

PLANNING AND DEVELOPMENT SERVICES STAFF REPORT

For Planning Commission Meeting of September 3, 2025

SUBJECT: Updated FY2026 – 2031 Capital Improvements Plan

PROPOSED CITY PLANNING COMMISSION MOTION

Whereas, Section 1:185 of the Ann Arbor City Code requires that the City Planning Commission annually prepare a Capital Improvements Plan (CIP), identifying public improvements that will be needed within the ensuing six years, in the general order of priority;

Whereas, The FY2026-2031 Capital Improvements Plan (CIP) was approved by the Ann Arbor City Planning Commission on January 7, 2025;

Whereas, The Ann Arbor City Council approved the FY2026 Capital Budget on May 19, 2025 which used the FY2026-2031 Capital Plan as it's basis;

Whereas, The second year of the FY2026-2031 CIP has been adjusted based on current conditions as related to the adjusted FY2027 Capital Budget to be considered by the City Council;

Whereas, Sunset (Brooks to Newport) Sidewalks (TR-AT-18-13) was added to the CIP at Planning Commission's request, which scored at a combined score ranking of 21 out of 44, resulting in programming for anticipated construction in 2029, and resulting in Jones (Plymouth to Broadway) Sidewalk (TR-AT-18-06) being delayed to beyond the 6-year capital planning period; and

Resolved, That the City Planning Commission hereby approves the Updated FY2026-2031 Capital Improvements Plan as a supporting document for the City's Comprehensive Plan; and

Resolved, That the City Planning Commission recommends that City Council approve the FY2027 Capital Budget, using the Updated FY2026-2031 Capital Improvements Plan as it's basis.

STAFF RECOMMENDATION

Staff recommends that the above motion be **approved**.

STAFF REPORT

Summary

The Municipal Planning Act (PA 33 of 2008) requires the planning commission of a city to "annually prepare a capital improvements program of public structures and improvements...in the general order of their priority that in the commission's judgment will be needed or desirable and can be undertaken within the ensuing 6-year period." The capital improvements plan (CIP) is used as a tool to implement the City Comprehensive Plan and assist in the City's financial planning. The

Systems Planning Unit prepares the CIP for the City of Ann Arbor.

The CIP outlines a schedule of public expenditures for a six-year period. It does not address all of the capital expenditures for the City, but provides for large, physical improvements that are permanent in nature that are needed for the functioning of the community, including transportation, utilities, municipal facilities, and other infrastructure improvements.

The draft plan is available to the public on the City website: a2gov.org/CIP, and in an interactive mapping format at a2gov.org/CIPmap. Public comments regarding the draft plan are requested to be submitted to the City through the Systems Planning Unit via email, or through the Planning and Development Services Unit via e-mail, fax or postal mail.

The City Planning Commission held a Capital Improvements Plan work session on April 8, 2025 and August 12, 2025, received a draft of the Updated FY2024-2029 Capital Improvements Plan prior to September 3, and has directed comments and questions through staff. The resulting project priorities are attached as the Updated FY2026-2031 Capital Improvements Plan.

The proposed plan, which reflects the efforts of over 50 staff members with input from community members, the University of Michigan, the Downtown Development Authority, the Housing Commission, and other entities, includes 461 total projects, and \$1,167,565,000 worth of capital infrastructure investments over the 6-year planning period (FY26-31).

CIP and the Budget Process

Finance staff uses the information contained in the CIP as the basis of the City's Capital Budget and to inform components of the City's Operations & Maintenance Budget; in particular, the information in the first two years of the CIP feed into the two-year budget. Every other year the City Administrator presents a two-year budget to the City Council. Council may make modifications to the presented budget, but ultimately adopts the first year of the presented two-year budget for the ensuing fiscal year. By city charter, the City Council can only approve a one-year budget at a time. In the following year staff adjusts the second year of the two-year budget based on the conditions at that time and the City Administrator presents that adjusted second year of the two-year budget to Council for adoption.

