



TO: Mayor and Council

FROM: Josh Landefeld, Acting Community Services Area Administrator
Matthew V. Horning, City Treasurer
Craig Hupy, Public Services Area Administrator
Cresson Sloten, Systems Planning Manager

CC: Tom Crawford, Acting City Administrator

SUBJECT: Council Agenda Responses

DATE: 8/4/16

CA-9 – Resolution to Ratify the Emergency Purchase Order Request for Recycling Processing with Royal Oak Recycling (\$42,000.00)

CA-10 – Resolution to Ratify the Emergency Purchase Order Request for Recycling Processing with Western Washtenaw Recycling Authority (\$36,000.00)

CA-11 – Resolution to Ratify the Emergency Purchase Order Request for City Owned MRF/Transfer Station Facility Evaluation and Temporary Operating Services with Waste Management of Michigan, Inc. (\$295,690.00)

Question: Can you please clarify the timeline and quantities – when did the city begin taking recyclables to Royal Oak Recycling and Western Washtenaw Recycling for processing and are we taking the full tonnages (35 and 20 tons respectively) mentioned in the resolutions? Also, when did the contract with Waste Management for evaluation and operating the facilities begin? (Councilmember Lumm)

Response: Delivery of City recyclables to Western Washtenaw began on July 11, 2016 and delivery to Royal Oak Recycling began on July 15, 2016. On Monday, August 1, 2016 the transition was made to delivery of all City recyclables to the City's Material Recovery Facility (MRF) which are then transloaded to a recycling facility in Akron, Ohio. All of the City recyclables collected since July 11, 2016 have been taken to

recycling processing facilities, with no recycling material taken to a landfill. The emergency purchase order with Waste Management began on July 11, 2016.

Question: It is not clear to me what level of operation the MRF and Transfer Station are operating at under this temporary arrangement with Waste Management – full operation, partial, or essentially idling? Can you please clarify that including what the expectation is for the duration of the six week period and how that impacts the temporary contracts with Royal Oak and Western Washtenaw? (Councilmember Lumm)

Response: The Transfer Station is operating normally. All City solid waste material is being delivered to the Transfer Station, transloaded and transported to the Woodland Meadows Landfill in Wayne, Michigan as usual. All City recyclables are being delivered to the MRF, are baled and transported to a recycling facility in Akron, Ohio. Recyclable material is no longer being delivered to either Western Washtenaw or Royal Oak Recycling, so there is no continuing impact to these emergency purchase orders.

B-2 – An Ordinance to Amend Section 5:1(1), 5:10.2, 5:10.4, 5:10.5 and 5:10.10 of Chapter 55 (Zoning Ordinance) of Title V of the Code of the City of Ann Arbor (Accessory Dwelling Units) (Ordinance No. ORD-16-16)

Question: Could there be a benefit to decreasing the maximum time the owner is allowed to be absent from the property? Why not 4 or 5 months? (Councilmember Westphal)

Response: The existing ordinance does not define the time frame of “temporary absences,” and neither does the state tax code related to homestead or PRE exemption. In conversations in the community and Planning Commission 3-4 months was perceived as too short due to the potential for university sabbaticals or related travel. Six months was seen as more appropriate to accommodate faculty and staff of the University, as well as those that may travel over the winter season.

Question: Could there be a benefit to increasing the minimum leasing period to avoid more event-driven rentals (e.g., football games)? (Councilmember Westphal)

Response: The minimum leasing period currently proposed is not less than 30 days, with the intent of preventing weekend rentals for events or week long rentals. The concern about event-driven rentals and informal Bed and Breakfasts is an issue larger than ADUs, and may need to be examined city-wide.

Question: Would it be helpful to specify that the owner "as designated on the deed" is one of the occupants (i.e., not a child or other relative)? Or is this already mandatory? (Councilmember Westphal)

Response: The ordinance stipulates that the “owner shall” occupy” either the ADU or single-family dwelling. Owner is clearly stipulated in the General Property Tax Act. As enforcement of owner-occupancy will in part rely on checks with homestead/Primary Residence Exemption status as enforced by the assessor and the state, staff recommends using the existing legal definition. However – the requirement of owner occupancy will be spelled out in more detail in guide to property owners.

