

PUBLIC HEARING SESSION - DECEMBER 12, 1994

The public hearing session of the Ann Arbor City Council was called to order at 7:45 p.m. in the City Hall Council Chamber by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

PRESENT : Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Peter Fink, Jane Lumm, Haldon L. Smith, Jean Carlberg, Peter Nicolas, Stephen C. Hartwell, Christopher Kolb, Elisabeth L. Daley, Mayor Ingrid B. Sheldon, 11.

ABSENT : 0.

PUBLIC HEARING

CITY/YMCA MANAGEMENT AGREEMENT

A public hearing was conducted on the proposed City of Ann Arbor/Ann Arbor YMCA Management Agreement. Notice of public hearing was published December 3, 1994.

The following people appeared in opposition to the proposed agreement. The speakers requested that a management agreement: 1) hold the Ann Arbor YMCA financially accountable by including requirements to reduce operating costs, comply with budget proformas, and establish a fund raising campaign to share in the debt repayment; and 2) require tenant rights by changing the management status of the YMCA from innkeeper to landlord/tenant to insure tenant rights under state and city law. Some current and former residents of the Y, who believed their rights were violated, related their experiences. Many speakers objected to the costly financial bailout of the Ann Arbor YMCA since the facility is not providing the affordable SRO housing originally intended in the deal between the City and the Y. Others questioned the City's motivation and judgement in supporting a loan guaranty agreement of questionable legality, and suggested that the debt be shared by all parties including the YMCA, Great Lakes Bancorp and Miller-Canfield.

Pauleda Todd, Ann Arbor YMCA resident

Jonathan Rose, 508 Benjamin St., tenant lawyer

Alan Wilde, 2320 Arrowwood Tr.

Paul Lambert, 201 W. William St.

Steven Darty, Ann Arbor YMCA resident

Ulrich Stoll, 2121 Hall Ave.

Robert Gillett, 2022 Day St., Director of Legal Services of Southeastern Michigan

N. Renuka Uthappa, 303 Mulholland Ave.

Clinton Smith, former YMCA resident

David DeVarti, 921 Dewey Ave.

Jane Barney, 423 W. Liberty St.

Carol McCabe, 1640 Knight Rd., Director of Avalon Housing, Inc.

Tim Colenback, 1730 David Ct., Assistant Director of the University of Michigan School of Social Work

Ann Wilson, volunteer tenant counselor at Ann Arbor Tenants Union

Jeri Schneider, 2334 Arrowwood Tr.

Scott Sproat, 718 Thomas Ct.

Valerie Ackerman, 2227 Yorktown Dr., social worker

Larry Fox, 530 S. State St.

David Noel, 410 W. Washington St.

Verna Spayth, 2765 Adrienne Dr.

Mary Bejian, representing the SOS Community Crisis Center, submitted a written communication which is on file in the City Clerk's Office.

The following people spoke in favor of the current agreement and the YMCA's innkeeper

management status at its residential facility. The speakers expressed concern that landlord/tenant management would be too costly and may result in needy residents being rejected or in the closing of the residential facility. Some current and former YMCA residents expressed appreciation for the support the Y has provided under its innkeeper management status and were concerned that such assistance would not be available under landlord/tenant management. Many speakers urged the City to honor its original obligation and commitment made in 1988 when the City requested the YMCA to expand its residential program, knowing the Y had no financial cushion. They stated that the City agreed to pay the debt if revenues were not sufficient and agreed to let the Y retain its operating control. Some speakers also expressed concern that any lawsuits resulting from this dispute would devastate the residential program at the YMCA.

Carlton Martin, Ann Arbor YMCA resident

Doug Gross, 2405 Colony Ct.

Former Ann Arbor YMCA resident

Dwane Oliver, Ann Arbor YMCA resident

Joanne Smith, former Ann Arbor YMCA board member

Tom Panici, Ann Arbor YMCA resident

James Saber, Ann Arbor YMCA resident

John Hancock, 1850 Saxon St., Ann Arbor YMCA board member

Linda Coon, 935 Wildwood Ln., Scio Township, Vice President of Operations at the Ann Arbor YMCA

Dennis Hacker, 2718 Gladstone Ave., former Ann Arbor YMCA board member

John Depp, Ann Arbor YMCA Resident Director

Albert Schrader, 970 W. Delhi, Ann Arbor YMCA member

Petra Dekker, 202 Revena Blvd., representing Washtenaw Interventions, Inc., submitted a written statement by Susan Hornfeld, Director of Washtenaw Interventions (on file in the City Clerk's Office)

Douglas Smith, 11 Ridgemor Dr., Ann Arbor YMCA board member

Judy Nold, 4384 Sherwood Forest Ct., Scio Township, former Ann Arbor YMCA board member

Robert Foster, 1207 Arlington Blvd., attorney representing the Ann Arbor YMCA

Bill Bluett, Ann Arbor YMCA President

There being no one else to speak the Mayor declared the hearing closed.

