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TO: Mayor and Council

FROM: Howard S. Lazarus, City Administrator

CC: Derek Delacourt, Community Services Area Administrator  
Craig Hupy, Public Services Area Administrator  
Brett Lenart, Planning Manager  
Brian Steglitz, Water Treatment Plant Manager

SUBJECT: Council Agenda Responses

DATE: 7/17/17

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**CA-9 - Resolution to Approve Amendment No. 1 to the Professional Services Agreement with Tetra Tech of Michigan, PC, for Water Treatment Professional Engineering Services (\$100,000.00)**

**Question:** The original \$200K agreement was for three years and we're amending after a year. How much has been spent to date on the agreement and do we anticipate this additional \$100K will be adequate or will further amendments likely be required? (Councilmember Lumm)

**Response:** To date, \$129,372.50 has been encumbered. There is approximately \$110,000 of additional work that is anticipated, which would result in an exceedance of the original \$200,000 agreement. An amendment of \$100,000 would leave approximately \$70,000 that would be unencumbered and available for future work that is identified through FY19. It is possible that an additional amendment will be required if additional work is identified.

**CA-10 - Resolution to Award a Construction Contract to Strawser Construction, Inc. (ITB. 4478, \$3,900,794.97) for the 2017 Street Surface Treatment Project, and Appropriate \$2,759,862.00 from Unobligated Major Street Fund Balance and \$276,000.00 from Unobligated Local Street Fund Balance (8 Votes Required)**

**Question:** What will be the unrestricted fund balances in the Major and Local Street Funds after these expenditures? (Councilmember Lumm)

**Response:**

Estimated 06/30/17 Fund Balances

Major Street Fund: \$12M

Local Street Fund: \$5M

**Question:** I understand the City advertised the work on our and the State's bid websites and appreciate that staff checked around to assess the one bid we received that was about 20% (or \$650K) over the engineer's estimate. Do we have a sense why there was just one bidder, why the price came in higher than estimated and given the magnitude of the variance, did we consider re-bidding or even deferring a portion of the project? (Councilmember Lumm)

**Response:** The major items of work proposed under this contract are specialized and there are few contractors within the state that perform these types of work. The low bidder, Strawser Construction, is one the largest companies in the Midwest to perform this specialty work, and does significant amounts of it statewide for both local agencies and the Michigan Department of Transportation. Aside from them, the others capable handling a project of the City's magnitude typically only work regionally in the north/central and western areas of the state.

The City's project involves many different work locations on both local and major streets, which made it challenging to estimate the costs associated with contractor mobilization/re-mobilization at each of these locations. Upon reviewing the bid, it was determined that this was the primary factor for the variance between the bid received and the estimated project costs.

With regard to re-bidding the project work, this would result in a shorter timeframe to perform the overall contract due seasonal restrictions, which in turn led to concerns with the bid(s) potentially coming in higher. Approval of the contract still allows for a portion of the work to be deferred should staff determine that necessary, and/or an alternative method for accomplishing the work is found to be more fiscally viable.

**C-1 - An Ordinance to Amend Title VII of the Code of the City of Ann Arbor by Repealing Chapter 95 (Medical Marijuana Licenses for Medical Marijuana Dispensaries) of Title VII of the Code of the City of Ann Arbor and By Adding a New Chapter 96 (Medical Marijuana Facilities) to Title VII of the Code of the City of Ann Arbor**

**Question:** Can you please provide more information on fees, specifically: Roughly what is the amount contemplated for the non-refundable application fee and does it vary by type of facility? (Councilmember Lumm)

**Response:** The committee did not make a recommendation regarding fees. Permit fees up to \$5,000.00 are allowed under the act for all types of facilities. I would expect that the City will charge permit fees, staff is not recommending specific fees at this time. Prior to accepting applications staff will bring proposed changes to the fee schedule to City Council for consideration

**Question:** As I recall from the Work Session, permit fees of up to \$5,000 are allowed by the State Law -- is that correct? (Councilmember Lumm)