DC-2- Resolution for Community Events Fund Disbursements from the FY 2017 Budget

Question: Can you please highlight what significant changes there are (if any) for FY17 in terms of the recipients or the allocated amounts and the rationale for the proposed changes? (Councilmember Lumm)

Response: There are no significant changes.

DC-3 – Resolution to Amend Rule 5A of the City Council Rules

Question: Did the Council Rules Committee discuss this and if so, what was the gist of that discussion? (Councilmember Lumm)

Response: This matter was not discussed by the Council Rules Committee.

DC-6 - Resolution to Order Election, Approve Charter Amendment of the Ann Arbor City Charter to Add a New Section Defining and Designating a District as a Civic Center Commons to Chapter 1, Name and Boundaries, of the City Charter and Determine the Ballot Language for This Amendment (7 Votes Required)

Question: The amendment language states that the parcel is to, “be retained in public ownership, in perpetuity, “Would such a designation be able to be reversed by a subsequent charter amendment? (Councilmember Warpehoski)

Response: The City Charter can only be amended by a vote of the electors of the City voting on the question at a regular or special election. If the question was presented to the voters in the future, Section 1.4 of the Charter, could be amended or deleted.

Question: How would such a designation affect property interests on the site such as utility easements? (Councilmember Warpehoski)

Response: Recorded utility easements would be unaltered by the approval of the amendment.

Question: Would the requirement that the site be “developed as an urban park and civic center commons” affect the below-ground parking use? (Councilmember Warpehoski)

Response: Yes. The area described in the ballot proposal includes two parcels (map attached); part of which designated as Library Lane. Library Lane is currently used as an access to the structure, a safe, temporary patrons pickup location for adjacent Library and access to utility and fire service connections. Development of the site would eliminate the drop off location and might require modification of access points for utilities and fire service connections. In addition, the surface lot functions as the “ceiling” for the 1st level of underground parking. The garage has been constructed with a waterproofing system on top which if corrupted (by landscaping or other surface development) could reduce usage of some of the parking area.

Further, the City would need to work with the DDA to create some kind of agreement, perhaps similar to a condominium association, including clarification about insurances, to address issues caused by activities in this new park that occur in areas of the parking structure, such as in the stairwells and elevator lobbies. The costs and responsibility for that portion of the surface area would shift from the DDA to the City. This would include ongoing costs for such items as electricity and gas, maintenance (hardscape and landscape), insurance, snow removal, and solid waste, etc.

Question: If the amendment were to pass, what obligation would the City be under to commit resources to developing the park? Is there an identified funding source to implement the development contemplated here? (Councilmember Warpehoski)

Response: The Charter Amendment if approved by the electors identifies a specific use for the designated property. The amendment does not impose any obligation on City Council. There are currently no identified funding sources to implement any development on the site.

DB-1 – Resolution to Approve New Farmers Market Enclosure Site, 315 Detroit Street (CPC Recommendation: Approval – 8 Yeas and 0 Nays)

Question: \$850,000 for a 4,000 sq. ft. structure is over \$200 a sq ft which seems awfully expensive for a “barn”. Can you please provide a bit of detail on why the costs are that high? (Councilmember Lumm)

Response: Of the overall project cost, more than \$200,000 of the estimated \$850,000 in expenses is specifically for site work, not for the construction of the building. Significant grade changes throughout the site necessitate much of the site work. This site work includes all construction requirements mandated by City Code. The structure includes barrier-free ramps at the 4th Avenue entrance as well as garage-style doors on all sides of the building, providing improved access for all market visitors and an open-air feel respectively.

