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TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: Derek Delacourt, Community Services Area Administrator  
John Fournier, Deputy City Administrator  
Sue McCormick, Interim Public Services Area Administrator  
Marti Praschan, CFO  
Skye Stewart, Chief of Staff, Public Services  
Missy Stults, Sustainability & Innovations Director

SUBJECT: August 8, 2024 Council Agenda Response Memo

DATE: August 1, 2024

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**CA-7 - Resolution to Approve a Construction Contract with 21st Century Salvage, Inc. for the Demolition of Four City of Ann Arbor Properties - 415 West Washington, 721 North Main, the Farmers Market Office Building, and the Veterans Memorial Park Picnic Shelter (\$1,423,751.00) (8 Votes Required)**

**Question:** Was the portion of the general fund expense that will be allocated for demolition of 415 W Washington reflected in the 2024 budget? If not, how will it be paid for without exceeding the advised minimum general fund balance? What are the advantages of the City taking responsibility for demolition of this structure rather than leaving it to whomever contracts to develop it in accordance with the approved PUD? (Councilmember Disch)

**Response:** No, the portion of the general fund expense allocated for demolition of 415 W. Washington was not included in the FY24 budget. Because our FY24 General Fund Actual Revenue received exceeded our budgeted forecast, we can absorb the expense and maintain our required general fund, fund balance.

The City is moving forward with the demolition for several reasons. First, the HDC approved a Notice to Proceed for demolition of the building that expires in September, and it is important to complete the project before the approval expires. The building has become a significant safety concern and attractive nuisance. It is not safe and continues

to be a location for those looking for shelter, and this is not a safe location for them to do so. The building continues to deteriorate and is a concern for other safety reasons including potential fires. It would always be preferable to have the private sector responsible post purchase, but time does not allow for that. It is staff's intent to recoup some or all the cost as part of the sale of the site and/or TIF reimbursement.

**DC-1 – Resolution to Accept Carbon Reduction Program Grant Funds from Southeast Michigan Council of Governments, Execute a Contract with DTE Energy to Convert DTE Streetlights to LED Technology (\$1,250,000.00) and Appropriate Funding (8 Votes Required)**

**Question:** Could staff share information about any outcomes that may have been reached by any discussions that occurred with DTE since this item was discussed and postponed by Council in July? (Councilmember Disch)

**Response:** Staff have been working with DTE to get the information requested by Council at the July 15<sup>th</sup> City Council meeting. A staff memo is forthcoming.