

MINUTES
Ann Arbor Downtown Development Authority Meeting
Wednesday, January 11, 2006

Place: Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, 48104
Time: DDA Chair Leah Gunn called the meeting to order at 12:04 p.m.

1. ROLL CALL

Present: Fred Beal, Russ Collins, Ron Dankert, Rene Greff, Roger Hewitt, John Hieftje

Absent: Rob Aldrich, Gary Boren, Dave DeVarti, Bob Gillett, Sandi Smith

Staff Present: Susan Pollay, Executive Director
Joe Morehouse, Deputy Director
Joan Lyke, Management Assistant
Kate Davidoff, intern

Audience: Douglas Allen, Peter Allen & Associates
Michael Appel, Avalon Housing
Tony Bisesi, Republic Parking
Erica Briggs, getDowntown program
Wendy Carty-Saxon, Avalon Housing
Newcombe Clark, Downtown Area Citizens Advisory Council
Ray Detter, Downtown Area Citizens Advisory Council
Adrian Iraola, Washtenaw Engineering
Frank Nagy, Republic Parking
Peter Pollack, Pollack Design Associates
Jennifer Roth, Village Green

2. OLD BUSINESS

None.

3. AUDIENCE PARTICIPATION

Mr. Allen said that he wanted to share a summary of his students' work from the past semester in which they proposed projects for downtown City properties. He said that it may be difficult to imagine the potential for these sites, and that the DDA should sponsor a design competition to create visual images. Ms. Gunn said that the DDA would consider such a request.

Mr. Aldrich and Mr. Boren enter.

4. DOWNTOWN AREA CITIZENS ADVISORY COUNCIL

Members of the Downtown Area CAC have devoted much time over the last months to participation in the three Calthorpe workshops, reading and analysis of the Calthorpe recommendations and, most recently, a long discussion of what our official group response should be.

I have provided each of you a Memorandum that contains the response that all the members of the CAC have had an opportunity to approve. It was delivered to the Planning Commission last evening and will also be circulated to members of City Council today. It will be the basis of the CAC's future actions in relationship to the Calthorpe recommendations.

The Downtown Area CAC urges the city to adopt the Calthorpe Recommended Policy Framework for Downtown Ann Arbor as a general guide to future implementation of changes in our city master plans that will improve the downtown. Much in it is not new. Some of it is, unfortunately, simply inaccurate. But it does consolidate much of our community's thinking regarding the desired future of downtown and can serve as a guide.

CAC members believe that the process of implementation of these recommendations is very important and requires great care. Implementation must follow a well-publicized schedule that is transparent—with public input, debate, and consensus building every step of the way as we move toward modifying our already adopted master plans.

Adoption should not automatically replace our Master Plans which were a product of broad community participation and, in the case of the Downtown Plan, never implemented, But these recommendations can be used to modify our master plans to support higher density development in the downtown that encourages a pedestrian, retail and residential environment supportive of a broad spectrum of housing opportunities. Zoning should be carefully modified to encourage smart growth, better mixed use development, more retail and more varied housing units.

We support those affordable housing policies as outlined on page 34 of the Report that aim to match income distribution in downtown to that of Ann Arbor. We want affordable housing at a variety of levels in order to encourage a mix of incomes. Let's make sure we have some at the 60-80% median level.

We support the development of comprehensive parking and integrated transportation plans for future development in the downtown that will provide necessary parking but work toward a future that is less dependent on cars.

We believe, as the Calthorpe recommendations argue, that preservation and urban revitalization can be compatible with new development. Furthermore, any new developments should respect the historical integrity of the historic districts and residential neighborhoods that are within and border the downtown. But any attempt to reduce the number of historic districts, consolidate districts and/or standards, or make changes in the boundaries of existing historic districts should be part of a full public process that cannot be undertaken without the city's hiring a fully qualified historic preservation coordinator.

We continue to believe that whatever developments are approved in the floodplain areas of the downtown should be combined with programs that improve, not worsen the condition of our storm water system. Like the Calthorpe report recommends, DDA and City funding should be used to finance large retention/detention areas in the downtown that future development proposals can buy into.

Like Calthorpe, we encourage the creation of new public spaces, public art, streetscape improvements and pedestrian and bicycle paths in the downtown—including a central civic area, rehabilitation of Liberty Plaza, and incentives for development proposals that include publicly accessible open space. We want to reinforce the pedestrian and bicycle connections to our most important Greenway—the Huron River—along Division and Main as well as Fifth Avenue, State Street and a greenway connection along the Ann Arbor Railroad and Allen Creek. This will open up the river as a major amenity for present and future downtown residents of all ages.