**Response:** Yes.

**Question:** Will Ann Arbor be charging permit fees under this ordinance and if so, what are the amounts for each of the 5 facilities? Also, do we have any information on what other communities have adopted (or are considering) in terms of permit fees? (Councilmember Lumm)

**Response:** Yes. Ann Arbor is ahead of where most communities are at this point so there are not many comparisons yet.

**Question:** At the work session, we also discussed the zoning where facilities would be permitted, and possibly minimum distances from schools etc. Can you please elaborate on those two items (zoning and any specific location restrictions)? (Councilmember Lumm)

**Response:** Changes to the zoning Ordinance are currently being drafted for review by the Ordinance Review Committee on July 25<sup>th</sup>. That draft does include spacing restrictions for three of the license types, provisioning, dispensary and grow. Facilities would be required to 1,000 feet from other like facilities and 1,000 feet from K-12 schools. However, this version is only a draft and staff expects there to be significant discussion on that point.

**Question:** Is there a plan to place a maximum limit on the number of facilities (in any of the individual 5 categories or in total)? Was that discussed by the Committee? (Councilmember Lumm)

**Response:** The Committee discussed possible caps at great length and ultimately decided against recommending including them in the permitting ordinance. It was the committee's opinion that not enough reliable data existed to determine how many facilities were necessary to meet patients' needs. The committee agreed that the restriction through zoning districts and spacing restrictions was more appropriate.

**Question:** The Advisory Committee unanimously supported the ordinance and that is good to see. Does staff have any issues or concerns with the ordinance as proposed? (Councilmember Lumm)

**Response:** No.

**C-2 – An Ordinance to Amend Sections 5.10.19, 5:10.20, 5:64, 5:65, 5:68 and 5:70 of Chapter 55 (Zoning) and Sections 5:169 of Chapter 59 (Off-Street Parking) of Title V of the Code of the City of Ann Arbor (Zoning Premiums/Design Requirements) (CPC Recommendation: Approval - 8 Yeas and 0 Nays)**

**Question:** The proposed ordinance would regulate " facades visible from primary or secondary streets". Does that include facades that may eventually be covered by a subsequent building, such as the south wall of Ann Arbor City Apartments? (Councilmember Warpehoski)

**Response:** Yes. The first three requirements in proposed section 5:10.20 (5) Building Design Requirements on Primary and Secondary Streets apply to only the first floor of the streetwall but the last two requirements apply to the entire façade if it is visible from the street.

**Question:** Where do C1A/C1A/R exist in the implementation zone of this revision? (Councilmember Frenzel)

**Response:** A map of the existing C1A and C1A/R districts is attached.

**Question:** What are the major components of the Challenge by the American Institute of Architects that hope to be achieved. And which replace or upgrade/update any portions of the premium ordinance? (Councilmember Frenzel)

**Response:** The 2030 Challenge states all new buildings, developments and major renovations shall be carbon-neutral by 2030 (which should not be confused with “net-zero energy” buildings). The 2030 Challenge outlines “real and obtainable targets for the building sector to curb global warming ([architecture2030.org](http://architecture2030.org) ). These targets include designing new developments to meet a performance standard of 70% below the regional average of fossil fuel use, with increases [Architecture 2030](http://Architecture 2030) to 80% in 2020, and 90% in 2025. By 2030, the target is carbon neutral development that exclusively relies on renewable energy sources. Neither the state building code nor the energy code require such a robust reduction of energy and greenhouse gas emission reductions in the built environment. The current green building premium options are exclusively tied to the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED). Based on the input Planning Commission received across all stakeholders, it choose to switch from individualized LEED certifications to furthering the broader community goals set forth by the 2030 Challenge.

**Question:** Please explain the change [5:65] “The use of multiple options to acquire premiums is not permitted.” (Councilmember Frenzel)

**Response:** Under the current floor area premium options, the various options may be used cumulatively. For example, a development may earn a 150% bonus from the green building LEED Gold certification option, plus a 50% bonus from the historic

preservation option, plus a 100% bonus from the residential use option, for a total premium bonus of 300%. With the proposed two tier system, the multiple options/cumulative bonuses will not be permitted. Users will not be allowed to provide both Tier 1 options (each offering 150% bonuses) to earn a 300% bonus. The new, two tier system was designed to make earning the first half of the total premium bonus easier while intentionally raising the bar for earning the second half.

