



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: John Fournier, Deputy City Administrator
Derek Delacourt, Community Services Area Administrator
Brett Lenart, Planning Manager
Brian Steglitz, Public Services Area Administrator
Missy Stults, Director, Sustainability & Innovations

SUBJECT: September 5, 2023 Council Agenda Response Memo

DATE: August 31, 2023

CA-5 - Resolution to Approve the Purchase of Ice Control Salt through the Michigan Delivering Extended Agreements Locally (MiDEAL) from the Detroit Salt Company LC for Early Fill (\$59,860.00) and for Seasonal Backup Supply (\$222,000.00)

Question: The memo notes care is "given to achieving a balance between traffic safety and environmental impacts." Can staff please share details about how the environmental impacts factor into the decision to use or not use salt in environmentally sensitive areas? I'm thinking particularly of the Sister Lakes area. (Councilmember Briggs)

Response: Staff applies a mixture of salt and sand to the hills, curves and stops within the neighborhood east of the Sister Lakes. The mixture is approximately 90% sand and 10% salt. This salt/sand mix provides the necessary traction while limiting the amount of salt applied.

CA-11 - Resolution to Appropriate Funds Received from the Sale of 350 S. Fifth to Ann Arbor Housing Development Corporation (\$6,200,000) (8 Votes Required)

Question: Can you please share detailed informed (in a manner that protects the integrity and security of our election process) regarding the City's needs and urgency for an Election Center. (Councilmember Briggs)

Response: City Council will be provided with a detailed memo that explains the need for an election center in depth. However, in brief the election center is needed because the nature of scrutiny surrounding the administration of elections in America has changed significantly in the last ten years and the City administration is recommending serious changes to increase the transparency, integrity, and reliability of our elections. To be clear, our current election processes are secure and reliable, but we also believe we can make important improvements.

In 2018, the voters of the state of Michigan adopted a series of changes to how we cast ballots, dramatically expanding access to absentee balloting, and allowing same day voter registration along with other notable reforms. This amendment to Michigan's constitution revolutionized how elections are administered and, coupled with the onset of the pandemic in 2020, caused most voters in the City of Ann Arbor to become permanent absentee voters.

Before these changes, the City could process the number of absentee ballot requests we received out of the relatively small Clerk's Office on City Hall's second floor. Most of the activity related to the election occurred on Election Day itself in our 53 voting precincts, most of the ballot counting occurred at these locations, and there was little need for administration or counting space outside of the actual schools, churches, and government building where people cast their ballots. But with the sweeping changes to our elections adopted in 2018, the demands on the City changed radically. In 2022 approximately 55% of all ballots cast for Mayor were cast through an absentee ballot—30,445 in total. This is in addition to operating 53 voting precincts throughout the City, the Clerk's main office in City Hall, and two satellite clerk offices on U-M's campus. The logistical complexity of administering these elections has increased substantially, and the space and staff needed to ensure a well-run election has increased significantly as well. In 2022, the Clerk's Office employed more than 500 people working in full-time or part-time positions related to the election, many of whom worked in the weeks and months leading up to Election Day to ensure voter registrations, ballot request forms, and ballots were mailed, received, processed, and securely stored so they could be counted on Election Day.

The logistical complexity of this operation can appear labyrinthine to those who are uninitiated into the world of election administration. Each absentee ballot starts with a request to register to vote, which voters can now do at any time up to and including on Election Day. Once a voter is registered, they then must request an AV Ballot Request Form. Many voters have added their names to the permanent AV list, which means that the Clerk sends them a request form every election so they can fill it out and return it to City Hall. Once these forms are returned to City Hall, the voter is added to the absentee voter list and receives an absentee ballot when they are ready. Once a ballot is returned to the City, it must be securely stored until Election Day when it can be counted. A voted but uncounted ballot is perhaps the single most valuable item our City will ever have in its possession. It represents the potential and promise of our democracy, and its sanctity—its security—is the single most important objective of any American government, whether federal, state, or local.

