

RESOLUTION OF SUPPORT FOR THE COMMUNITY SECURITY AND PUBLIC SPACE TASK FORCE RECOMMENDATIONS

Whereas, The City of Ann Arbor is a vitally important downtown anchor, drawing many hundreds of employees and citizens downtown daily;

Whereas, The DDA Renewal Plan sets forward that the DDA should work to preserve the downtown as a center for government, public and community services, and it includes a strategy that the DDA should work with other government entities to support expansions of or improvements to their downtown facilities;

Whereas, The DDA has established a framework by which it would assist the City with its efforts to address space needs for its 15th District Court and police department, which include the following:

- The DDA would partner with the City if there are opportunities to construct a substantial number of new parking spaces for the public which is revenue generating. This may include on grade or above grade parking, but the DDA is particularly interested in constructing underground parking for the public that is centrally-located.
- The DDA would partner with the City if it helps the DDA accomplish its mission which is to spark private reinvestment in the downtown. Helping the City divest itself of City owned property for redevelopment by residential or commercial developers would meet this DDA goal; providing new public parking spaces in an area of downtown that needs additional public parking is another way.
- The DDA would partner with the City if there are opportunities to add to the diversity of uses in an area, including the incorporation of new commercial businesses associated with the proposed municipal project;
- The DDA would partner with the City if there are opportunities to create an activated open space for public use which is attractive, comfortable, safe, and welcoming to community members of all ages;

Whereas, In February 2006 the City of Ann Arbor authorized a Community Security and Public Space Task Force to assess the City's office, police and court space needs, and after meeting twice monthly for six months the Taskforce presented its recommendations to City Council in September 2006;

Whereas, The Taskforce report included the following recommendations:

- Something must be done.
- The City should develop a long-term plan to house City Hall, Police, Courts, parking, and an exterior public amenity on the South Fifth Avenue (Library) Lot. This location is recommended as the site for a police/court facility and eventually a new City Hall because of its central location, size of the lot, ability to integrate significant public parking, and its pedestrian friendly location.
- Opportunities exist to acquire properties adjacent to the S. Fifth Avenue lot and this should be pursued.
- A City Hall is the iconic symbol of its community. A future City Hall should have a sense of design that instills a feeling of pride, when looked at is admired, and when approached feels like the heart of the community.
- The DDA should build a minimum of 400 below ground public parking spaces on the S. Fifth Avenue lot. This underground structure can then support the buildings for police, courts, City Hall and/or a private development.

- A police & court facility should be built without having to request a special millage from the taxpayers.
- Since the cost to build all of the City's facility needs is estimated to be greater than the City can afford at this time without requesting an increase in property taxes, a facility for only the Police and Court should be built and occupied by January 1, 2010.
- The existing Larcom building has many shortcomings for a City Hall, is costly to maintain and operate, and is in need of replacement or significant renovation. The City should perform only those renovations necessary to operate City Hall until it can be replaced.
- The City should establish a reserve for the replacement of the Larcom building on the S. Fifth Avenue (library) lot without seeking a special millage from the taxpayers. Since the cost of construction has been increasing faster than core inflation, a rapid reserve for funding a new City Hall may be less costly to taxpayers by minimizing renovation costs on the existing facility.

Whereas, This plan is preliminary and there are opportunities to add to the Taskforce report recommendations which expand and enhance the public benefits accruing from this plan, including:

- Incorporating commercial uses into the redevelopment of the S. Fifth Avenue lot to activate the site on evenings and weekends;
- Incorporating a detailed plan for the open space that would be made available in front of the new court/police building atop the underground parking structure, including design for public gatherings, concerts, and other activities;
- Incorporating planning elements for a partnership between the City and Ann Arbor District Library, including public meeting rooms, art galleries, shared parking, and other elements;
- Incorporating a plan for private reinvestment in the downtown as a result of this development, including the potential to sell the existing Larcom site if City Hall is relocated or the potential to sell the remaining S. Fifth Avenue site if the decision is not to relocate City Hall;

Whereas, Members of the DDA Partnerships Committee met to discuss the proposed plan set forward by the Community Security and Public Space Task Force and determined that it would provide an attractive partnership opportunity between the DDA and City because it addresses the criteria needed by the DDA to meet its mission as a downtown development authority;

RESOLVED, The DDA extends its support for a proposed plan to redevelop the South Fifth Avenue (Library) lot as the future site for a new Court/Police facility, eventual site for a new City Hall, an underground public parking structure, and other public uses including commercial open space.

RESOLVED, The DDA extends its support for the eventual sale and redevelopment of the Larcom site for commercial or residential uses in keeping with the recommendations of the recent Calthorpe report which determined that Huron Street should be the location for a great deal of new downtown residential development;

RESOLVED, The DDA expresses an interest in partnering with the City on a project that would help the DDA accomplish its mission for the downtown.

