



WASHTENAW COUNTY BOARD OF COMMISSIONERS

WORKING SESSION

May 5, 2011

The meeting was called to order by Chair Rabhi at 6:30 p.m. in the Board Room, Administration Building, 220 North Main Street, Ann Arbor, Michigan.

MEMBERS PRESENT: Comms. Bergman, Judge, Peterson, Ping, Prater, Rabhi, Conan Smith, Dan Smith, and Turner

MEMBERS ABSENT: Comms. Gunn and Sizemore

OTHERS PRESENT: Verna McDaniel, County Administrator; Kelly Belknap, Interim Deputy County Administrator; Curtis Hedger, Corporation Counsel; Catherine McClary, County Treasurer; Mary Jo Callan, Damon Thompson, Andrea Plevak, Jennifer Hall, Community Development; Tony VanDerworp, Brett Lenart, Melissa Milton-Pung, Economic Development and Energy; Diane Heidt, Human Resources; Mary Beth Lampe, CSTS; Ken Schrader, ITS; Bob Tetens, Parks and Recreation; Joanna Bidlack, County Administration; Jason Brooks, Clerk's Office; various citizens; and members of the press.

Roll Call

Citizen Participation

None

Commissioner Follow-Up to Citizen Participation

None

Discussion Items:

ETCS/Community Development/Energy & Economic Development Reorganization – Community Development Director Mary Jo Callan

Comm. Conan Smith stated that he would like to recognize Myles Romero, Howard Edelson, and Mary Kerr who sit on either the Workforce Development Board or the Community Action Board. He added that he would like to express his thanks for the time spent on this plan. Comm. Conan Smith stated that this is an opportunity to look at community in a different way. Comm. Conan Smith asked what can be done as an institution to improve the quality of life at the neighborhood level. Mary Jo Callan stated that community is about family, neighborhood, and school. She added that bringing these departments together positions the County to look at the neighborhood unit in a way that has never been done. Callan reported that this provides an opportunity to have more resources and a broad perspective of who is out there. Verna McDaniel stated that the demolition and construction of the Parkview Apartments has been a good example of this collaboration.

Comm. Conan Smith stated that he would like to hear more about the impacts on the numerous non profit organizations in the County. Callan stated that CD and ETCS already invest in many of the same agencies and added that it is about getting these departments on the same page. She stated that coherence has been a focus in the discussions between departments. Callan added that she feels this collaboration would be a breath of fresh air. Comm. Conan Smith stated that he is excited about the merger of Community and Economic Development. He added that government is the only type of organization taking responsibility for community design. He stated that land use planning does show the need for another type of partnership with local governments.

Comm. Conan Smith asked how internal partnerships are being envisioned. Tony VanDerworp stated that these partnerships are currently considered. He added that the group will be thinking in a broader context within this paradigm. Comm. Conan Smith stated that this consolidation provides a great opportunity to look at energy efficiency. He added that Washtenaw County has always been on the cutting edge and stated that this consolidation gives an opportunity to think about the issue more holistically.

Comm. Bergman stated that she would like to thank all for their work. She added that what is done and how to work together in a collaborative way needs to be looked at externally and internally. Comm. Bergman stated that she thinks about the County Public Health Department and Mental Health Agency in this context. She added that she has started doing some work with the Department of Human Services. Comm. Bergman stated that pressure will need to be placed on state and federal agencies. Patricia Denig reported that collaboration is extremely important and added that part of the reason is the resources that are needed to accomplish it.

Comm. Prater stated that this is impressive. He asked if the departments have begun coordinating their business plans and developing a consolidated plan. McDaniel reported that all departments must have a business plan in the budget process and added that the plans will be simplified for the public to understand. Comm. Prater asked if the projected savings are in 2011 or 2012. McDaniel reported that it is in 2012. He asked where the collaboration on personnel costs. McDaniel reported that this would be brought back to the Board because there will be a combination of things done. Comm. Prater stated that he would be interested in the business plan and added that it needs to be shared with the Board. He added that there needs to be consideration for how recommendations are made.