ADJOURNMENT

There being no further business to come before Council, the Mayor declared the meeting adjourned at 10:04 p.m.

W. Northcross
Clerk of the Council

Janet L. Chapin
Recording Secretary

SPECIAL SESSION - DECEMBER 12, 1994

The special session of the Ann Arbor City Council was called to order at 10:04 p.m. in the City Hall Council Chamber by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

PRESENT : Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Peter Fink, Jane Lumm, Haldon L. Smith, Jean Carlberg, Peter Nicolas, Stephen C. Hartwell, Christopher Kolb, Elisabeth L. Daley, Mayor Ingrid B. Sheldon, 11.

ABSENT : 0.

NOTICE OF CALL OF SPECIAL SESSION

The certification and notice of call of special session was read and ordered placed on file with the City Clerk.

PUBLIC COMMENTARY - RESERVED TIME

ROSE MARTIN - PEACE NEIGHBORHOOD CENTER

Rose Martin, 1111 N. Maple Rd., stated that Peace Neighborhood Center is continuing to provide valuable services for youth and needy families in the community and requested that City Council put aside its bad feelings and continue to financially support the organization. Ms. Martin further stated that she has worked honestly and openly with all clients at the Center and that all expenditures are documented.

The Mayor declared a recess at 10:12 p.m.

The Mayor again called the meeting to order at 10:21 p.m.

APPROVAL OF AGENDAAGENDA APPROVED AS AMENDED

Council agreed that the executive session scheduled for this special session be cancelled and rescheduled for December 19, 1994. (See Communications from the City Attorney)

REPORTS FROM COUNCIL COMMITTEES

None.

COUNCIL PROPOSED BUSINESS

None.

COMMUNICATIONS FROM THE MAYOR

None.

COMMUNICATIONS FROM THE CITY ADMINISTRATOR

None.

COMMUNICATIONS FROM THE CITY ATTORNEYEXECUTIVE SESSION

City Attorney John VanLoon submitted a memorandum explaining that Dennis Pollard, the City's counsel in the YMCA matter, did not have sufficient time to prepare an opinion and would not be available for a Council executive session at this time. (Memorandum on file in the City Clerk's Office)

COMMUNICATIONS FROM COUNCIL

None.

PUBLIC COMMENTARY - GENERAL

None.

ADJOURNMENT

There being no further business to come before Council, the Mayor declared the meeting adjourned at 10:30 p.m.

Janet L. Chapin
Acting Clerk of the Council
Recording Secretary

**COMMITTEE OF THE WHOLE SESSION
DECEMBER 12, 1994**

The committee of the whole session of the Ann Arbor City Council was called to order at 10:30 p.m. in the City Hall Council Chamber by Mayor Ingrid B. Sheldon.

ROLL CALL OF COUNCIL

PRESENT : Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Peter Fink, Jane Lumm, Haldon L. Smith, Jean Carlberg, Peter Nicolas, Stephen C. Hartwell, Christopher Kolb, Elisabeth L. Daley, Mayor Ingrid B. Sheldon, 11.

ABSENT : 0.

CITY/YMCA MANAGEMENT AGREEMENT

Councilmember Kolb stated that the purpose of this meeting is to discuss a proposed City/YMCA management agreement, make recommendations in a report back to City Council, and give direction to the City's legal counsel.

Councilmember Hartwell moved that the Preliminary Draft Management Agreement, dated December 12, 1994, submitted by Councilmembers Carlberg, Hanna-Davies and Hartwell, be placed on the table for discussion.

On roll call the vote was as follows:

Yeas, Councilmembers Hanna-Davies, Vereen-Dixon, Smith, Carlberg, Hartwell, Daley, 6;

Nays, Councilmembers Fink, Lumm, Nicolas, Kolb, Mayor Sheldon, 5.

The Mayor declared the motion carried.

