmember Anglin, seconded by Councilmember Lumm, that the Resolution be Recommended for Adoption by the City Council on 2/6/2012. On a voice vote, the Chair declared the motion carried.**

2. 12-0131 Resolution to Approve a Request to Transfer Ownership and Location of an Escrowed 2011 Class C Liquor Licensed Business with a Dance-Entertainment Permit, located at 403 E. Washington, from Maximum LLC to Savco LLC, d/b/a Babo by Sava

*Assistant City Attorney Mary Fales noted that the petitioner has outstanding parking tickets due to the City in the amount of \$100.00. She recommended that approval be contingent upon this payment to the City. The committee agreed that the resolution would be approved, contingent upon this payment and would be sent to City Council for approval only after the delinquency was settled.*

**A motion was made by Councilmember Lumm, seconded by Councilmember Anglin, that the Resolution be Recommended for Approval to City Council, contingent upon the petitioner's payment of \$100.00 in delinquent parking tickets. On a voice vote, the Chair declared the motion carried.**

OLD BUSINESS

1. Annual Renewal Process

*Assistant City Attorney Mary Fales recommended that the Committee pass a new resolution appointing Councilmember Derezinski as the Hearing Officer on behalf of the City Council and also that they pass a resolution setting fees for the use of court reporters during the annual renewal hearings.*

NEW BUSINESS

1. 12-0194 Resolution to Appoint Committee Member of the Council Liquor License Review Committee to Service as Hearing Officer for Liquor License Annual Renewal and Revocation Hearings

**Sponsors:** Council Liquor License Review Committee

**A motion was made by Councilmember Lumm, seconded by Councilmember Anglin, that the Resolution be Recommended for Adoption to the City Council by 2/6/2012. On a voice vote, the Chair declared the motion carried.**

2. 12-0195 Resolution to Establish Transcript Fee for City of Ann Arbor Non-Renewal and Revocation Liquor License Hearings

**Sponsors:** Council Liquor License Review Committee

**A motion was made by Councilmember Anglin, seconded by Councilmember Lumm, that the Resolution be Recommended for Adoption to the City Council by 2/6/2012. On a voice vote, the Chair declared the motion carried.**

INFORMATION/UPCOMING BUSINESS

*The committee decided that they would meet again on February 7, 2012 at 1:30 p.m. to discuss the next steps in the annual renewal process.*

ADJOURNMENT

*Seeing no further business before the Committee, the meeting was called adjourned at 2:40 p.m.*

CITY OF ANN ARBOR  
CITY CLERK

DEC 23 2011



City of Ann Arbor  
Office of the City Clerk  
100 N. Fifth Avenue  
Ann Arbor, MI 48104

TIME: \_\_\_\_\_ **CITY OF ANN ARBOR LIQUOR LICENSE APPLICATION**

*The undersigned requests approval of the City of Ann Arbor to transfer an on-premise licensed business and/or to add/delete partners in an on-premise licensed business in the City and provides the following information in connection with that request. The signer declares that the information recorded in this application is accurate to the best of his or her knowledge.*

Please check all that apply.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> TRANSFER OF OWNERSHIP OF ON-PREMISE LICENSED BUSINESS (\$1,000.00): | <input type="checkbox"/> DANCE/ENTERTAINMENT PERMIT (\$500.00)  |
| <input type="checkbox"/> TRANSFER OF LOCATION (\$500.00)  | <input type="checkbox"/> EXTENDED HOURS PERMIT (For Entertainment Purposes only) (\$500.00)                               |
| <input type="checkbox"/> CLASS A <input type="checkbox"/> CLASS B <input type="checkbox"/> CLASS C      | <input type="checkbox"/> ADDING OR DELETING SPACE (\$500.00)  |
| <input type="checkbox"/> RESORT <input type="checkbox"/> BREWPUB <input type="checkbox"/> BREWER        | <input checked="" type="checkbox"/> TRANSFER OF SDD AND/OR SDM (\$500.00 ea.) (In conjunction with an on-premise license) |
| <input type="checkbox"/> MICRO BREWER <input type="checkbox"/> WINE TASTING ROOM                        | <input type="checkbox"/> NEW SDD AND/OR SDM (\$500.00 ea.)  |
| <input type="checkbox"/> SMALL WINE MAKER   | <input checked="" type="checkbox"/> OUTDOOR SALES AND SERVICE (\$100.00)  |
| <input type="checkbox"/> BRANDY MANUFACTURER  |   |
| <input type="checkbox"/> ADDING OR DELETING PARTNERS(S) (\$500.00)                                      |   |

