

Mayor and Council Members:

I am providing you with an update on current projects and information you have requested.

## CURRENT ISSUES

Lowell Street Construction - The project is progressing very well with the weather that we have had. As of today, the new water main is fully functional and all water services and connections have been completed. Sometime on or about the week of June 18, the concrete curb and gutters will be installed. At this point this project is anticipated to be approximately one and a half weeks ahead of schedule and we should be open to traffic by late July or early August.

2007 Sidewalk Replacement Program - Mr. Kirton reports that so far this year, just over 2,000 sq. ft. of sidewalk has been marked on Cambridge, Oxford and Hillside Streets as well as some corner lots on Roosevelt and Kingwood. Replacement is scheduled to begin late this week or early next week in these areas. Sidewalks on Cornell, Mansfield, Courtland and Bellevue Streets will be evaluated and marked hopefully this week or early next week. Replacement will begin 10 – 14 days after mailing of notifications to property owners.

Letter from Command Officers Association Of Michigan - During the June 5th City Council meeting, Council asked if the recent investigation conducted by the City of police officers had violated the collective bargaining agreement. We checked with our Labor Attorney, Dave Kempner, prior to conducting the investigation to make sure that we could have a Private Investigator do the investigation. We were advised that the contract does allow us to use an outside investigator just like we would use the Michigan State Policed for major violations that include potential criminal violations.

## GENERAL INFORMATION

Wrecker Ordinance Overtime Charges - During the June 5th City Council meeting, the overtime provision of the ordinance was questioned and it was cited that State law prohibits charging of overtime. According to Mr. Barr, the Freedom of Information Act prohibits charging overtime to compile information. However, there is no prohibition against charging overtime, but we can charge but only actual costs.

Parkridge Community Center Donations - During the City Council budget presentations, Council asked who Parkridge received donations from. In 2005-2006 donations were received from:

Second Baptist Church, Kiwanis Club, State Farm Insurance, Pfizer, Comcast, Ann Arbor Area Community Foundation (from Corporate Sponsors), Individuals

In 2006-2007 donations have been received from:

Washtenaw United Way, Ann Arbor Area Community Foundation, Individuals

Council Request for Information from June 5 Meeting - At City Council's June 5, 2007 meeting, information was requested about the following topics:

- Procedures for Council-initiated rezonings
- Zoning enforcement issues along Park and Lincoln Streets
- Estimated cost if the City were to reestablish the railroad spur to serve the ACH/Visteon site
- Milestones and timelines associated with achieving private investment in the Water Street project to offset bond repayment

Ms Hart has provided the following responses to the questions:

### **Council-initiated rezonings**

An application for rezoning land from one zoning district designation to another may be initiated by an owner of the property proposed for rezoning or by someone else who has an interest in the application with the owner's written consent; by the Planning Commission; or by City Council. City Council may take action to initiate a request to the Planning Commission to consider rezoning land by approving by majority vote a resolution to do so. Such a resolution would need to specify the land to be considered for rezoning, the nature and effect of such a rezoning, and other circumstances, factors and reasons offered in support of the proposed rezoning. No fee is required, so all costs are borne by the City.

The procedure for considering a rezoning is the same, regardless of how it is initiated, and is set forth both in state law (Public Act 110 of 2006) and in the City's zoning ordinance in Sec. 122-62. Amendment Procedures. The steps are:

1. Notice of a public hearing on the proposal to be held by the Planning Commission is mailed to the owner(s) of the property in question, to all owners of real property and occupants of structures within 300 feet of the property, and to all public utility companies and railroad companies owning or operating a public utility or railroad within the affected zoning district. The notice must be mailed not less than 15 days before the hearing, and a notice must also be published in the newspaper at least 15 days before the hearing.
2. The Planning Commission holds the hearing, makes its recommendation to City Council, and transmits its written report.
3. Because a rezoning is accomplished by ordinance, the same published and mailed notice required at the Planning Commission hearing is required for the hearing held by City Council at first reading.
4. At second reading, City Council may adopt the proposed amendment, decline to adopt the amendment, or adopt it in whole or in part with or without additional changes. Such action requires a simple majority of Council (4 votes).
5. Any owner or owners of property proposed to be rezoned, or owners representing 20 percent of the land within an area extending 100 feet from any point on the boundary of the land proposed to be rezoned, may file a protest petition before the Council acts. If a valid petition is filed, passage of the rezoning would require a two-thirds majority of Council (5 votes).

