



Legislation Details (With Text)

**File #:** 09-0466      **Version:** 1      **Name:** 6/15/09 Ann Arbor Connector Background Information

**Type:** Report or Communication      **Status:** Filed

**File created:** 6/15/2009      **In control:** City Council

**On agenda:** 6/15/2009      **Final action:** 6/15/2009

**Enactment date:**      **Enactment #:**

**Title:** Ann Arbor Connector Background Information

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
6/15/2009	1	City Council	Received and Filed	

Ann Arbor Connector Background Information

Staff of the four partner agencies Ann Arbor Downtown Development Authority (AADDA), Ann Arbor Transportation Authority (AATA), City of Ann Arbor (City) and the University of Michigan (UM), has agreed to move forward with the execution of a Memorandum of Understanding (MOU) with each party committing to a share of the project. Initially, equal share evolved as an approach to funding the effort. In the time since the preliminary understanding much has changed. Both the nature and cost of the project have emerged overtime. This memo describes the evolution of the current funding concept.

First conceived in 2006, the cost of the feasibility study was envisioned to be in the \$250,000.00 range. Roger Hewitt, AADDA, and Eli Cooper, City staff met with Greg Cook, former Executive Director of AATA, and discussed this undertaking. Greg committed the AATA to funding up to \$200,000.00 of the project from AATA's Federal Transit Administration (FTA) funds. It was thought at that time the remaining three entities would share equally in the difference.

The project finally moved into the RFP phase in summer of 2008. It was agreed by all entities an MOU was desirable for this effort. It was understood the MOU would serve as a mechanism to define each entities' share of funding of this effort.

The four partners initially anticipated funding a Phase I effort at \$250,000.00. AATA was seen as committing up to \$100,000.00 of that amount from their FTA funds and the other partners equally sharing the remaining \$150,000.00. In spite of staff's belief the work could be accomplished for a lesser amount the three proposals received were well in excess of the amount anticipated.

In light of the increased costs discovered through the selection process, the partner agencies' staff met and decided to proceed with the process. The procurement has been conducted by AATA's procurement office to assure compliance with Federal contracting requirements. The procurement has followed the requirements of the FTA. Review of the three proposals and reliance on FTA's procedural requirements, the selection committee arrived upon a preferred team, URS, Inc. Formal negotiations ensued and ultimately, a best and final offer was received. At this time as a result of negotiations and procedural requirements the project's Cost became known,

\$640,000.00.

In the late fall 2008, the staffs of the four entities preliminarily agreed to proceed with the feasibility study based on equal shares. This resulted in the language of an earlier MOU and equal shares of approximately \$160,000.

During the period between that initial understanding and today a few issues have arisen that have resulted in a revised cost-sharing defined in the proposed MOU. Most significant was AATA identifying an additional amount of FTA funding and committing to supporting the project at the \$320,000.00 level. The UM remains committed at the \$160,000.00 level, based on the earlier equal shares basis. The balance is to be divided between the City and the AADDA at \$80,000.00 each. It is important to note, the UM staff understands the increased AATA commitment changes the "equal shares" understanding and result in revised commitments for the City and the AADDA.

There has been no discussion of a credit towards the City's share reflecting the city's commitment of a project manager. At this time the AATA and UM have indicated agreement with the draft MOU. Combined this represents 3/4 of the total cost for the project. The AADDA and City are being asked to approve funding for their respective shares. The DDA staff has this item scheduled for their Transportation Committee's consideration on May 27, 2009.

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