The administration of these election processes—sending and receiving voter registration forms, sending and receiving absentee ballot forms, and sending and receiving absentee ballots, now happens simultaneously every day until the last voter in line at 8:00 pm on Election Day is able to vote. It is easy to envision why these processes are so labor intensive. However, it is also important to note that these processes must be physically separated from each other as much as possible to ensure they do not become intermingled, causing lost registrations, forms, or ballots. In addition, it is important to physically separate these documents by ward and precinct. There is a chain of custody that must be maintained with each form and ballot and these quality controls must be feverishly monitored and checked while a ballot or form is in the City's possession. This takes an immense amount of physical space to do properly. This is not an operation that can be managed anymore within the confines of the current Clerk's Office space in City Hall.

In 2020, City Hall was mostly vacant because of the pandemic and related telecommuting policies, and the Clerk was able to take over vacant office space to meet our election needs. The City's AV count board was held in the Huron High School gymnasium. A satellite Clerk's Office was established on the campus of UM, in part to alleviate administrative pressure and wait times at the Clerk's main office in City Hall. Even with this additional office, lines were long in both locations for students and residents seeking to register to vote and request an absentee ballot. Additionally, the Huron High School gymnasium proved to be a perfectly sized space for our needs—but now that the pandemic is over with students back in school, we cannot have access to it and the City does not currently have a similarly sized facility at our disposal. Further, the City rents space from a privately owned warehouse to store our election equipment between elections and for election supply preparation. While this space has historically provided the necessary level of secure storage for our equipment, additional space for preparation and testing of equipment and supplies is also needed. Staff also believes strongly that a City-owned facility completely under our own control would provide a much greater level of confidence in our processes, especially in an environment where election results and procedures are being challenged across the nation.

From year to year, the City has had to work diligently to identify new locations for the AV count board. As noted previously, Huron High school hosted it during the 2020 election. We have hosted it in City Council Chambers in the past, and most recently we hosted it in the jury assembly room at the Justice Center. These smaller venues present a variety of challenges given the number of people that must be present to properly count an absentee ballot, and the number of ballots that they are observing, counting, and handling. It is also important to note that there is sensitive ballot counting equipment that must be used to count these votes in a timely manner. The City owns a small collection of high-speed tabulators that are capable of counting votes in large quantities very quickly, and do so with impressive accuracy. However, this equipment is meant to be stationary. Every time we setup the AV count board in a temporary location, the equipment must be moved and setup, then moved back to storage again. Over time, this will cause wear and tear on the expensive equipment that will limit its life span and performance. The equipment is meant to be permanently installed and not moved.

Finally, we also have the important task of storing absentee ballots both before they are sent to a voter, and also—most importantly—after they have been voted and sent to the City. As previously mentioned, a voted but not yet counted absentee ballot is perhaps the most valuable single object the City has in its possession because of the foundational importance the right to vote in free and fair elections is to our society. In 2020, the number of absentee ballots we received necessitated the creation of additional secure storage space to hold them. We identified a conference room in a secure City facility where access was already limited to certain City staff. The room had no windows, and only one door. Security cameras were installed both inside the room and outside of it, pointing at the door. Access was limited to the room and the door was keyed for only clerk staff. The arrangement worked well for our purposes. However, once the election was over and after staff returned to work in their offices, the secure facility had to be removed so the room could be restored to its prior use. From election to election, we have to identify new secure storage facilities based on our needs. While we do so every time—and to be clear there is no circumstance where we will be unable to provide secure storage for our ballots—it would be ideal if we did not have to start from scratch every election and identify new facilities that can be temporarily commandeered.

For all these reasons staff believes that a separate, dedicated election center is necessary to provide the highest level of integrity, security, and confidence in our election processes. The City Administrator is recommending such a dedicated space be acquired and developed by the City.