**Please answer all questions completely, indicating n/a where applicable. Do not leave blank spaces. Incomplete applications may be refused or require additional processing time.**

**NOTE:** As part of this application, PETITIONER MUST attach a copy of the complete application filed on his or her behalf for this license with the Michigan Liquor Control Commission. The application is not considered complete without the MLCC documents.

1. Full name and address of applicant(s), including aka(s): (Attach additional sheet if necessary).
- |   |                         |
|---|-------------------------|
| Name: Melange Bistro, LLC                 | Suite #: _____          |
| Address 3035 Washtenaw Ste A322           | City: _____             |
| Suite #: _____                            | State: _____ Zip: _____ |
| City: Ann Arbor                           | Phone No.: _____        |
| State: MI                      Zip: 48104 | Email: _____            |
| Phone No.: _____                          | aka(s): _____           |
| Email: _____                              |                         |
| aka(s): _____                             |                         |
| Name: _____                               |                         |
| Address _____                             |                         |

1. If the applicant is a corporation, give the corporate name and the names and addresses of the officers of the corporation: (Attach additional sheet if necessary).

Corporate Name: Melange Bistro, LLC

Address: 3035 Washtenaw

Suite #: A322

City: Ann Arbor

State: MI

Zip: 48104

Officers (Please List): Melange Bistro, LLC is owned by M & B Holdings, LLC, 75% and

Bella Melange, LLC, 25%. M & B Holdings, LLC is owned by Scott Burk, 49% and Jay Mullick, 51%.  
Bella Melange, LLC is owned by Christopher Wanke, 50% and Laura Wanke 50%.

Business Name (D.B.A.): Melange Bistro

If adding partners, list names and addresses of partners being added (Use separate sheet for additional partners.):

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Suite #: \_\_\_\_\_

Suite #: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

Zip: \_\_\_\_\_

Zip: \_\_\_\_\_

Phone # (if known): \_\_\_\_\_

Phone # (if known): \_\_\_\_\_

If deleting partners, list names and addresses of partners being deleted (Use separate sheet for additional partners.):

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Suite #: \_\_\_\_\_

Suite #: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

Zip: \_\_\_\_\_

Zip: \_\_\_\_\_

Phone # (if known): \_\_\_\_\_

Phone # (if known): \_\_\_\_\_

2. Name and location of establishment currently licensed:

Name: 314 S. MAIN, L.L.C. doing business as Melange Bistro Wine Bar

Address: 312 S MAIN, ANN ARBOR, 48104

Suite #: \_\_\_\_\_

City: Ann Arbor

State: MI

Zip: 48104

Phone # (if known): 734.222.0202

Personal Property Tax ID No. (If licensed in Ann Arbor): \_\_\_\_\_

Is this establishment currently operating?  Yes  No

Name of current license holder: (Include corporate name and business name (d.b.a.) if known).

Name: MELANGE BISTRO WINE BAR \_\_\_\_\_

Corporate Name: 314 S. MAIN, L.L.C. \_\_\_\_\_

Business Name: MELANGE BISTRO WINE BAR \_\_\_\_\_

d.b.a. (if known) MELANGE BISTRO WINE BAR \_\_\_\_\_

3. *If transfer involves relocation of the license, skip to question 4.*

Are renovations to the existing structure planned? Yes \_\_\_\_\_ No

If yes, detail plans, including estimated cost:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. If the transfer involves relocation of the license, list the address to which the license is to be relocated:

Address: \_\_\_\_\_ Suite #: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Will a building be constructed at the above address? \_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, list construction details (including type of building to be constructed, square footage to be licensed, seating to be available, anticipated construction period, estimated construction cost, etc.):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If no, are renovations planned for the existing structure?