Comm. Judge stated that this is a phenomenal idea. She asked if some of the mechanisms like the Community Action Board and its fit could be presented prior to the June vote. Comm. Judge stated that she would like to see what the federal requirements are within the new plan. Denig reported that the WIA requires a WDB with specific representation. She stated that the programming requirements will remain in tact and will be met. Denig reported that CSBG dollars require a Community Action Board. She added that this Board will just transfer over. She added that programming will continue with meeting current regulations. Comm. Judge asked if eviction prevention will be coordinated with the Treasurer's office. Callan reported that the focus has typically surrounding renters rather than foreclosure prevention. Comm. Judge asked if there has been thought of having an intake department for people coming for services. McDaniel reported that some of this may be handled through having a database for people that access multiple services. She added that this concept has gained traction and come to fruition in the public health area. She added that this can be looked at and is a broader issue. McDaniel stated that a collaboration like this can help the County get there. Comm. Judge stated that she would like to see this expanded. Comm. Rabhi added that an idea of a one stop shop is very important. Comm. Bergman stated that a one stop shop is a little different. She added that things are complicated with a one stop shop.

Comm. Ping stated that she is impressed with this presentation. She added that this is definitely moving in the right direction.

Comm. Peterson stated that he engages in politics on human services and economic development. He added that he served on many boards while these departments were in development or shortly after they were developed. Comm. Peterson stated that there is always a question of who will pay or suffer when governments are reorganized. He added that reorganizations need a business plan and a budget. Comm. Peterson stated that government exists to deliver services. He added that departments have slid into the work of other departments in the past. He stated that the Board needs to know about how this is going to change the mission of these departments. Comm. Peterson stated that the mission and goals should be a part of the business plan. He added that this is his third or fourth reorganization of County government. Comm. Peterson stated that data collection is needed to improve the lives of citizens. He added that the issue of unemployment has increased the number of people that need services. He stated that he wants to see how this fits. Comm. Peterson stated that he does not believe that economic development fits with human services. He added that economic development needs to be business driven. Comm. Peterson stated that the County needs to be ready for entitlement changes at the federal and state levels. He added that he wants to see the boards and committees continue to be a part of this process.

Comm. Peterson stated that he feels the Board needs to see the business plan prior to June 1 and added that he would like to know the funding decrease for each department. He stated that a collaboration mandate should be given to each department. He added that he would be interested in where these operations will be housed along with how any revenue will fit into the business plan. Comm. Peterson stated that his focus is on people in his district. He added that these departments are on the front line and he wants to see these departments protected. Comm. Rabhi stated that Comm. Peterson has put this discussion into perspective.

Comm. Turner stated that he was extremely interested in these departments during tour. He added that his district is seeing unemployment and added that many of these people are in terrible need. Comm. Turner stated that he is excited about this plan because this will provide a single department to help. He added that he feels economic development does play a role in this department. Comm. Turner stated that he sees this department coming together and leading to self reliance for people. He added that there needs to be a system to track these people.

Comm. Judge asked if Administration is bringing a plan forward for the budget and staffing on June 1. McDaniel reported that this is the case. Comm. Conan Smith stated that economic development is a critical function and stated that this has not been funded by the Board in the past. He added that this provides an opportunity to give economic development a home. He stated that the worst thing that could be done is leaving economic out there without a plan.

Comm. Conan Smith stated that he is unsure that the business plan can be completed by June 1. He stated that a structural issue is currently being examined. Comm. Conan Smith stated that the Board will address a structural element in June and July and get periodic reports back as the process moves along. McDaniel reported that business plans are a part of the budget development process.

Comm. Peterson stated that \$16 million is a significant amount of money. He added that this plan affects economically distressed district at a higher rate than others. Comm. Peterson stated that economic development in the eastern part of the County is going to be a long haul and added that it does not belong in a human services department. He added that he advocated for economic development dollars in the past. Comm. Peterson stated that it is important that business is around in the discussions.

Comm. Prater stated that he thinks a business plan is critical. He added that there needs to be at least an outline and stated that it does not have to be complicated and include performance measurements.

Comm. Conan Smith stated that he does not disagree with Comm. Peterson. He added that the language used in economic development is different than in human services. Comm. Conan Smith stated that he wants the Board commitment on economic development. He added that Ann Arbor has not suffered as much through this economic downturn. Comm. Conan Smith stated that people around the County care about people from other areas of the County. He added that if the Board makes the decision to invest long term than it can have a large impact over time.

Comm. Bergman stated that he does not see economic development as a human service in the proposed plan. She stated that there are citizens in Ann Arbor that need assistance through economic development efforts. Comm. Bergman added that outreach is another thing that needs to be addressed.