With unanimous consent of Council, James Crowley, counsel for the City, reviewed the differences between the Preliminary Draft Management Agreement on the table and the proposed management agreement distributed on December 8, 1994. (Draft agreements on file in the City Clerk's Office)

Councilmember Lumm moved that the third Whereas clause of the draft agreement be

amended as follows:

Whereas, The City has been informed that its guarantee of the Great Lakes loan ~~<is>~~ may be illegal;

On roll call the vote was as follows:

Yeas, Councilmembers Smith, Nicolas, Hartwell, Fink, Lumm, Mayor Sheldon, 6;

Nays, Councilmembers Kolb, Daley, Hanna-Davies, Vereen-Dixon, Carlberg, 5.

The Mayor declared the motion carried.

Councilmember Fink moved that the first sentence of Section 1 of the draft agreement be amended as follows:

1) **Duties of Manager.** The Y ~~<hereby agrees to serve as the representative of the City>~~ shall be responsible for the management and operation of the Residence Program at the Project....

On roll call the vote was as follows:

Yeas, Councilmembers Smith, Nicolas, Kolb, Daley, Vereen-Dixon, Fink, Lumm, Carlberg, Mayor Sheldon, 9;

Nays, Councilmembers Hartwell, Hanna-Davies, 2.

The Mayor declared the motion carried.

Councilmember Kolb moved that the second paragraph of Section 1 of the draft agreement be amended as follows:

1) **Duties of Manager....**

The Y shall have their lease form approved in advance by the ~~<Community Development Office>~~ Attorney's Office of the City of Ann Arbor.

Yeas, Councilmembers Smith, Nicolas, Hartwell, Kolb, Daley, Hanna-Davies, Vereen-Dixon, Fink, Lumm, Carlberg, 10;

Nays, Mayor Sheldon 1.

The Mayor declared the motion carried.

Councilmember Fink moved that the second paragraph of Section 1 of the draft agreement be deleted:

1) **Duties of Manager....**

~~<The Y shall have their lease form approved in advance by the Attorney's Office of the City of Ann Arbor.>~~

On roll call the vote was as follows:

Yeas, Councilmembers Nicolas, Fink, Lumm, Mayor Sheldon, 4;

Nays, Councilmembers Smith, Hartwell, Kolb, Daley, Hanna-Davies, Vereen-Dixon, Carlberg, 7.

The Chair declared the motion defeated.

Councilmember Lumm moved that the language after the first sentence of Section 3 of the draft agreement be deleted as follows:

3) **Rental Rate Limitation.** The Y shall rent the rooms in the Residence Program at or below seventy-five (75%) percent of the fair market rent for an efficiency unit (zero bedrooms) established for the City by the U.S. Department of Housing and Urban Development. ~~<The Y will collect income data on applicants for residency at the facility and will provide that data to the City in the Operations Reports described in Paragraph 8 of this Agreement. Within one hundred Twenty (120) days of the approval of this Agreement, the Y shall present a plan which will provide: that at least fifty (50%) percent of the units be affordable and rented to individuals earning less than thirty (30%) percent of median income (rental rate at or below Two Hundred Eighty-Three (\$283.00) Dollars per month); and that at least thirty (30%) percent of the units be affordable and rented to individuals earning minimum wage level income, i.e., income at or below Two Hundred (\$200.00) Dollars per week (rental rate at or below Two Hundred Twenty-Five (\$225.00) Dollars per month); and that at least fifteen (15%) percent of the units affordable to and rented to individuals earning SSI-level incomes (rental rate at or below One Hundred Thirty-Eight (\$138.00) per month). The Y will present revised pro formas which will support the facility utilizing these rent levels.~~

~~The Y may establish differentiated rental rates on a daily, weekly, and monthly basis. However, a tenant has the right to determine which tenancy period s/he is choosing and to be charged the appropriate rate for that period.>~~

On roll call the vote was as follows:

Yeas, Councilmembers Smith, Nicolas, Kolb, Fink, Lumm, Mayor Sheldon, 6;

Nays, Councilmembers Hartwell, Daley, Hanna-Davies, Vereen-Dixon, Carlberg, 5.

The Mayor declared the motion carried.

Councilmember Smith moved that the previous motion to delete the language after the first sentence of Section 3 of the draft agreement be placed on the table for reconsideration.

After further discussion, the motion to reconsider was withdrawn.

Councilmember Smith moved that the following paragraph be added to Section 3 of the draft agreement:

3) Rental Rate Limitation....

