

I hope this finds you and your families safe and healthy. Although I suspect you're not thinking much about city government these days, there's been a lot going on, and there's a lot on the horizon so what follows is a rather long update - sorry.

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- **COVID-19 Impacts on City Government Services and Facilities**
- **2nd Ward Projects and Topics**
 - UM Vehicle Maintenance Facility on Dean Rd. (Green-Baxter area)
 - Nixon-Traver Sidewalk Project
 - Traffic Calming on Glenwood
 - Huron Hills Golf Course Stormwater and Ecological Design Project
 - Glazier Hill Park - Miller Creek Stream Stabilization Project
 - Proposed Re-Development of 3611-3621 Plymouth Road
 - Gallup Park Path and Road Improvements
 - Updates on Other 2nd Ward Projects:
 - Annual Street Re-surfacing Program
 - Nixon Corridor Improvement Project
 - Riverview Sewer and Water Main project
- **Solid Waste, Recycling and City's Material Recovery Facility**
 - Solid Waste Resource Management Plan (SWRMP) Recommendations
 - Contract for Recyclables Processing & MRF Operation
 - Next Steps
- **Land Use, Zoning and Development Regulations**
 - City Master Plan Update
 - Proposed New Zoning Classification – *Transit Supported District*
 - Potential Short-term Rental Regulations in Ann Arbor
- **Affordable Housing on City-Owned Properties**
- **Ann Arbor's Proposed Carbon Neutrality Plan**
- **City Budget**
 - Budget Process and Priorities
 - FY21 Budget Status – COVID Impacts and Next Steps
- **Center of the City Urban Park-Commons**

Please let me know if you have any comments or questions on any of the topics in this update or anything else that may be on your mind. You can email me at jlumm@a2gov.org or call 734-677-4010. As always, I'd love to hear from you.

I have temporarily suspended my normal office hours – weekly coffee at Plum Market on Thursdays from 8:00AM to 9:30 AM and monthly after-work at Paesano's Restaurant from 5:00PM to 7:00PM the first Thursday of each month – and will resume them when Governor Whitmer lifts the "Stay Home, Stay Safe" executive order.

privately-owned public parking lot at 1st/Huron (Brown Block Lot) which is being offered for private development is in fact developed.

As noted above, there was strong pushback from the Kerrytown folks regarding the council vote in November to develop the Catherine surface parking lot across from Farmers Market. They believe the loss of the 47 parking spaces will have a significantly adverse impact on both the Farmer's Market and the Kerrytown businesses. I agree, which is why I voted against that specific action November 18th. That same concern applies to developing the other properties that are currently parking lots.

I mentioned in a previous update that – in recognizing that a significant number of downtown parking spaces likely would be lost in the next few years - the DDA recommended to Council that the existing Ann-Ashley structure be expanded by 375-400 spaces to maintain supply (the Ann-Ashley structure was originally constructed to accommodate additional floors). In October, council rejected the expansion proposal on a 5-5 vote (one council member was absent and it takes six affirmative votes for something to pass). In response to a question I asked, the DDA indicated last week they will not bring the Ann Ashley expansion plan back to council for re-consideration.

I voted for the expansion. For those of us supporting the expansion, we believed that not replacing these lost spaces in a system that's already at capacity (with unmet demand for monthly permits) was a real and substantive risk to the economic health and sustainability of our downtown. Plus, with significantly more residential units downtown, the parking demand will increase even if the projected trend of fewer automobiles per resident comes to pass.

Yes, the construction costs for parking are substantial, but that cost pales in comparison to the economic impact that inadequate parking downtown would have. In my view, if these parking spaces are in fact lost through affordable housing development, they need to be replaced – whether its expanding Ann-Ashley or constructing a parking deck at 216 W. William if the Ashley/William (Kline's lot) is developed.

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Ann Arbor's Proposed Carbon Neutrality Plan

In November, city council approved a resolution setting a target to achieve carbon neutrality city-wide by 2030 and directing city staff to develop a plan to get there. On March 30, the Carbon Neutrality Plan was delivered to city council and made available to the public.

Dr. Missy Stults, the Director of the city's Office of Sustainability and Innovations (OSI) and her team developed the plan and there was a City Council Work Session to review and discuss the plan April 13th. If you're interested, here's the link to the Plan -

<https://www.a2gov.org/departments/city-administrator/Documents/A2Zero%20Carbon%20Neutrality%20Strategy.pdf>

The Plan is quite extensive with seven strategies and 44 actions identified which if implemented would reduce Ann Arbor's greenhouse gas emissions by 2.1 million metric tons of carbon dioxide

Budget Process and Priorities

Budget Process

The city's fiscal year is from July 1 to June 30. The city charter defines the process - the City Administrator presents a recommended budget to council in April (was presented April 20th – see below) and council must amend/adopt that budget by the end of May or the Administrator's initial proposal automatically becomes the budget. **There will be a public hearing on the FY21 city budget May 4 and council is scheduled to amend/adopt the budget on May 18.**

The city has always had a robust budgeting process, and it has recently been improved with the adoption of *Priority Based Budgeting* – a data-driven approach based on identification of priorities and metrics to measure results.