Yes \_\_\_\_\_ No

Detail plans, including estimated cost:

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5. What other types of licenses/permits will be transferred and held in conjunction with the on-premise license? (e.g., Dance Permit, Entertainment Permit, Extended Hours Permit, SDM License, etc.)

SDM License, Sunday sales, Official Permit (food), Additional bar, Dance Permit, Outdoor Service Permit

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6. Detail plans for operation of the establishment to be licensed (e. g., nature of business, operating hours, number of employees, entertainment, dance, food, etc.):

European-Asian fusion, with an upscale restaurant and wine bar, hours of operation are Monday-Wednesday 4pm-12am, Thursday-Saturday 4pm-2am. Regularly closed on Sunday, open only on Sundays for special events. 7 full and 27 part time employees. Entertainment will be live music and DJ's. Menu is attached

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7. Do any of the applicants or their spouses operate or have a financial interest in any other establishment licensed by the Michigan Liquor Control Commission (in the case of a corporate applicant, this question applies to all owners/stockholders of the corporation)?

\_\_\_\_\_ Yes  No

If yes, give the name and location of the establishment, type of license, and financial interest of each individual so involved (use a separate sheet if more than one individual is involved):

Name: \_\_\_\_\_

Address: \_\_\_\_\_ Suite #: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Type of License: \_\_\_\_\_

Financial Interest: \_\_\_\_\_

8. Are any personal property, real estate taxes or any other obligation to the City owed by the current holder of the license?

Yes  No

Failure to report and pay these obligations may result in a delay in processing this application.

If yes, detail amount:

From what we have been told there is over \$29,000 overdue in Personal property taxes.

Personal Property or Real Estate Tax ID No.: 09-90-00-077-882

**Note:** Section 9:77 of the Ann Arbor City Code prohibits the City Council from recommending approval of the transfer or renewal of a liquor license if the owner is delinquent in the payment of personal property taxes or any other obligation to the City.

12-19-11

Date

Signature

Jay Mullick

Printed Name

manager

If Corporate Officer, state title

734-231-3246  
Phone Number

There is a nonrefundable city application fee of \$1,000.00 for the following activities:

- ownership transfer of on-premise license
- ownership transfer of SDD/SDM license (held in conjunction with on-premise license)

There is a nonrefundable city application fee of \$500.00 for each of the following activities:

- location transfer of on-premise license
- new and/or transfer of SDD/SDM license (held in conjunction with on-premise license)
- dance/entertainment permit/extended hours
- adding/deleting partners
- adding/deleting space

There is a nonrefundable city application fee of \$100.00 for

- Outdoor Sales and Service (on the City's sidewalk)

The application will be referred to the City Treasurer, Police, Building and Fire Departments for recommendations prior to City Council approval.

Revised 3/5/2009



**RESOLUTION**

At a \_\_\_\_\_ meeting of the \_\_\_\_\_  
(Regular or Special) (Township Board, City or Village Council)

called to order by \_\_\_\_\_ on \_\_\_\_\_ at \_\_\_\_\_ P.M.