~~The Y may establish differentiated rental rates on a daily, weekly, and monthly basis. However, a tenant has the right to determine which tenancy period s/he is choosing and to be charged the appropriate rate for that period.~~

On a voice vote the Mayor declared the motion carried.

Councilmember Hanna-Davies moved that the following language be added to the first paragraph of Section 3 of the draft agreement:

3) Rental Rate Limitation. The Y shall rent the rooms in the Residence Program at or below seventy-five (75%) percent of the fair market rent for an efficiency unit (zero bedrooms) established for the City by the U.S. Department of Housing and Urban Development. The Y will collect income data on applicants for residency at the facility and will provide that data to the City in the Operations Reports described in Paragraph 8 of this Agreement. Within one hundred twenty (120) days of the approval of this Agreement, the Y shall present a plan which will provide: that at least fifty (50%) percent of the units be affordable and rented to individuals earning less than thirty

(30%) percent of median income (rental rate at or below Two Hundred Eighty-Three (\$283.00) Dollars per month); and that at least thirty (30%) percent of the units be affordable and rented to individuals earning minimum wage level income, i.e., income at or below Two Hundred (\$200.00) Dollars per week (rental rate at or below Two Hundred Twenty-Five (\$225.00) Dollars per month). The Y will present revised pro formas which will support the facility utilizing these rent levels.

On roll call the vote was as follows:

Yeas, Councilmembers Hartwell, Hanna-Davies, 2;

Nays, Councilmembers Smith, Nicolas, Kolb, Daley, Vereen-Dixon, Fink, Lumm, Carlberg, Mayor Sheldon, 9.

The Mayor declared the motion defeated.

Councilmember Kolb moved that the following language be added to the first paragraph of Section 3 of the draft agreement:

3) **Rental Rate Limitation.** The Y shall rent the rooms in the Residence Program at or below seventy-five (75%) percent of the fair market rent for an efficiency unit (zero bedrooms) established for the City by the U.S. Department of Housing and Urban Development. The Y will collect income data on applicants for residency at the facility and will provide that data to the City in the Operations Reports described in Paragraph 8 of this Agreement. Within one hundred eighty (180) days of the approval of this Agreement, the Y shall present a rent structure plan which will include affordability for people in the following categories: individuals earning less than 30% of the median income; individuals earning minimum wage level income; and individuals earning SSI level incomes. This requirement should not make the Y operate at a deficit.

On roll call the vote was as follows:

Yeas, Councilmembers Smith, Nicolas, Hartwell, Kolb, Daley, Vereen-Dixon, Carlberg, Mayor Sheldon, 8;

Nays, Councilmembers Hanna-Davies, Fink, Lumm, 3.

The Mayor declared the motion carried.

Councilmember Daley moved that the Committee of the Whole cease discussion and rise and report; the content of that report being the recommendation for the use of the draft agreement, as so far amended, as a guideline for negotiation with the Ann Arbor YMCA.

The Mayor ruled the motion out of order.

Councilmember Hartwell moved that the Rules of Council be suspended for the remainder of the meeting and that each Councilmember speak only once to each amendment being considered.

On a voice vote the Mayor declared the motion carried.

Councilmember Lumm moved that Section 4 of the draft agreement entitled "Pro Formas" be deleted.

On roll call the vote was as follows:

Yeas, Councilmembers Nicolas, Vereen-Dixon, Fink, Lumm, Mayor Sheldon, 5;

Nays, Councilmembers Smith, Hartwell, Kolb, Daley, Hanna-Davies, Carlberg, 6.

The Mayor declared the motion defeated.

Councilmember Nicolas moved that Section 4 of the proposed agreement be amended as follows:

4) **Pro Formas.** The Y has provided projected revenue and expense statements for the life of the loan ("pro formas") to the City in support of its request for the City's approval of this Agreement. These pro formas outline estimated revenues and expenses relating to the Project for the term of this Agreement. The representations set forth in the pro formas are made by the Y with the knowledge and expectation that the City is ~~<placing complete reliance on them>~~ relying on them for guidance in making its budgetary decisions.

On a voice vote the Chair declared the motion carried with Councilmembers Fink and Lumm dissenting.

MEETING RECESSED

Councilmember Smith moved that the meeting be recessed until 8:00 p.m. on December 15, 1994.

On a voice vote the Mayor declared the motion carried and the meeting recessed at 1:34 a.m.

Janet L. Chapin
Acting Clerk of the Council
Recording Secretary