Question: The “pros” of the recommendation include added vendor capacity – how much capacity would be added and how many vendors are on the waiting list? The “cons” of the recommendation include a decrease in vendor parking spaces and less

access for the vendors to their vehicles behind their stalls. Those would seem to me to be major issues for the vendors – can you please provide the feedback received from the vendors, their expressed concerns and recommendations, and staff’s recommendations to address in the existing proposal. (Councilmember Lumm)

Response: Areas of feedback and concern from vendors, including stall size and assignment, parking, alternate improvement options, loading and vehicular access, primary function and purpose for the proposed structure were addressed in the May 2016 memorandum to the Parks Advisory Commission. This document was also provided to the Planning Commission and has been added as an attachment to the agenda item in Legistar. In addition, the minutes of the Planning Commission, which are attached to the agenda file in Legistar, reflect the comments received by the Planning Commission on the project from vendors and the general public at their July meeting.

Question: I was asked by someone how the building design and location can be finalized when the vendor layouts have not been done or logistics issues worked out – they were suggesting that “form should follow function”. Can you please elaborate on that? Is it accurate the layouts have not been completed? (Councilmember Lumm)

Response: Vendor stall layout has been completed and is specifically based upon the recommendations of the Vendor Operations Advisory Committee (VOAC), which met in February, March and April 2016 to address operational components of the project. The VOAC recommendations, which were presented to the Public Market Advisory Commission in June, include the following:

“With regard to stall size and layout within the building, we recommend an aisle width of 10-12 feet and an average stall size of 8 ft x 8 ft. Acknowledging the variation of stall sizes among existing stalls within the market, we support utilizing multiple stall sizes to accommodate different vendor types. This could include a slightly shallower stall of 8 ft x 6 ft within the central aisle of the building. We encourage City Staff and the Commission to properly evaluate and plan for the possibility that during the winter months there may be vendors both outside and inside the building. This should include a strategy to ensure that the market looks and feels cohesive so customers will understand vendor layout and location.”

The full statement of VOAC recommendations begins on page 30 of the Planning Staff Report which is an attachment to the agenda file in Legistar.

Question: The largest portion of the funding (\$350K) is from the Market fund balance. Can you please provide some texture/perspective on that amount (e.g. what is the total fund balance and on an average year, how much is added to the balance?) (Councilmember Lumm)

Response: The Market accumulated a fund balance during the time it operated as an Enterprise Fund. When the decision was made to move the Market to the General Fund

beginning in Fiscal Year 2015, this fund balance was designated as assigned fund balance in the General Fund, to be used for the purpose of improving the Market. Once the residual fund balance is spent, it will not continue to be tracked separately track because it is part of the General Fund. As of June 30, 2015, the last audited financial statement date, the total amount of Market assigned fund balance available was \$437,431.

In May 2015 the Public Market Advisory Commission (PMAC), the public body composed of vendor, customer and neighborhood representatives, unanimously passed a resolution in support of the use of \$350,000.00 of the assigned Market fund balance to be used for the Market Infrastructure Improvement Project. PMAC considers this use of funds to best serve the market's vendors, customers and staff as the market evolves and continues to provide a critical outlet for local food in our community and serves as a central community gathering space throughout the year.

DB-3 – Resolution to Approve the 221 & 223 Felch Street and 214 West Kingsley Street Brownfield Plan

Question: Can you please confirm I have these numbers right from the Brownfield Plan: the taxable value will go from \$535K now to over \$10M and the total property taxes collected (all taxing entities) will increase from \$34K annually currently to \$714K annually once the project is completed? (Councilmember Lumm)