The CIP process is similar to the two-year budget process; every two years a six-year plan is prepared based on the needs of the city and the community, and the available resources to perform the projects necessary to address those needs. In alternating years, the previously approved CIP is reviewed and adjusted rather than repeating the full CIP process, just as adjustments are made in the second year of a two-year budget.

Updates During a CIP Adjustment Year

This year is an adjustment year, where the first two years of the FY2026-2031 CIP have been reviewed and updated by staff across the organization and partner entities such as the Downtown Development Authority, Housing Commission, The Ride/AAATA and the University of Michigan.

The resulting Updated FY2026-2031 Capital Improvements Plan will provide City officials, staff and members of the public with a helpful tool for understanding City infrastructure needs and their budgetary implications.

Updates made to the FY2026-2031 CIP are primarily focused on the current fiscal year (FY26) and upcoming fiscal year (FY27). The types of updates made include:

- 1) **Revised project cost estimates** including increases and decreases to total project funding due to design level cost estimates that provide more precise numbers, updated unit costs based on recently bid work, and general adjustments due to inflation. Project cost increases are much more common than decreases due to on-going increases in construction costs.
- 2) **Revised revenue sources** for a particular project due to grants awarded, anticipated grants not received, additional funding partners identified, or cost sharing agreements established.
- 3) **Adjusted project schedules** including delays encountered during early stages of the project, opportunities for outside or improved project funding if projects are advanced or delayed, reduced resources, modified project prioritization, City Council decisions through the budget approval process, or adjustments due to coordinated project schedules.
- 4) **New project additions** that include funding in the upcoming budget cycle. Projects with later budget impacts are generally limited during an adjustment year but can be incorporated when information is available.
- 5) **Project removals** where work is complete (or will be complete by the end of FY26), projects placed on-hold where there is lack of clarity about next steps, need for additional information, or other constraints and projects eliminated from the CIP where the work is no longer needed or relevant.

Updated FY2026-2031 CIP SUMMARY

Summary

- 461 Total projects
- \$1,167,565,000 Total project cost FY26-31 CIP Cycle
- 19 New projects added
- 9 Projects Eliminated or placed On-Hold
- 74 Projects completed, or expected to be complete, by the end of FY26

Category	Number of Projects	FY 2026-2031, including years prior to and beyond the CIP window	FY 2026-2031	Upcoming Budget Year (FY27)
Other Infrastructure	22	\$101,609,000	\$92,152,000	\$26,978,000
Water	101	\$434,671,000	\$294,645,000	\$41,564,000
Stormwater	88	\$153,326,000	\$63,165,000	\$13,924,000
Sanitary	52	\$106,761,000	\$86,982,000	\$16,713,000
Streets and Bridges	88	\$185,279,000	\$123,075,000	\$29,625,000
Parking Facilities	4	\$39,116,000	\$24,899,000	\$4,643,000
Airport	11	\$18,454,000	\$18,454,000	\$9,781,000
Active Transportation	44	\$46,515,000	\$27,572,000	\$5,543,000
Solid Waste	1	\$9,675,000	\$9,200,000	\$6,800,000
Parks and Recreation	27	\$117,750,000	\$48,995,000	\$7,925,000
City Owned Buildings	23	\$409,243,000	\$378,426,000	\$155,606,000
Totals:	461	\$1,622,399,000	\$1,167,565,000	\$319,102,000

Prepared by Kayla Coleman
Reviewed by Hank Kelley
8/26/2025

Attachments:

- 2025-09-03_CPC_FY26-31 Update CIP Draft for Adoption.pdf
Draft of Updated FY2026-2031 Capital Improvements Plan organized by Asset Category (in alphabetical order)
- 2025-09-03_CPC_FY26-31 Update New Projects.pdf
Listing of projects new to the proposed plan
- 2025-09-03_CPC_FY26-31 Update CIP Project Clean-up.pdf
Listing of completed projects, projects currently on-hold, and those eliminated during this CIP update cycle