The following resolution was offered:

Moved by \_\_\_\_\_ and supported by \_\_\_\_\_

That the request to TRANSFER OWNERSHIP 2011 CLASS C LICENSED BUSINESS WITH DANCE PERMIT FROM 314 S. MAIN, L.L.C. TO MELANGE BISTRO LLC

be considered for \_\_\_\_\_  
(Approval or Disapproval)

**APPROVAL**

**DISAPPROVAL**

Yeas: \_\_\_\_\_

Yeas: \_\_\_\_\_

Nays: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Absent: \_\_\_\_\_

It is the consensus of this legislative body that the application be:

\_\_\_\_\_ for issuance  
(Recommended or Not Recommended)

State of Michigan \_\_\_\_\_)

County of \_\_\_\_\_)

I hereby certify that the foregoing is a true and complete copy of a resolution offered and

adopted by the \_\_\_\_\_ at a \_\_\_\_\_  
(Township Board, City or Village Council) (Regular or Special)

meeting held on \_\_\_\_\_  
(Date)

(Signed) \_\_\_\_\_  
(Township, City or Village Clerk)

SEAL

\_\_\_\_\_  
(Mailing address of Township, City or Village)



Michigan Department of Licensing and Regulatory Affairs  
**MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)**  
 7150 Harris Drive, P.O. Box 30005  
 Lansing, Michigan 48909-7505

<b>FOR MLCC USE ONLY</b>	
Request ID #	628301
Business ID #	227388

**LOCAL APPROVAL NOTICE**  
 [Authorized by MCL 436.1501]

November 10, 2011

**TO:** ANN ARBOR CITY COUNCIL  
 ATTN: CLERK  
 100 NORTH FIFTH AVENUE  
 ANN ARBOR, MI 48104

**APPLICANT:** MELANGE BISTRO LLC

**Home Address and Telephone No. or Contact Address and Telephone No.:**

**CONTACT:** KELLY A. ALLEN, ATTORNEY, ADKISON NEED & ALLEN PLLC, 40950 WOODWARD SUITE 300, BLOOMFIELD HILLS, MI 48304 (248) 540-7400

**MEMBER:** BELLA MELANGE LLC, 715 PIERCE CT, TECUMSEH, MI 49286 (734) 649-0722

**MEMBER:** M & B HOLDINGS, LLC, 3035 WASHTENAW AVE, SUITE A322, ANN ARBOR, MI 48104 (734) 777-8080

The MLCC cannot consider the approval of an application for a new or transfer of an on-premises license without the approval of the local legislative body pursuant to the provisions of MCL 436.1501 of the Liquor Control Code of 1998. For your information, local legislative body approval is also required for DANCE, ENTERTAINMENT, DANCE-ENTERTAINMENT AND TOPLESS ACTIVITY PERMITS AND FOR OFFICIAL PERMITS FOR EXTENDED HOURS FOR DANCE AND/OR ENTERTAINMENT pursuant to the provisions of MCL 436.1916 of the Liquor Control Code of 1998.

For your convenience a resolution form is enclosed that includes a description of the licensing application requiring consideration of the local legislative body. The clerk should complete the resolution certifying that your decision of approval or disapproval of the application was made at an official meeting. **Please return the completed resolution to the MLCC as soon as possible.**

If you have any questions, please contact the On-Premises Section of the Licensing Division as (517) 636-4634.

**PLEASE COMPLETE ENCLOSED RESOLUTION AND RETURN TO THE LIQUOR CONTROL COMMISSION AT ABOVE ADDRESS**

2011 NOV 18 PM 1:33  
 CITY OF ANN ARBOR  
 CITY CLERK  
 RECD

## Corts, Carynne

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**Subject:** Liquor License Review Committee  
**Location:** ConfRoom - Council Chambers

**Start:** Tue 2/7/2012 1:30 PM  
**End:** Tue 2/7/2012 2:00 PM  
**Show Time As:** Tentative

**Recurrence:** (none)

**Meeting Status:** Not yet responded

**Organizer:** Beaudry, Jacqueline

**Required Attendees:** Derezinski, Tony; Anglin, Mike; Lumm, Jane; Fales, Mary Joan; Bowden (King), Anissa; Pfannes, Robert; Chamberlain, Kathleen; Welton, Ralph

**Optional Attendees:** Horning, Matthew; Pettigrew, Michael

Mike, Matt:  
FYI

This meeting date and time was determined by the committee at their last meeting.