Comm. Rabhi stated that he is impressed by the plan as presented and added that this is another step toward collaboration. He stated that collaboration is a main solution in this budget crisis. Comm. Rabhi stated that he is impressed with the thoughtfulness.

Packard Square Redevelopment Project in Ann Arbor – *Economic Development & Energy Project Manager Brett Lenart*

Comm. Conan Smith stated that he feels that Comm. Prater was correct in asking that this item be moved to the Working Session. He added that he loves this project and stated that this development can be valuable to the economic development of the City and the County. Comm. Conan Smith added that the BRA assessment is something that the Board of Commissioners should consider. He added that it is incumbent on the Board to put the right policies in place to protect the financial security of the County.

Comm. Conan Smith stated that his understanding is that the irrevocable letter of credit is a separate contract. Lenart stated that the letter is negotiated between the developer and financial institution. Comm. Conan Smith asked about some specific risks. Hedger stated that the County also gets to negotiate terms in the ILC. He added that the County has the right to negotiate and get the letter for the entire 15 years of the project. Hedger stated that the risk with the ILC is if the developer declares with 90 days. He reported that the court could invalidate the letter in what is called a preferential transfer. He stated that the risk is mitigated by getting a \$1 million grant and the \$1 million loan. Hedger stated that loan money could then be returned to the state. He stated that the key is negotiating and agreeing to something that is crystal clear. Hedger stated that if this is written correctly, the County will look to the bank to collect its money if there is a bankruptcy within a year and a half for example. He added that he would add a clause in the letter to collect all money even on a small default. Hedger stated that as long as the ILC for a long enough period than the County is in pretty good shape. He added that the Board is protecting itself as much as possible with this type of instrument. Lenart added that the County oversees the spending of the \$2 million. Comm. Conan Smith stated that the County Full Faith and Credit policy is written in regards to public entities. He asked how he would recommend amending this policy. Hedger stated that he would recommend putting in some flexibility to look at these types of projects in the policy and specifically write in unless this type of security in place.

Comm. Prater asked if the developer is an LLC. Lenart replied that it is. Comm. Prater asked if the taxes are up to date. Lenart responded that they are not. Comm. Prater asked what type of collateral these developers have in place. Ann Jamison reported that they have a commitment in place from HUD and a 221D4 loan. She added that the developer must demonstrate that they have a way to clean up contamination on the site to close on a HUD loan. She stated that a cost effective plan was developed to clean up the site and put in measures to prevent exacerbation of the contamination issue. Comm. Prater stated that he is not all right with the County borrowing the money and offering their full faith and credit. Jamison stated that this is a grant/loan scenario and reduces the time of the TIF.

Comm. Dan Smith stated that the first stop should have been to the Treasurer's office before coming to this Board. Jamison stated that the process for appealing taxes is to take it to the Tax Tribunal. He added that a policy needs to be developed to address back taxes. Comm. Dan Smith stated that he shares Comm. Prater's concerns and stated that he has concerns on the need for housing. He added that there is plenty of housing available and stated that he is unsure of supporting more housing at this time. He stated that more time needs to be spent on development of a FFC policy. Comm. Dan Smith reported that Northfield is getting no money from their TIF at this time and added that projections were said to be conservative at the time. Lenart stated that back taxes are an indication that this property is not working economically right now.

Comm. Ping stated that she would like the development of a policy to prevent any items from coming to the Board if any money is owed to the County. Comm. Ping asked how much staff time will oversight cost the County. Lenart reported that an administrative fee of up to 3% is used to manage the project. Lenart stated that total work will be roughly over the course of a year. VanDerworp reported that reimbursement for time has been fully built in. Comm. Ping stated that she is concerned about offering the FFC of the County. She added that she would like to see this go back to the City to request their full faith and credit. Lenart stated that he is looking for direction at this point. Comm. Rabhi stated that a contingency to ensure payment of back taxes before anything comes to the Board in the future.

Comm. Bergman stated that she would like to see what is in this for citizens. Lenart stated that the immediate benefit is the removal is 2,500 tons of contaminated soil. Comm. Bergman stated that she would like to know if this project meets the objectives of the City. Jamison reported that the rate would most likely be \$700-\$1,300/month to rent. Comm. Rabhi asked if the site will just be housing. Jamison reported that this will be a mixed use development. She added that the commercial portion will create a courtlike feel. Comm. Bergman stated that it sounds like this has some degree of walkability and added that she would like to know who would benefit from living in these types of units. Comm. Rabhi stated that he would like to see this information prior to the next meeting.

