

**RESOLUTION TO APPROVE A STATE STREET CONSTRUCTION COST SHARING  
AGREEMENT WITH THE CITY**

Whereas, The DDA’s Development Plan highlighted identity, infrastructure, transportation, business encouragement, and sustainability principles, and included transformative and strategic street projects as important tools to achieve DDA goals;

Whereas, In partnership with the City, the DDA led the design phase shaped by adopted Board values, community engagement, and analysis;

Whereas, The City of Ann Arbor led the construction RFP process and received response on March 24, 2022 and Fonson Company Inc. of Brighton, MI, was the recommended contractor;

Whereas, The City of Ann Arbor will oversee the primary construction portion of the project with a total budget of \$8,275,211, including contingency, inspection, and material testing, with approximately \$4.2M of the cost attributable to the DDA’s work;

Whereas, to begin construction, the City and DDA have drafted the attached cost-sharing agreement;

Whereas, the DDA Capital Improvements Committee reviewed the cost-sharing agreement and recommends approval;

Resolved, The DDA Board authorizes the Executive Director to sign the cost-sharing agreement with the city.

**A vote on the resolution showed:**

**Ayes: Bartelme, Dieck, Dohoney, Kim, Kinley, Klopf, Letaw, McKinnon**

**Nays: None**

**Absent: Massey**

**The resolution was approved.**

**May 4, 2022**

**Memorandum**

To: DDA Capital Improvements Committee  
 From: Amber Miller, Capital Projects Manager, AICP  
 Date: April 12, 2022  
 Re: State Street Cost Share Agreement with City of Ann Arbor

**Background & Scope:**

The City and DDA coordinate infrastructure improvements through the Capital Improvement Plan (CIP) process. The State Street Project collaboration addresses critical infrastructure, while improving safety, comfort, and flexibility into the future. The final scope was shaped by the pandemic experience, DDA values, and community engagement. This includes the creation of a curbless street from William to Washington, watermain consolidation, new street lighting and landscaping, safety and accessibility improvements, and a shared use path and separated bikeway connection. Combining this work into a single contract minimizes overall cost, staff time, and disruption.

**Cost Share Breakdown:**

The cost share agreement reflects each partner’s scope of work (see table, below). In addition, a standard 10% contingency and 15% construction related services allocation is included in the cost share.

<b>EXHIBIT B</b>						
<b>SOUTH STATE STREET RECONSTRUCTION PROJECT</b>						
Construction Contract Work Item Categories	% of contract	DDA Share %	City Share %	DDA Cost Based on Bid Pay Items	City Cost Based on Bid Pay Items	Total Cost based on Bid Pay Items
*GENERAL CONDITIONS		50%	50%	\$ 274,550	\$ 274,550	\$ 549,100
*MAINTENANCE OF TRAFFIC		50%	50%	\$ 132,701	\$ 132,701	\$ 265,403
STORM INFILTRATION		0%	100%	\$ -	\$ 605,005	\$ 605,005
WATERMAIN		0%	100%	\$ -	\$ 1,202,274	\$ 1,202,274
ROADWAY		50%	50%	\$ 987,987	\$ 987,987	\$ 1,975,974
PAVEMENT MARKINGS - ROAD		0%	100%	\$ -	\$ 22,658	\$ 22,658
PAVEMENT MARKINGS - BIKEWAY		100%	0%	\$ 33,306	\$ -	\$ 33,306
SIDEWALK & AMENITY ZONE		100%	0%	\$ 953,993	\$ -	\$ 953,993
STREETLIGHTS		100%	0%	\$ 785,455	\$ -	\$ 785,455
PEDESTRIAN SIGNAL		100%	0%	\$ 212,420	\$ -	\$ 212,420
SIGNAL UPGRADES		100%	0%	\$ 121,770	\$ -	\$ 121,770
<b>CONSTRUCTION CONTRACT</b>				<b>\$ 3,502,182</b>	<b>\$ 3,225,176</b>	<b>\$ 6,727,358</b>
Contingency	10%	item-specific		\$ 350,200	\$ 322,500	\$ 672,700
<b>TOTAL</b>				<b>\$ 3,852,382</b>	<b>\$ 3,547,676</b>	<b>\$ 7,400,058</b>
<b>Other Construction Related Services:</b>						
Construction Engineering & Inspection	12%	50%	50%	\$ 403,650	\$ 403,650	\$ 807,300
*Material Testing	3%	50%	50%	\$ 100,900	\$ 100,900	\$ 201,800
<b>CONSTRUCTION AS-BID TOTAL</b>				<b>\$ 4,356,932</b>	<b>\$ 4,052,226</b>	<b>\$ 8,409,158</b>
**Change Order 1 - Eliminated Items				\$ (133,947)		
<b>CONSTRUCTION BUDGET TOTAL</b>				<b>\$ 4,222,985</b>	<b>\$ 4,052,226</b>	<b>\$ 8,275,211</b>
* These project-wide costs are initially estimated as a 50/50 split between DDA & City. Final cost share percentages will be based on final cost of construction work items.						
** Signal Upgrades and associated contingency						

**Next Steps:**

The City will have the contractual relationship with the Contractor, and the DDA will reimburse the City for its portion of the construction costs. This same cost-share mechanism has been used on similar City/DDA projects with positive result, including the 5<sup>th</sup> & Detroit, South University, William Street, and First and Ashley Street Improvements.

Staff anticipate the agreement will be before City Council in May 2022.

**Action Recommended:** DDA staff recommend:  
Approval of the State Street construction cost-share agreement with the City of Ann Arbor.