## Corts, Carynne

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**From:** Hupy, Craig  
**Sent:** Monday, February 06, 2012 7:43 PM  
**To:** Lumm, Jane; Powers, Steve; Crawford, Tom  
**Cc:** Hieftje, John; Smith, Sandi; Briere, Sabra; Derezinski, Tony; Taylor, Christopher (Council); Kunselman, Stephen; Teall, Margie; Higgins, Marcia; Hohnke, Carsten; Anglin, Mike  
**Subject:** RE: \*\*\* Urgent \*\*\* Please Review (RE: DS-5)

We are not questioning Granger experience as a building contractor.

The recommendation is based upon Granger's lack of experience on a wastewater treatment project of this complexity. In the bid the bidders were required to submit their experience with projects of similar size and complexity. Granger submitted only one project of nearly similar size, the Wyoming, MI water treatment plant. This was a water plant, not a wastewater plant, \$20 million smaller in size and a plant that was site next to an existing plant and then tied in at the end of the project. Whereas the Ann Arbor project is built as the old plant is torn down and the new plant erected in its place, requiring multiple tie-ins and start ups. Simply the single project cited by Granger as their experience is not deemed to be comparable in complexity.

---

**From:** Lumm, Jane  
**Sent:** Monday, February 06, 2012 3:00 PM  
**To:** Powers, Steve; Hupy, Craig; Crawford, Tom  
**Cc:** Hieftje, John; Smith, Sandi; Briere, Sabra; Derezinski, Tony; Taylor, Christopher (Council); Kunselman, Stephen; Teall, Margie; Higgins, Marcia; Hohnke, Carsten; Anglin, Mike  
**Subject:** FW: \*\*\* Urgent \*\*\* Please Review (RE: DS-5)

Steve, Craig, Tom -- FYI It would be helpful if you could respond to the concerns raised (e.g., not responsive to RFP, lack of similar project experience, etc.) by Mr. Granger, at tonight's meeting. Thank you, Jane

---

**From:** Glenn Granger [<mailto:ggranger@grangerconstruction.com>]  
**Sent:** Mon 2/6/2012 2:47 PM  
**To:** Hieftje, John; Smith, Sandi; Briere, Sabra; Lumm, Jane; Derezinski, Tony; Taylor, Christopher (Council); Kunselman, Stephen; Higgins, Marcia; Teall, Margie; Hohnke, Carsten; Anglin, Mike  
**Subject:** \*\*\* Urgent \*\*\* Please Review

Please review the attached letter prior to this evening's council meeting.

Glenn D. Granger | President / CEO  
6267 Aurelius Road | Lansing, MI 48911  
p. 517.887.4132 | f. 517.318.4232 | m. 517.290.5193

[cid:95DE02ED-A3A2-4CE9-9F15-8F9D45236B68]

## Corts, Carynne

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**From:** ypsijake [REDACTED]  
**Sent:** Monday, February 06, 2012 7:27 PM  
**To:** Taylor, Christopher (Council)  
**Subject:** ward talk 2/15 6:40 pm arrival

wow...how time flies...I hope this email finds you well Chris and ready to do another less than half-hour show this month.

I'd like to begin with any third ward issues of interest (no matter how dull). Just some issues (1 or 2 would be fine) in your ward that we can talk about after we show the map.

next Council challenges for the new year...what's coming down the line that's important and significant?

Budget thoughts...surplus money and how that might be spent? any bright spots in the budget picture?

your thoughts on the fire department report and how they're making it work with fewer in that area? may there be some adjustments in operations following the report or what, in your mind, may happen as a result of it? any word on possible callbacks in public safety in contract talks? are some contracts expiring this year with talks ongoing?

the idling ordinance...any chance for life? what tweaks do you think may be made before this even comes to Council for a vote? Any concerns about enforcement, awareness, fairness with such a measure?

am I missing something really big this month? please let me know and we'll add it on.

Also, is there anything that you're championing or would like to include? we'll get to that too.

I hope that's a fair start. thanks Chris. sorry this is later than I like to send these.