Comm. Conan Smith stated that the Board eliminated the Planning Department that used to do this work. He added that this function should be funded to ensure a fulsome discussion. Comm. Conan Smith stated that the Board should focus on financing if it is not willing to fund planning. He added that this brings additional revenue into the County and stated that this is a win-win situation for government.

He stated that he would hope that the Board does not get into viability from a land use planning standpoint. Comm. Conan Smith stated that Ann Arbor vetted the project through planning staff.

Comm. Judge asked why the loss of revenue does not show up on the impact on budget. VanDerworp stated that the assumption is that these sites will not develop unless incentives are provided. He added that the projection is that something will be generated in the future. Jamison stated that the base taxes will still be captured and added that only the incremental tax dollars will not be collected. Comm. Judge asked if the loan must be in place to have this work. Lenart stated that the balance is the comfort is the letter of security and ensuring that the County is protected to the greatest extent possible. She stated that she does agree with Brownfields. Comm. Rabhi stated that he appreciates the discussion that has gone on to this point.

Comm. Peterson asked what the effect would be on the timetable if this is sent back to the City of Ann Arbor. Lenart stated that it would delay approval of the incentive. Jamison stated that she feels it would put the project in jeopardy. Comm. Peterson stated that this may involve a change in policy. He stated that the commercial aspect of the project will create jobs. Jamison reported that they were told that the County would be the best place to go because it has the Brownfield Authority. She stated that this puts control in the hands of the County rather than the local government. Jamison added that it works better when you work with the community in control of the Brownfield Authority. Comm. Peterson asked when final approval is necessary. Jamison stated that Ann Arbor has approved the brownfield plan. She reported that she would like the Board to let the developer consider moving forward with the application process. She added that the team would like to start demolition in the fall of this year.

Comm. Prater stated that it is not the role of government to be doing these things. He added that the developer is not putting any skin in the game. Comm. Prater stated that he cannot support the County getting a loan, doing the work, and cleaning up a site for a developer.

Comm. Peterson asked what needs to be done to come to closure this evening.

Comm. Conan Smith stated that the particular project and the policy are the two questions in front of the Board. He added that he feels this is an important conversation. He stated that the margins are slim on development and incentives are needed for deals to move forward. Comm. Conan Smith stated that the Board should be careful when entering into these agreements. He added that the Board is doing a large amount of support on these projects. Comm. Conan Smith stated that he is eager to see this move forward because he deals with redevelopment all the time. He stated that coming up with money to pay taxes up front may have a chilling effect up front. He added that he feels all parties moved forward in good faith. Comm. Conan Smith stated that he feels the project should be approved and a policy should be crafted for the future.

Comm. Turner stated that he is supportive of brownfields. He added that he has concerns about taxes not being paid and stated that a policy needs to be made. Comm. Turner stated that he was a part of a full faith and credit project went under. He added that he is uncomfortable with these types of projects. Comm. Turner stated that he feels this needs to go to the City of Ann Arbor and added that he is reluctant based on what he has seen in the past. Comm. Rabhi stated that the City may be able to look at this issue prior to the next Board meeting.

Comm. Judge stated that if there is a sound policy in place than she would be more comfortable. She added that this is a way to partner with the private sector.

Comm. Prater stated that the Equalization Director was just discussing how the County has given away millions of dollars. He added that this does not make sense. Comm. Prater stated that everyone needs to tighten their belts and think about how projects can be done without government assistance.

Comm. Conan Smith stated that the majority of tax captures are happening in DDA's in contrast with brownfield projects. He added that one is an incentive and the other is a capture of market forces.

Comm. Peterson stated that the Board could reconvene the Working Session prior to the next Ways and Means meeting.

County Administrator's Report

None

Items for Current/Future Discussion

None

Pending

None

Citizen Participation

None

Commissioners Follow-up to Citizen Participation

None

Adjournment

Comm. Conan Smith seconded by Comm. Bergman moved that the meeting be adjourned until May 19th, 2011 at 6:30 p.m. Motion carried.

The meeting adjourned at 10:47 p.m.

Yousef Rabhi, Chair

Lawrence Kestenbaum, Clerk/Register

By: Jason Brooks, Deputy Clerk

APPROVED: May 18, 2011