



TO: Mayor and Council

FROM: Milton Dohoney Jr., Interim City Administrator

CC: John Fournier, Assistant City Administrator
Marti Praschan, CFO

SUBJECT: Marijuana Excise Tax Rebate Fund Appropriation

DATE: April 18, 2022

As we progressed from our previous ARPA discussion, staff considered funding options for the \$935,336 of unstructured funds that we received from our portion of marijuana excise tax rebate proceeds.

These monies were unexpected and while we think it is likely that they will increase over time, we do not have enough experience to factor in this higher amount for the FY24 budget cycle.

In developing the FY23 budget recommendations, we considered two categories of opportunities: 1) specific projects that could be 100% completed with these funds, and 2) ongoing needs that would benefit from additional support. Below is the list of options that were considered in reaching our recommended decision.

Specific projects that could be 100% completed with support:

Sustainability

- **Landfill Solar Project.**
Funding Request: \$800,000/yr.
- **Seed Fund the Sustainable Energy Utility.** We can use as much or as little as we have as this can scale.
Funding Request: \$750,000 - \$1,000,000

- **Scale the Aging in Place Efficiently.** Program to help more income qualified seniors stay in their homes for longer (Note, we already have this program, but it is grant funded and out of resources in a few weeks.)
Funding Request: \$250,000/year

Engineering

- **Crosswalk and Lighting Improvements.** The City has incrementally made crosswalk enhancements over the past several years, but more work still needs to be done. It is estimated that there remains about \$550,000 worth of upgrades to 13 high profile crosswalks in the City to bring them up to the target design standards which includes adding positive contrast lighting for pedestrian safety. Using the funding in this way would accomplish several years' worth of work in a single year which aligns with our transportation safety and multimodal goals.
Funding Request: \$550,000 (paid in full)
- **DTE Streetlight Conversion to LED.** DTE has over 5,100 streetlights within the City of Ann Arbor (which account for roughly 2/3 of all streetlights) and only about 20% of their streetlights are LED. Converting streetlights to LED has the dual benefit of improved reliability and reduced energy costs – thus helping the City achieve our transportation safety goals and carbon neutrality goals. DTE gave a quote last year of \$1.24M to upgrade all of their streetlights to LED. This project has not advanced because there is no identified funding source to date.
Funding Request: \$935,336 (paid in full)
- **Positive Contrast Lighting for Crosswalks.** The City is aware of approximately 120 major street crosswalk locations that still lack positive contrast lighting (<https://www.a2gov.org/a2crosswalkstreetlights>). At an estimated cost of \$5,000 per location (which is subject to a fair amount of variability), an allocation of \$600,000 is expected bring most if not all of our major street uncontrolled crosswalks up to the desired lighting standards.
Funding Request: \$600,000 (paid in full)
- **Pathway under E. Medical Center Drive:** Council directed staff to design the path and develop a cost estimate, which is in process. However, there is no funding source identified should it make its way to construction. Downside: there is a very good chance that MDOT could kill this project as it appears that space for the pathway would encroach on the railroad ROW.
Funding Request: \$600K - \$800K (paid in full)

Superior Dam

- **Superior Dam Coating and Rehabilitation:** This project was budgeted at \$300K for FY22. Bids came in significantly higher (\$950K) than anticipated due to supply chain issues and contractor availability. This project is funded by the General Fund

and was postponed due to funding availability. The funding requested will bridge the gap between anticipated construction cost and the budgeted amount in the City's Capital Improvement Plan. This project is shovel ready and could be completed once a funding source is identified.

Funding Request: \$700K (paid in full)

Ongoing needs that would benefit from additional support:

Fire

- **Net-Zero Fire Station 4**
Funding Request: \$8,300,000

Sustainability

- **Virtual Power Purchase Agreement.** Pay for a significant portion of a virtual Power Purchase Agreement to buy power for the entire community (the proposed budget would cover 40-50% of the total cost for this huge initiative, which would lower emissions by 40%)
Funding Request: \$1,000,000/year
- **Low-Income Sustainability Grant.** Put funds into a special low-income grant fund to help residents pay for some of the upfront costs of improvements to make their homes safer, healthier, more comfortable, and more sustainable.
Funding Request: \$500,000 - \$1,000,000

Public Services Communications

- **Engagement Strategy Expansion:** Public Services has a need to reach a more diverse audience and engage them in our public projects and employment opportunities. Unfortunately, some segments of our populations are not aware of or are not electing to engage through the city's standard communication channels. Staff believes the best means to expand our reach to a more diverse audience is through consistent paid advertising. Public Services would like to create a dedicated advertising program, to retain a media buyer with a set pool of funds, to buy ads across various media (digital, targeted cable, radio) to promote the city's activities and seek engagement.
Funding Request: \$150K to retain service of media buyer and purchase ads, it is estimated that this much funding would be necessary to be impactful.

Utility Affordability and Social Supports

- **Utility Support for Residents in Need:** Barrier Busters is a group of 100+ social service agencies committed to improving services and responding to emergencies for Washtenaw County residents in need. Washtenaw County with an efficient way to prevent evictions and utility shut-offs; and assist with other emergency costs that threaten residents' housing and financial stability. Residents in need work with their existing provider to access financial assistance.

The City of Ann Arbor Barrier Busters fund provides assistance to City residents who may be in need of utility bill support as an example. [Based on Barrier Busters 2021 annual report](#), 132 Ann Arbor City families received assistance in the amount of \$87,004, well exceeding the City allocations in 2021. This program is funded by voluntary contributions from City of Ann Arbor residents who round up their fees from utility services. These voluntary contributions typically add up to between \$10K and \$15K per year for this program. It is anticipated that requests from City of Ann Arbor residents will likely exceed \$120,000 in 2022.

Funding Request: \$120K

Support for Backpack/School Supplies. This item will help families in need of backpacks and school supplies through a non-profit.

Funding Request: \$35,366

Public Services – Human Resources

- **Public Works Apprenticeship Program:** Public Services would like to develop an apprenticeship program for entry level public works positions. This program might include on-the-job training for high school graduates who choose to enter the work force as opposed to continuing their formal education at college. A component of this program could also include CDL training. Staff would need to spend additional time developing an implementation plan if this alternative is considered for funding. The first step would be to consult with other utilities in Michigan that have developed similar programs.

Funding Request: \$100K estimated to initiate a pilot program for 10 employees (paid in full for pilot, if successful it would benefit from ongoing support)

In addition to the options presented above, staff also discussed other considerations including not spending the money and saving it for future uses.

Ultimately, the administration has decided to make the following recommendation:

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| • Public Works Apprenticeship Program | \$100K |
| ○ Entry-level Public Works positions | |
| • Utility Support for Residents in Need | \$100K |
| ○ Barrier Busters | |
| • Low-Income Sustainability Grant | \$700K |
| • Support for Backpack/School Supplies | \$35,366 |
| ○ For families in need through a non-profit | |
| | Total \$935,336 |

Receiving this document that coincides with the FY23 budget transmittal will enable City Council to consider these funds as part of your overall fiscal deliberations.

Offered for your consideration!