

PLANNING AND DEVELOPMENT SERVICES STAFF REPORT

For Planning Commission Meeting of December 5, 2023

SUBJECT: Updated FY2024 – 2029 Capital Improvements Plan

PROPOSED CITY PLANNING COMMISSION MOTION

The City Planning Commission approves the Updated FY2024-2029 Capital Improvements Plan as a supporting document for the City's Comprehensive Plan and recommends that City Council approve it as the basis for the FY2025 Capital Budget.

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, and municipal facilities 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/a2CIPmap. 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. As of this date, no public comments have been submitted.

The City Planning Commission held a Capital Improvements Plan work session on November 8, 2023, received a draft of the Updated FY2024-2029 Capital Improvements Plan prior to December 5, and has directed comments and questions through staff. The resulting project priorities are attached as the Updated FY2024-2029 Capital Improvements Plan.

The proposed plan, which reflects the efforts of over 70 staff members with input from community members, the University of Michigan, the Downtown Development Authority, the Housing Commission, and other entities, includes 473 total projects, and \$1,178,343,000 worth of capital infrastructure investments over the 6-year planning period (FY24-29).

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 FY2024-2029 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 FY2024-2029 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 FY2024-2029 CIP are primarily focused on the current fiscal year (FY24) and upcoming fiscal year (FY25). 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 FY24), 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.

FY2024-2029 CIP Update Highlights

- 1) **Summary**
 - a. 473 Total projects
 - b. \$1,178,343,000 Total project cost FY24-29 CIP Cycle
 - c. 33 New projects added
 - d. 12 Projects Eliminated or placed On-Hold
 - e. 56 Projects completed, or expected to be complete, by the end of FY24
- 2) **Comprehensive Planning Coordination** – As a result of the comprehensive planning efforts currently underway, staff identified a need to add a coordinated sanitary sewer comprehensive planning project. The newly added “Sanitary Sewer Collection System Comprehensive Plan” will perform capacity analysis of city’s sanitary sewer collection system based on City’s Comprehensive Land Use Plan recommendations.
- 3) **Impact of University of Michigan Housing Development** – As U-M revealed plans this year for upcoming student housing projects, additional city infrastructure improvements are needed to support these significant demands on City systems. For example, a new High Level Trunkline Sewer Capacity Improvements project was added to evaluate and implement sanitary sewer capacity improvements.
- 4) **Traffic Calming Evaluation on Capital Projects** – With the approval of [R-23-330](#) Council directed “...the City Administrator to evaluate opportunities to incorporate traffic calming elements into capital projects which significantly disturb the existing road surface...” As a result of this resolution staff have updated scopes on several upcoming street projects to capture the need “...for calming to enhance comfort and safety for non-motorized uses...” Lack of dedicated funding for these improvements may delay other capital projects in the future; the added cost to incorporate traffic calming improvements on individual projects will leave less funding available overall, and fewer project areas able to be addressed within the same timeframe.
- 5) **Bicentennial Celebration** – In recognition of Ann Arbor’s upcoming bicentennial, City Council approved the naming of the new Bicentennial Park ([R-23-336](#)) and staff are planning for comprehensive park improvements with an emphasis on inclusive and equity-focused park improvements.

- 6) **Anticipated Dam Funding** – Schedule adjustments have been made to many projects at city dams, in anticipation of funding through the US Army Corp of Engineers Low-Interest Loan Program (CWIFP). Staff is pursuing this funding source and has programmed a CIP project to support the funding application process.

- 7) **Clarifications to Project Spending** – Historically, some CIP projects have included significant funding from multiple revenue sources. For example, a water utility improvement project might include street resurfacing expenses as a revenue source programmed under a water utility CIP project, because the work is managed under the same contract. Staff are now creating a new project for each expenditure of \$100,000+ from a single revenue source (note: though these are represented as “new” projects, they are generally expenses that were embedded within a previously existing project). This change improves public transparency and financial reporting and does not prevent coordinated projects from still being constructed under the same contract.

- 8) **CIP Interactive Mapping Tool** – CIP project details can be accessed through a2gov.org/a2CIPMap. This Interactive Mapping Tool improves public access to detailed project information. The proposed Updated FY24-29 CIP is now available to review through this interactive mapping tool.

Updated FY2024-2029 CIP SUMMARY

Category	Number of Projects	FY 2024-2029, including prior years and beyond FY2029	FY 2024-2029	Current Budget Year (FY24)	Upcoming Budget Year (FY25)
Water System	107	\$392,067,000	\$234,010,000	\$25,343,000	\$32,332,000
Stormwater Management	76	\$62,988,000	\$41,061,000	\$3,913,000	\$10,938,000
Sanitary System	51	\$104,512,000	\$88,812,000	\$10,493,000	\$24,220,000
Transit	4	\$176,020,000	\$36,800,000	\$825,000	\$1,725,000
Street Construction	84	\$153,295,000	\$93,340,000	\$9,782,000	\$19,092,000
Parking Facilities	4	\$28,897,000	\$23,520,000	\$4,740,000	\$4,100,000
Other Transportation	17	\$27,202,000	\$21,676,000	\$3,604,000	\$4,458,000
New Street	1	\$1,583,000	\$1,470,000	\$0	\$100,000
Bridges	4	\$19,050,000	\$16,252,000	\$6,165,000	\$5,887,000
Airport	12	\$27,674,000	\$25,438,000	\$1,019,000	\$10,018,000
Active Transportation	56	\$66,539,000	\$46,772,000	\$7,457,000	\$10,572,000
Solid Waste	1	\$9,675,000	\$9,506,000	\$146,000	\$9,360,000
Parks and Recreation	28	\$112,082,000	\$43,511,000	\$8,825,000	\$7,905,000
City Owned Buildings	28	\$517,100,000	\$496,175,000	\$34,426,000	\$52,112,000
Totals:	473	\$1,698,688,000	\$1,178,343,000	\$116,738,000	\$192,819,000