City of Ann Arbor
JUSTICE FACILITY

	LIBRARY LOT		LARCOM LOT	
	Task Force Recommendation		# 1	# 2
	(\$)		(\$)	(\$)
COSTS				
● Building Construction	\$ (16,540,473)	\$ (16,540,473)	\$ (16,540,473)	
● Site Work	-	(1,500,000)	(1,500,000)	
● Parking Construction	(3,600,000) *	(1,800,000)	(1,800,000)	
● Acquire Lot to East (assumes vacant) add surface parking	-	-	(2,035,000)	
● Contingency - 10%	(1,654,047)	(2,049,567)	(2,037,967)	
TOTAL CONSTRUCTION COSTS	(21,794,520)	(21,890,040)	(23,913,440)	
● Soft Costs (Prof. Services/FFE/Permits) - 25%	(4,548,630)	(5,472,510)	(5,978,360)	
● Capitalized Construction Period Interest	(1,198,050)	(1,798,650)	(1,919,400)	
● Renovations to Larcom to Obtain Lease Savings	(3,000,000)	(3,000,000)	(3,000,000)	
TOTAL PROJECT COSTS	<u>(30,541,200) *</u>	<u>(32,161,200)</u>	<u>(34,811,200)</u>	
Larcom Lot (Over)/Under Library		\$ (1,620,000)	\$ (4,270,000)	
Memo: Gross Square Feet at \$183 per square foot	90,000	90,000	90,000	
Gross Square Feet at \$222 per square foot	75,000	75,000	75,000	

* Includes purchase of 80 secured parking spots from DDA.				
FUNDING				
<u>Fund Balances (Potential Use of)</u>				
● Municipal Facility Fund	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	
● General Fund	3,000,000	3,000,000	3,000,000	
● Annual Operations over next 2 yrs (or Risk Fund)	600,000	1,500,000	3,000,000	
● Court Facility (Fund 023)	750,000	750,000	750,000	
● Water	40,000	40,000	40,000	
● Stormwater	211,200	211,200	211,200	
● Sewer	30,000	30,000	30,000	
Total Use of Fund Balance	\$ 12,131,200	\$ 13,031,200	\$ 14,531,200	
<u>Other Cash Actions</u>				
● Assumed DDA Contribution	5,000,000	-	-	
<u>Proceeds from Property Sales</u>				
● Sale of 1st & Washington Property	2,000,000	2,000,000	2,000,000	
<u>Borrowings</u>				
● Affordable Debt from Discontinued Leases	\$ 11,410,000	\$ 11,410,000	\$ 11,410,000	
● Affordable Debt from PILOT	-	5,720,000	6,870,000	
Total Borrowings	\$ 11,410,000	\$ 17,130,000	\$ 18,280,000	
TOTAL FUNDING	\$ 30,541,200	\$ 32,161,200	\$ 34,811,200	
FUNDING ASSUMPTIONS				
<u>Elimination of Existing Lease Payments</u>				
● City Center Building (8/2006)	\$ 172,000	\$ 172,000	\$ 172,000	
● Customer Service Area (12/2007)	110,000	110,000	110,000	
● 15th District Court (Gen. Fund) (12/2006)	293,000	293,000	293,000	
● Probation Office (Gen. Fund) (12/2007)	55,000	55,000	55,000	
● 15th District Court Annual Fees from Tickets	200,000	200,000	200,000	
Cash Available for Additional Debt	\$ 830,000	\$ 830,000	\$ 830,000	
<u>Water/Sewer PILOT (1.3% to 1.5% incr. on FY07 revenues)</u>				
		\$ 416,000	\$ 500,000	
<u>Financing Terms</u>				
● Additional Debt Affordable due to Discontinued Leases	\$ 11,410,000	\$ 11,410,000	\$ 11,410,000	
● Additional Debt Affordable due to PILOT	\$ -	\$ 5,720,000	\$ 6,870,000	
● Interest Rate (Fixed)	5.25%	5.25%	5.25%	
● Term (Years)	25	25	25	
● Construction Period Interest	\$ (1,198,050)	\$ (1,798,650)	\$ (1,919,400)	
(RISKS)/OPPORTUNITIES				
● OPPORTUNITY: Negotiate the size of this expense down.	\$ 3,600,000			
● (RISK): Parking may be inadequate.		TBD		
● (RISK): Relocation costs of TIOS/Office space tenants.			TBD	
Phase II				
- Library Lot - OPPORTUNITY: Sell Larcom Lot (vacant)	\$ 9,720,000			
- Larcom Lot - (RISK): Cost of City Hall Relocation during Phase II Construction		TBD		
- Larcom Lot - OPPORTUNITY: Sale of Library Lot (vacant)		\$ 6,415,000	\$ 6,415,000	