



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: Sara Higgins, Director of Operations
Atleen Kaur, City Attorney
Marti Praschan, Interim Deputy City Administrator

SUBJECT: City of Ann Arbor / Ann Arbor District Library Negotiation Summary –
Library Lane

DATE: March 3, 2025

The attached bullet points that I am sharing represent the framework of a potential deal with the Ann Arbor District Library (AADL). These things are the result of my discussions with the Executive Director of the AADL. These elements, if supported, would become part of an agreement between the City and AADL. This agreement would not be presented to you for an actual vote until the voters of Ann Arbor decide if they support altering the Charter to allow for this transaction to take place. The deal points would also need to be supported by the AADL Board. I am open to any feedback that you may have about the structure.

City/AADL Negotiation Summary

- Negotiations will be completed by end of February
- City/AADL will issue joint release touting deal framing elements
- AADL currently pursuing zoning change to D1 for main library site, before Planning Commission on Feb 7th
- AADL will replace their main structure regardless of Library Lane outcome
- Charter change expected to clear up all “block” issues
- AADL would review ballot language before it’s finalized
- City to sell air rights for Library Lane Lot to AADL for \$1
- But for permitting and administrative processes City would end any direct/operational involvement at that point
- Within 3-4 years library would vacate main site for a temporary location
- Vertical construction would commence simultaneously on both sites with the intention of reaching maximum heights on both
- Formal library programming would occur at both sites as they would be conjoining structures on the second floor
- First level of Library Lane site would contain retail and other elements of a “public space”
- AADL will stipulate in the air rights transaction: a portion of housing would be marketed to artists, there would be a space dedicated to small business programming, City would have free use of 2nd floor “event” space, parking structure to remain as is until debt rolls off, then AADL would purchase it from the City
- Housing would be a combination of market rate, affordable units, and potentially senior housing
- AADL would sell/lease air rights to a developer obtaining annual payments to pay debt service on the bonds for vertical construction, no financing
- AADL would run a public design competition to gain input on what the structures ought to look like
- AADL will run a public process for all the phases they would benefit from a robust community engagement
- City would derive substantial tax revenue once sites are built out with housing
- Friends of Library would help fund a “yes” campaign in the range of \$50K+
- AADL is not open to a PUD, D1 is the best option for a By-Right development

In 2042 the debt on the garage is scheduled to be paid off. The following transaction will occur at that time:

- * Both parties will do a 50/50 split on obtaining an appraisal of the asset
- * That will set the fair market value of the garage
- * The parties will negotiate credits/discounts for mutual interests, and the fact that a sale
- * That will yield an adjusted sale price
- * At closing AADL would be required to make a lump sum down payment of X to the City
- * To satisfy the remaining “mortgage” the City would continue to receive revenue payments
from the operation of the garage (in the manner that we do now) until the sale price has
been satisfied.