**Question:** 5:65 (1) b. Will this data be publicly accessible? (Councilmember Frenzel)

**Response:** All data, documents, and tools referenced in the Zoning Ordinance are publicly accessible. 5:65 (1) b seeks to specifically tie premium benefits and result on the same lot and structure.

**Question:** 5:65 (2) a. same as above \*\*\* I believe there is a typo in this subsections numbering system in document "Premium Ordinance.pdr" on legistar. (Councilmember Frenzel)

**Response:** Staff will review and correct any typographical or subsection numbering errors in the document before second reading.

**Question:** 5:70 (b) "The proposed modifications of zoning requirements must provide 1 or more of the following." Why just 1 of the 9 options and not multiple? (Councilmember Frenzel)

**Response:** The current standards for Planned Project Modifications, set forth in Section 5:70(b) of the Zoning Ordinance require one, not multiple, achievements. Staff is not proposing to change the approval standards in either amendment version (Premium Ordinance or Design Requirements Ordinance), but rather add another acceptable achievement that directly correlates to the new design requirements that are first suggested in the proposed Premium Ordinance and refined in the proposed Design Requirements Ordinance.

**Question:** In section 5:65 (1) (f), it sounds that these energy efficiency standards must be met in order to earn ANY premiums at all -- is that correct? (Councilmember Lumm)

**Response:** Yes, that is correct.

**Question:** The cover memo references pending legislation at the state level that could impact all this. Can you please elaborate a bit on what that legislation is and the major impacts it could have on this ordinance/other existing ordinances? (Councilmember Lumm)

**Response:** Legislation was introduced last year, and is anticipated for reintroduction this year, which would grant communities explicit authority to use incentives to expand the supply of affordable housing. Should this legislation be introduced and passed, it

would enable a greater degree of flexibility to the City on methods to expand this housing supply, and provide more flexible tools to ensure units are maintained affordable.

**Question:** The cover memo also lists an attachment "March 15, 2017 Planning Commission Communication" that isn't attached (unless I missed it). Can you please provide that communication? (Councilmember Lumm)

**Response:** Attached.

**Question:** The "workforce housing" premium track includes a payment in lieu option that would be established by City Council annually as part of the budget approval process. That makes sense, and I'm curious how the amount would be established/calculated -- can you please clarify that. Also assuming it's likely to increase each year, what rate would apply to a specific development (rate in effect when site plan received, site plan approved, certificate of occupancy granted, or some other date)? (Councilmember Lumm)

**Response:** The amount will be established by the current cost to construct an appropriately sized affordable housing unit, which today is in the ballpark of \$90,000. Staff anticipate offering a per unit amount or a per-square-foot amount. Increases to the payment in lieu amounts will have to be determined by City Council, either by passing resolutions on a set schedule or by providing a schedule for increases in advance. Unless City Council establishes a different policy in its resolution, it is typical for fees and payments to be made at the time building permits are issued or a certificate of occupancy is requested

**Question:** The cover memo states that the proposal would "eliminate the option to provide off-street parking through contracts for permits in the public parking system", I have a couple of questions on that:

(5-1) Does that mean what the words imply -- that arrangements like the one with Core Spaces would no longer be permitted? (Councilmember Lumm)

**Response:** Yes. Developers currently have the option of requesting either a long-term contract for monthly parking permits or payment of a one-time contribution. With the proposed amendment, developers will be only offered the option of one-time contributions.

**Question:** The remaining alternatives to meet off-street parking requirements would then be on-site (as part of the development) or payment in lieu. Can you please remind me what the current payment in lieu rates are as well as what the off-street parking requirements are for new developments downtown? (Councilmember Lumm)

**Response:** \$55,000 per space, as of March 2, 2012. One space for every 1,000 square feet of premium floor area.

**Question:** Given the public parking supply challenges downtown (and need to add new capacity), was incentivizing on-site parking (especially if it included a public parking component) considered as a possible source for premiums? If not, why not, given the significant costs of adding public parking? (Councilmember Lumm)

**Response:** The Planning Commission did discuss off-street parking requirements and on-site parking premiums. Both concluded that parking should be separately and holistically addressed to determine needs and wants before offering any incentives.