I'm particularly excited about the approach because it builds on initiatives I've sponsored to engage the community through resident surveys of budget and spending priorities. I've always believed a fundamental responsibility of city government is to align spending with the community's priorities and *Priority Based Budgeting* will help do that.

Establishing Budget Priorities

Annually in December, City Council holds a retreat to discuss budget priorities as a first step in establishing the city budget for the next fiscal year. To set the context, council is provided a financial outlook and information from each city service area on major issues in their areas.

The financial outlook is mixed. The city's current (pre-COVID 19) financial position is healthy and stronger than most cities (AA+ credit rating and reserves at target levels). Property tax revenue growth (the city's largest revenue component) has been very strong in large part due to new development/construction. The city's expenses, however, are projected to grow faster than revenues and the result is a projected General Fund deficit beginning in FY2022 and growing to approximately \$5M by FY2025.

To be honest, a projected \$5M or so deficit on a \$100M+ annual budget five years from now would not be particularly concerning if the city did not have such ambitious plans for affordable housing and carbon neutrality programs and if there was not the uncertainty that currently exists over the long-term economic impacts (if any) of COVID-19.

In terms of specific priorities, council was asked to rate the priority of several initiatives and services as a homework assignment prior to the retreat. For those of us who completed the assignment, the combined rank order of importance was as follows:

1. Affordable Housing Investments
2. Energy Improvements
3. Climate Action Initiatives
4. Accelerate pavement condition repairs
5. Pedestrian Safety Improvements

A copy of the draft proposed budget can be found here
<https://www.a2gov.org/departments/finance-admin-services/financial-reporting/Documents/Draft%20Budget%20Book%204.19.20%20-%20for%20web.pdf>

Next Steps on FY21 Budget

Obviously, with the COVID-19 revenue impacts uncertain and estimated in the \$6M - \$11M range (5%-10%) for the General fund, coupled with the fact that the FY20 revenue impacts (estimated at \$5M) will deteriorate the city's reserves position as we enter FY21, this is not your normal budget deliberation and approval process.

As I stated at the April 20th council meeting, given the substantial revenue hits, I don't believe the city should authorize expenditures anywhere near what is contemplated in the proposal unless we're willing to really deplete our reserves – and I, for one, would never support that.

At the meeting, I indicated we need a "Plan B" budget, and process to get there. I also believe that beyond just approving a budget, the city needs a specific action plan to contain costs. It's not clear what that looks like yet – whether it's hiring and salary freezes like UM has instituted or something else – but it's clear cost containment actions are needed.

The clock is ticking – council needs to approve the budget by the end of May by charter – so I've followed up on the approach and processes for a "Plan B" budget AND for near-term cost containment recommendations.

Our city CFO and Interim Administrator Tom Crawford fully appreciates the urgency of the matter. He has indicated that a **City Financial Recovery Plan** is being developed and will be **discussed with City Council on May 11** at the scheduled work session. He has also indicated that what will be presented May 11 will not be a recommended plan, but a list of ideas to consider and that's completely appropriate. These are very important decisions and city council must weigh in and ultimately endorse the specific budget and cost containment recommendations proposed for both the current fiscal (FY20) and next fiscal year (FY21) beginning July 1st. Stay tuned – as I said, this year is not your normal, routine budget approval process.

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Center of the City Urban Park – Commons

In November 2018, Ann Arbor voters approved the Center of the City Commons ballot proposal stating that the surface of the Library Lane parking structure and Library Lane itself, "shall be retained in public ownership, in perpetuity, and developed as an urban central park and civic center commons known as the 'Center of the City' ". A Center of the City Task Force established by Council began meeting in August and on February 28th, the Task Force published their report and recommendations for the use of the site and for next steps.

Although the Task Force did not recommend a specific use or design, their report (based on community surveys and workshops) indicated a preference for a balance of grassy and paved areas with a fountain and prominent sculpture. The Task Force also surveyed residents on the

type of activities they'd like to see the space used for. There were over 500 respondents and the highest rated activities were "sit and talk", "visit the downtown library", sit quietly and read a book", "have a drink at an indoor/outdoor café", and "listen to a live band".

The Task Force recommended that City Council create a "Council of the Commons" group to lead the ongoing development efforts for the property and that steps should be taken to eliminate the current parking on the site to signal/encourage more public use.

While the Task Force was working on developing its recommendations for the site, city council approved a resolution on December 16th outlining potential interim/temporary actions for the property to facilitate more public use. The potential actions included benches/tables, temporary performance space, restrooms, internet connectivity and barrier-free play areas. Funding for these temporary actions would be from the parking revenue currently collected at the site.

On May 4, City council will be voting on a resolution to accept the Task Force report and thank those who participated. If you're interested in reading the Task Force's Final Report or in more information on the Task Force and project, please visit the city's website page at:

<https://www.a2gov.org/departments/systems-planning/programs/Pages/City-of-the-City-Task-Force.aspx>

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My apologies for another long update - hopefully, you find these updates informative. And as always, I'd love to hear from you!

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