B-1 - An Ordinance to Amend Sections 5.15, 5.16 and 5.17 of Chapter 55 (Unified Development Code) of Title V of the Code of the City of Ann Arbor (TC1 Uses, Auto-related and TC1 Development Use Specific Standards, Transit Corridor Additional Standards) (ORD-23-25)

Question 1: Car rentals and car sales are paired together in the Primary Use Table. In order to permit by special exception use car rentals (and car share) in TC-1 districts that helps support individuals living car-light lifestyles along our transit corridors, we are asked to also permit car sales. Are the form-based code requirements and parking maximums sufficient to prevent TC-1 from being attractive to the traditional car dealership? (Councilmember Briggs)

Response: The form-based requirements and parking maximums would be challenging for the construction of a new automobile sales or rental facility, but the uses could be viable if granted a special exception use in an existing building/site.

Question 2: Has Planning Commission ever considered separating car sales and rentals as uses in the table? If my Google search is correct, there is only one car dealership still operating in the City and it seem inconsistent with our future goals to continue to permit them in any zone in the City. (Councilmember Briggs)

Response: This was discussed very briefly but did not receive much consideration. The combination of these uses over time could be due to the similar land use impact they have (i.e., storage of automobiles, smaller office areas, etc.).

B-2 - An Ordinance to Add Chapter 106 (Home Energy Rating Disclosure) to Title VIII (Building Regulations) of the Code of the City of Ann Arbor (ORD-23-26)

Question 1: The Board of Realtors has shared concerns and cited an early Lawrence Berkely National Laboratory's study, Behavioral Perspectives on Home Energy Audits finding that suggests "Rarely will new buyers choose to make energy-based improvements to their homes." Can you please share if this finding is consistent with current research on the subject? (Councilmember Briggs)

Response: This report, Behavioral Perspectives on Home Energy Audits, was published in 2012. More recent research published in November of 2022 from Lawrence Berkely National Laboratories looks at the actual impact of Home Energy Scores on the market and provides up to date information that the OSI team has been referencing. Moreover, the 2012 report referenced appears to be misquoted in this statement as the quote does not appear in the report and is absent of the broader context of the nearly 400-page LBNL report. The study makes statements similar to the essence of the quote in the executive summary only, and more as a motivation for the ensuing research, not as a finding.

A more detailed look at the 2012 study reveals findings to the contrary. "Post-Audit interviews indicate that the audits effectively called participants' attention to specific opportunities to upgrade their homes' efficiency and helped them prioritize those opportunities." It continues, stating that "in follow-up interviews, *all* of the contacts who had received their audit reports stated that they already had, 'definitely will,' or were 'very likely' to complete at least one upgrade" (emphasis added).

As another example, one of the goals of the HERD Ordinance is to provide a foundational level of understanding about home energy efficiency to help home sellers, homebuyers, and real estate professionals discuss energy performance. One finding of the study is that "...[energy] labels raise awareness of energy use and energy costs among buyers... Nearly everyone (96%) surveyed in the Retrofit Survey said that they had discussed the Energy Score or upgrade recommendations with at least one other person," including friends, neighbors, and contractors. Moreover, "Most surveyed households... said that they would like to see [an energy] score when buying (95%), and most said that they would be willing to reveal the score of the home to potential buyers (82%)."

Additionally, the study repeatedly notes that "relatively few subsidies were available during the program period," suggesting that the lack of action taken by homeowners has less to do with the information provided in the energy report than with the availability of incentives or support structures to act. Fortunately, the OSI has been explicit that the Ann Arbor HERD program will be accompanied by several local and federal incentives such

as rebates, an advisor service, targeted outreach initiatives, and general educational support to help homeowners make home improvements.

Question 2: Is there any evidence from cities that have adopted HERD policies that the lower scores are suppressing home values (vs. higher scores increasing home values)? Will we be explicitly monitoring and evaluating this if HERD is adopted in Ann Arbor? (Councilmember Briggs)

Response: No, OSI staff (and staff at other cities with existing energy labeling programs) have not found any evidence that low scores decrease home values. But to ensure this is not the case in Ann Arbor, the OSI will be tracking several metrics to evaluate the effectiveness and impacts of the HERD program. These include home listing price, home sale price, time on market, and address (and thus geographical location of home). These variables can be overlaid on a census tract map of the City to better understand any unanticipated impacts of the HERD ordinance (positive or negative).