It should be noted that the particular property that triggered this inquiry (several lots on N. River St. zoned for two-family residential use), were zoned consistent with the recommendation of the City's Master Plan. The Plan recommended two-family zoning as a transition between the industrial use to the west and the single-family use to the east. It was not a "spot zoning," as it was characterized at the June 5<sup>th</sup> Council meeting. A spot zoning is approval of a zoning district that is inconsistent with the Master Plan and incompatible or unrelated to the zoning districts surrounding it.

### **Zoning enforcement issues along Park and Lincoln Streets**

A request was made to have Building and Planning staff identify zoning violations along these two streets and prepare a written report about them by the next Council meeting. While Building staff were able to make a preliminary inspection, additional inspection and research is required by both departments before a report may be prepared. Preliminary inspection showed five vehicles that appeared to be inoperable. (Warning letters will go out shortly to start the warning/ticket/tow process.) Approximately four other vehicles may be at issue, depending on the alley delineation. A clean-up notice will also be sent to Mr. Kircher, who owns the property at 220 N. Lincoln. A more complete report will be provided in July.

### **Railroad spur**

To eliminate an inactive railroad spur that ran through the Water Street site and once served what is now the ACH/Visteon site, the City entered into an agreement with Visteon in July 2004.

Visteon agreed to let the City remove the spur, but required that the spur be reestablished along Park St. if Visteon needed it. The term of the agreement is 25 years. A "Lead Track Relocation Strategy" prepared by Giffels-Webster Engineers, Inc., and Langworthy Strader LeBlanc & Associates, Inc., in December 2002 estimated the cost of relocation to be between \$1.75 million and \$2.25 million, not including railroad signalization and pavement crossing improvements at three grade crossings; franchise utility costs; acquisition by fee simple or easement of a portion of land at the southwest corner of Park St. and Norfolk Southern's main track; or acquisition by fee simple or easement of a portion of land at the south end of Park St. near the existing Visteon lead track. MDOT's position on relocation is not known at this time. A copy of the agreement and of the relocation strategy are available for review in the Planning and Development Department.

#### **Water Street milestones and timeline**

To minimize the amount of General Fund revenues necessary to make the bond payment due in FY 2009-2010 (\$854,135), taxable value sufficient to generate approximately 2.1773 mills (estimating the value of one mill to be approximately \$392,290) would have to be created through private investment (specifically, vertical construction) by December 31, 2008. In other words, private investment in the amount of approximately \$55 million would be needed by the end of 2008 to create a taxable value of approximately \$28 million to cover the first bond payment with no other sources of revenues.

To achieve that, depending on the type of development, the number of phases to be developed, and the procedural steps outlined on the attached preliminary timeline, would take an ambitious minimum of about three years. If an RFP to hire a real estate firm were issued in July 2007, an optimistic conclusion to completion of vertical construction would be summer 2010, about 18 months longer than the December 2008 milestone.

This conclusion reinforces the need to set aside reserves and to take a more aggressive approach to sell city-owned property, and perhaps to consider other revenue opportunities, to enable the City to make its first bond payment in FY 2009-2010.

#### **Preliminary Timeline for Water Street Project**

1. RFP to hire real estate firm issue
2. Proposals received and evaluated; firm selected (2-3 weeks from issuance of RFP)
3. Real estate firm hired (1-2 weeks from selection)
4. Firm prepares development and marketing strategy; marketing begins (2-3 weeks from hire)
5. One or more developers selected (unknown time from commencement of marketing; 4 months – 12 months?)
6. Negotiate development agreement, if appropriate (1-3 months from selection)
7. Approval of development agreement by City Council
8. Close on sale (may be contingent on approval of zoning and site plan)
9. Developer prepares zoning submission & possibly also site plan (3 months from close).  
Reviewing site plan sequentially would add 1-2 months.
10. Zoning (and possibly site plan) reviewed, scheduled for Planning Commission (1-5 months)
11. Planning Commission hearing on zoning; recommendation made (site plan either held until zoning approved by Council, or approved contingent on zoning approval) (at least 1 month after submittal)
12. City Council hearing held; first reading on zoning (1 month after PC)
13. City Council second reading on zoning; approval (2 weeks after first reading)

14. Firm(s) hired, either by City or developer, to design utilities, streets, other infrastructure (4-6 weeks to bid, 3-4 months to design, additional time to get permits); bid and carry out demolition and site remediation at same time (8-9 months)]
15. Select contractors to begin infrastructure construction; complete construction in about 6 months.
16. Begin vertical construction; end in 9-18 months, depending on type of use, weather, etc