**Question:** On page 14 (of 21) of the proposed ordinance that was attached, the workforce housing was defined as 50%-80% of AMI, but page 5 of the staff report uses 30%-60% of AMI. Can you please clarify what the AMI levels will be for workforce housing? (Councilmember Lumm)

**Response:** Yes, apologies for the error in the staff report. The ordinance reflects a range of 50%-80% AMI in the ordinance. This provision in the ordinance was crafted after input on a wider range of affordability, than the traditionally 60% and focus of past rental targets.





March 15, 2017

Dear Members of the Planning Commission,

The City of Ann Arbor adopted a Climate Action Plan in 2012, with the goal to reduce CO2 emissions by 90% by 2050. The Plan recommendations were organized into four categories to align with the City of Ann Arbor's Sustainability Framework. The Land Use and Access Priority Team was formed to pursue the implementation of 21 actions related to Integrated Land Use, Transportation Options and Sustainable Systems. The Land Use and Access Priority Team includes key land use, environmental, transportation, and non-motorized representatives from a broad cross-section of the community. This Team has begun to organize, prioritize, and pursue specific actions called for in the Plan. It has developed a list of completed, active, and on-hold projects under every recommended action. There are projects that present immediate opportunities for advancement, should the Planning Commission and City Council include it in an upcoming work plan.

With the upcoming Planning Commission retreat in late March, the Land Use and Access Priority Team wanted to ensure climate change priorities were considered. From the retreat, it is expected that a near term work plan will be developed in the area of zoning and land use. Many of the Land Use and Access actions relate to land use and zoning, and so the Team is providing this list of pressing opportunities and priorities that it is hoped are strongly considered during the retreat. Below is a matrix of Actions and recommended tasks for the Planning Commission to consider:

2012 Climate Action Plan Actions	Recommended Tasks	Comments
<b>LU-1:</b> Actively support regional approaches to land use planning to reduce origin and destination distances	Implement ReImagine Washtenaw recommendations to encourage multi-modal transportation, enhanced transit, pedestrian safety, and land use recommendations calling for denser, mixed-use, transit-oriented development	Current corridor zoning does not require dense, mixed-use development

The Ann Arbor Climate Partnership is a collaboration of Ann Arbor Area citizens, organizations and businesses working together to #ActOnClimate. For more information go to [A2CP.org](http://A2CP.org)



<b>LU-3:</b> Encourage coordinated zoning and redevelopment at higher densities, using land use, development regulations, and market forces	Review denser, mixed-use, transit-oriented land use opportunities for other primary transit corridors	Plymouth Rd Packard Rd State St Stadium Blvd
<b>LU-6:</b> Revise the local Parking Ordinance to allow for flexibility with parking provisions	Review zoning ordinance parking minimum and maximums. Consider eliminating minimums, and create maximums.  Support car sharing through parking provisions.	Excessive/unnecessary surface parking increases development costs, encourages sprawl, does not support transit
<b>LU-18:</b> Establish requirements or guidance for electric vehicle and hydrogen-fueled vehicle parking infrastructure for projects and increase city-wide infrastructure for electric vehicle charging and hydrogen refueling	Consider zoning and policy incentives to require/encourage inclusion of electric vehicle charging stations as part of new development projects	Would expand the EV charging infrastructure, encourage use of electric vehicles by providing more charging locations/options

The above is just a small number of specific actions from a broad array of implementable tasks that would achieve a reduction in greenhouse gas emissions over time. The Climate Action Plan Land Use and Access Priority Team urges the Planning Commission to review the above list and incorporate it into a short-term work plan for implementation.

Please do not hesitate to contact us if we can be of any assistance to the Commission. We would also welcome giving the Commission a short orientation to the Climate Action Plan with a focus on land use and planning.

Many thanks,  
 Emily Drennen

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