Question 3: What programs do we have in place or are we putting into place to ensure that lower-income homeowners can afford to make energy improvements on their homes to allow them to reduce their own energy burdens and realize any financial gains from a higher energy rating if/when they choose to sell their home? (Councilmember Briggs)

Response: The OSI is working on multiple initiatives to help homeowners, renters, landlords, and commercial entities make improvements. To the specifics of this question, some examples of programs we are focusing on for lower-income homeowners include:

- Supporting applications and receipt of federal programs offered through the Inflation Reduction Act include the HOMES Rebate program which should be released by the State of Michigan in 2024. This program provides unprecedented levels of financial resources to help individuals improve the energy efficiency of their homes while also supporting beneficial electrification.
- Preparing local rebates funded from the Community Climate Action Millage that will be available to residents in addition to the rebates in the above bullet point. In this way we'll be able to help households get more resources to go further, faster towards more efficient, safer, healthier homes. OSI has an RFP out now for an Administer to help operate our rebate program which we hope to be providing to residents in early 2024.
- A Home Energy Advisor Program that provides a one-stop shop where residents can go to get their questions answered. This includes very specific questions to very general questions such as, "where do I start?" The Home Energy Advisor program provides residents with a customized "path to zero" that helps them understand their next steps in a decarbonization journey, what funding is available to support their work, and what their next step is to execution. The HEA was piloted this summer and the results from that pilot have informed a formal RFP that OSI has out now for an HEA Administrator to help run the program.
- Free Home Energy Scores. The OSI is about to hire a Home Energy Assessor who will provide free home energy assessments to anyone in the City with the goal of

making sure residents have a much deeper understanding of how their homes are performing and what opportunities there are for making strategic energy efficiency improvements. The assessor will provide Home Energy Scores and a Home Energy Report that outlines actionable next steps individuals can take – including connecting them to the Home Energy Advisor program for any additional support they may need.

- Aging in Place Efficiently is currently on pause but the goal is to reinvigorate this important program as a very targeted element of helping older, income-qualified adults stay in a place of their choosing for as long as possible by improving the safety of their homes while simultaneously investing in energy efficiency improvements that lower bills and operating costs.
- Bulk buy programs. In addition to rebates, the OSI is exploring buy bulk programs where we generate interest in a given product and purchase that product in bulk to help lower costs. For example, we are exploring an electric vehicle charger bulk buy program with owners of multi-family properties where the OSI can buy chargers at volume and thereby lower the costs of the infrastructure for end users.
- Low-interest loan products. We've been in discussion with folk at Michigan Saves about potentially creating new loan products that offer very low-interest loans to income qualified households, supported with a loan loss reserve, to ensure that more people have access to the capital needed to make strategic energy saving improvements.
- Regulatory and legislative work to usher in things like community solar which would allow more families to participate in the benefits of clean energy; expanding the authority of the MPSC so they can regulate on reliability, climate, and equity; pushing for required battery programs that would allow more households to access the resilience and grid stabilizing benefits of having an energy storage system; expanding the utilities energy waste reduction programs to offer more and deeper program support; among others.
- Applying for grant funding to expand weatherization services and capacity in the County so that we can serve more households but also provide additional services such as roof replacements, solar installations, or stove replacements as part of the weatherization program.
- Community engagement and education. This is a large workstream that includes working directly with residents to design programs that meet their existing and emergent needs. Sometimes these take the form of informational programs, sometimes they are more engagement programs, and sometimes they are more co-development programs. The AmeriCorps program we are launching is a pillar in this ecosystem which is helping expand our capacity to work directly with more residents to understand their unique decarbonization needs.