



MEMORANDUM

TO: Mayor and City Council
FROM: Howard S. Lazarus, City Administrator
SUBJECT: County Public Safety/Community Mental Health Millage
DATE: August 1, 2017

At its July 3, 2017 meeting, City Council passed a resolution stating its intended uses of monies that would be returned to jurisdictions that support their own police departments if Washtenaw County voters approved the proposed County Public Safety/Community Mental Health millage this coming November. The Council resolution provided that the funds to be returned to the City's General Fund with the following intended uses:

- 20% to improve Pedestrian Safety (e.g. Enforcement Augmentation, Crosswalk Improvements, RRFBs, Streetlights) (operating and capital)
- 40% to effect the goals of the Affordable Housing Needs Assessment (a/k/a/ Washtenaw County Housing Affordability and Economic Equity Analysis) and to increase Workforce Housing (operating and capital) with guidance by the Housing and Human Services Advisory Board
- 40% to effect the goals of Ann Arbor's Climate Action Plan (operating and capital)

The millage is anticipated to return \$2.2M to \$2.5M in the first year, noting it is an 8-year millage.

At its July 17th meeting, the County Board of Commissioners adopted a resolution to place the millage request on the November ballot, and it is therefore fitting and appropriate for staff to provide a more specific recommendation on how these resources (if approved by the voters) should be employed. However, the proposals provided below are preliminary in nature and are subject to change upon receipt of public input and Council guidance:

General

Although this is an 8-year millage, staff recommends that the funds be treated as non-recurring revenues. Therefore, recommendations below focus on capital improvements and "one-time" operations and maintenance expenditures. Staff will continue to be prudent in taking on new initiatives and staffing that represent recurring obligations, as well as planning for the retirement of current unfunded obligations. Kindly note that the millage is not scheduled for collection until December 2018, so these funds will not be included in the FY2019 budget preparation, although if passed in November it will influence the shape of next year's allocation of funds.

Pedestrian Safety

At a 20% allocation, the returned amount is estimated to be between \$0.44M and \$0.50M annually. Staff recommends the funds be used to address pedestrian safety, with emphasis on safe routes to school. We have been working with the Ann Arbor Public School System's Transportation Safety Committee (AAPSTSC) to define, validate, coordinate, and prioritize projects. Components of these projects include street lighting, rectangular rapid flashing beacons (RRFBs), programmable electronic speed limit signs, pavement markings, and school zone signage. We would also recommend incorporating neighborhood traffic calming measures be included as we look at the routes to and from elementary schools. Where appropriate, we would also improve bicycle connections to schools using the returned funds. Staff is currently working with the AAPSTSC to ratify and adopt a work program based upon community input, engineering analysis, and synchronization with the AAPSS' capital program.

Affordable Housing

Staff proposes setting aside the 40% targeted to the goals of the Affordable Housing Needs Assessment (\$0.88M - \$1.0M annually) to build reserve funds to address the following needs:

- Water and sewer connection fees for new projects can be extensive, depending upon the number of units included in the development. While these fees are appropriate and necessary to preserve the financial health of the utilities, they can also detract from the competitiveness of proposals for federal funds and tax credits. Staff recommends funding be set aside to provide for these connections for future projects.
- The Council has established a priority of completing an Affordable Housing Master Plan. Staff recommends that funds be set aside and used to develop a detailed statement of work and then solicit proposals to prepare the document.
- As part of new developments, the City looks for the inclusion of workforce housing. Some funding may be set aside for the City to participate in providing units in the desired income range.

Climate Action Plan

The 40% allocation to effect the goals of Ann Arbor's Climate Action Plan is expected to provide \$0.88M - \$1.0M annually. The recommendations below are framed using the context of the *Ann Arbor Climate Proposal*:

A2 Green Grants

With the 2017 budget, Council approved \$100,000 to launch the Neighborhood Partnering Program. Staff is incorporating a strong environmental component into the initiative, consistent with the A2 Green Grants concept. Staff recommends funding this program in future years using ~\$250,000 annually from the proposed millage.

Charge Up Ann Arbor!

One of the goals under this initiative is the conversion of the City's fleet to include electric vehicles. At its June 19, 2017 meeting Council advanced this objective with direction to the City Administrator to *Update and Revive the City of Ann Arbor's "Green Fleets Policy*. Staff recommends that funding be set aside into a reserve account to provide for the necessary physical improvements to provide for the maintenance and repair of electric vehicles, cover the increased cost of purchase, and to provide for charging stations at City facilities.

The *Ann Arbor Climate Proposal* also identifies three programs (**Rain Ready Ann Arbor**, **"Energy Smart" Ann Arbor**, and **A2 Solar for All**) that operate on a "revolving loan" type basis. Funding for these initiatives could be provided from a single sinking fund with an initial investment of ~\$650,000 over several years. The management approach for these programs would require additional development.

In addition to these specific initiatives, staff also recommends setting aside funds for the following needs that are in-line with and sympathetic to the goals of the Climate Action Plan:

- The City's hydroelectric facilities and dams are in need of capital repair. Over the past few years, costs for the major work on these facilities has been allocated between the Water Utility Fund and the General Fund. Allocation of part of the millage to defer the General Fund contribution is consistent with the objective to develop renewable sources of energy.
- Several City facilities, including City Hall, are or will be in need of capital replacement of heating and cooling systems. Allocation of funds from the millage will enable the City to pursue more energy efficient systems, including the installation of solar systems.

We look forward to receiving your feedback on these recommendations. As noted below, we are also providing this memorandum to the Transportation, Environmental, Energy, and Housing Commissions for their consideration and review.

cc: T Crawford
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Chairs

Transportation Commission
Environmental Commission
Energy Commission
Housing Commission