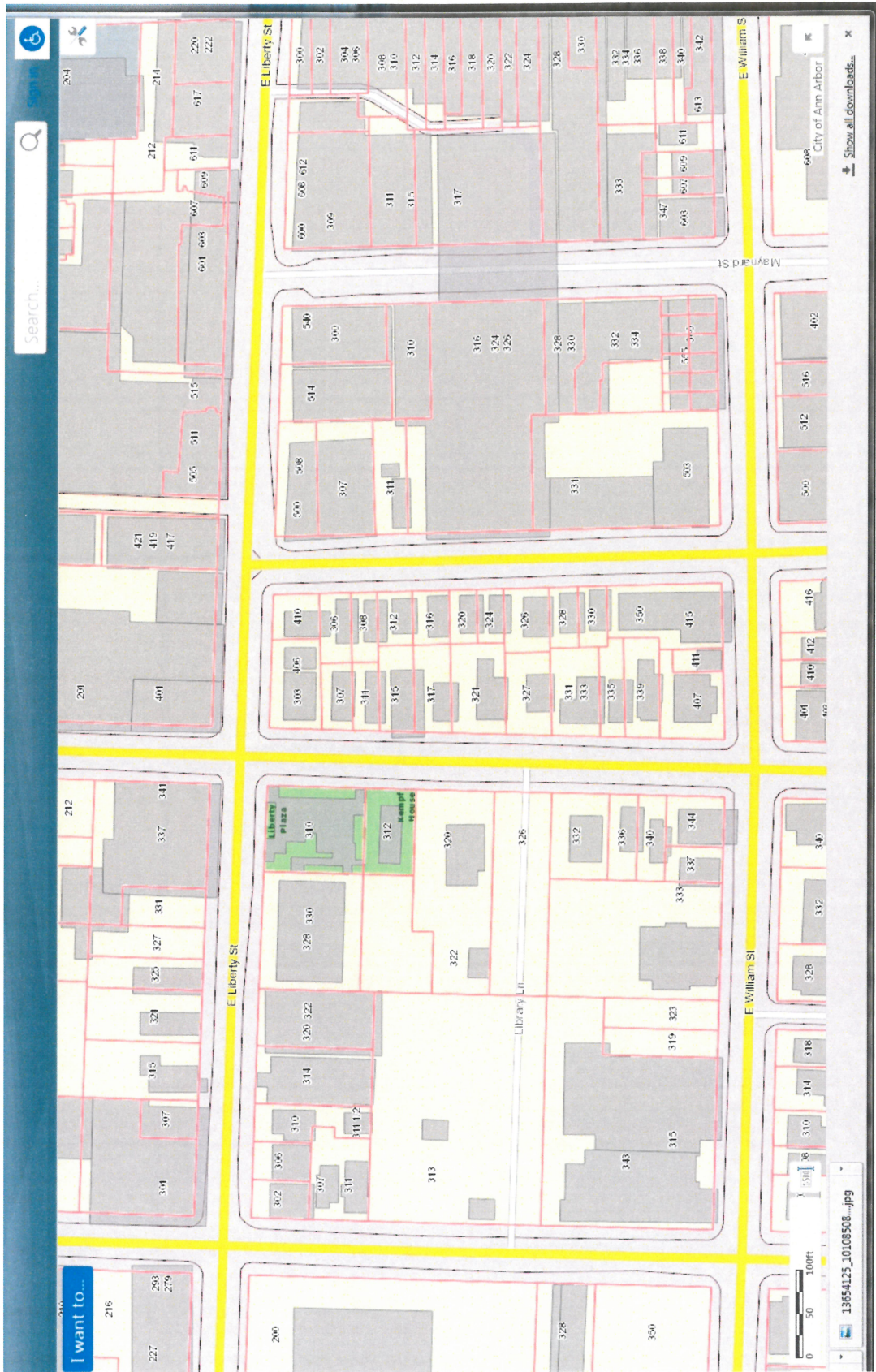
Response: It appears that Table 2 in the Brownfield Plan has miscalculated the capture of School Operating tax. Correcting this error will serve to shorten the reimbursement period, but not change the amount that will be reimbursed. Taxable Value is expected to increase from \$535k to \$11 million in Plan Year 1 (2017). Taxes paid are expected to increase from approximately \$34k to \$711K in Plan Year 1 (2017). The incremental tax is expected to be \$677k in Plan Year 1. The incremental tax is expected to be \$816k in Plan Year 10 (2026). Staff has requested a corrected Table 2.

Question: It's expected the TIF reimbursement will be completed in 2025 and after that the full amount of incremental taxes will accrue to the various taxing entities? (Councilmember Lumm)

Response: Yes.

Question: Can you also please indicate how much of the roughly \$680K in incremental taxes will accrue to the City? (Councilmember Lumm)

Response: In Plan Year 10 (2026), the forecasted incremental tax is \$816k. Of this, \$183k will accrue to the City, \$104k of which will be General Fund.



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