But, in the process of city implementation of the Calthorpe Recommendations, the CAC has pointed out in our printed comments that there are areas of concern that need to be addressed with caution. Unfortunately, I don't have time to go into those today. But we look forward to an extended public process of implementation that will allow us to point out some of these problems. As we resolve potential conflicts that need to be dealt with, we can adopt the Calthorpe recommendations as a guide

5. NEW BUSINESS

Ms. Pollay announced that City Council accepted the Calthorpe report and set three public hearings to elicit community feedback on its recommendations. The next two public hearings will be:

- DDA public hearing: Thursday, January 26th at 7PM, DTE Building.
- City Council public hearing: Monday, February 6 at 7PM, Council Chambers.

There is also a link on the City website where citizens may send comments: www.a2gov.org.

6. APPROVAL OF MINUTES

Mr. Hewitt moved and Mr. Dankert seconded approval of the December 7, 2005 Board Minutes and the midyear DDA retreat minutes.

A vote on the motion showed:

AYES: Aldrich, Beal, Boren, Collins, Dankert, Greff, Gunn, Hewitt, Hieftje

NAYS: None

Absent: DeVarti, Gillett, Smith

The motion carried.

7. SUBCOMMITTEE REPORTS

OPERATIONS COMMITTEE:

November 2005 Financial Reports: Mr. Hewitt reported that the DDA November summary reflects the revised budget and all accounts are as anticipated at this time. More patrons used the parking system in November than last year in November, and revenues are up in the structures slightly despite the recent rate adjustment. **A motion to accept the November 30, 2005 statements was moved by Mr. Hewitt, seconded by Mr. Aldrich and unanimously accepted.**

Ms. Greff asked if variances could be reflected on the monthly financial reports. Mr. Morehouse will add two more columns to the report to reflect the variances. The monthly reports will reflect the variances and the budget will only be revised by Board action. In response to a request from Mr. Collins at the mid-year retreat, Mr. Morehouse will also provide a one page consolidated balance sheet that will reflect obligated and unobligated funds.

Mr. Hewitt moved and Mr. Beal supported the following resolution:

RESOLUTION TO AUTHORIZE A 2005 YEAR-END MANAGEMENT INCENTIVE FOR REPUBLIC PARKING FOR MANAGEMENT OF DDA PARKING FACILITIES

Whereas, The DDA entered into a contract with Republic Parking Systems beginning February 1, 2001 for management of the DDA's parking system;

Whereas, According to the contract, Republic is eligible for an annual management incentive/fee supplement which is to be calculated based on goals agreed to by Republic and the DDA Operations Committee, including the level of customer satisfaction as measured by a sampling of users on a bi-monthly basis;

Whereas, Calendar year 2005 customer surveys indicated that the great majority of customers indicate that they believe Republic's service is good or excellent, and the DDA Parking Facility Inspector rated maintenance efforts at 90.91% for the entire system out of 100% through the November ratings, which is an improvement over last year's scores;

Whereas, Overall Operations Committee satisfaction with Republic's management of the facilities has been very strong, with high marks given for customer service, maintenance, and management practices;

Whereas, In 2004 the DDA approved a year-end management incentive to Republic Parking for \$113,300;

Whereas, As part of this resolution the DDA authorized the DDA Operations Committee to work with Republic Parking to ensure that the work by Republic Parking employees is acknowledged;

Whereas, The DDA Operations Committee reviewed the criteria set forward for Republic Parking for 2005 and has determined that Republic Parking has continued to provide a very high level of service, with facilities being well maintained and customer satisfaction remaining high;

Whereas, The DDA Operations Committee has recommended that the DDA authorize a 2005 end-of-year management incentive to Republic Parking at \$118,965, which is a 5% increase;

RESOLVED, Per its contract with Republic Parking, the DDA authorizes a 2005 end of year incentive to Republic Parking in the amount of \$118,965.

Mr. Boren stated he has no problem with the concept, however he would like to know what other communities pay as an annual management incentive and are we in line with what other communities are paying; Mr. Morehouse said that he will research this.

Mr. DeVarti enters

Mr. Hieftje said that he is troubled giving extra money for someone just doing their job. Mr. Hewitt said that the management incentive is required as part of the contract between Republic Parking and the DDA. Mr. Dankert asked if the amount had been budgeted; Mr. Morehouse said that an amount was included in the budget although the actual amount is to be determined. Mr. Hewitt said that it was unlikely that Republic could remain as parking operators for the DDA system without these extra funds as they bear many administrative costs not reimbursed by the DDA. Mr. DeVarti said that incentive funds should go to Republic employees not management. Mr. Morehouse explained that the contract negotiated with Republic Parking employees does not allow bonuses.

A vote on the motion showed:

AYES: Aldrich, Beal, Boren, Collins, Dankert, DeVarti, Greff, Gunn, Hewitt

NAYS: Hieftje

Absent: Gillett, Smith

The motion carried.

RESEARCH AND OPPORTUNITY COMMITTEE

Communication Plan. Mr. Boren reported that Re:Group has begun work, including sampling other DDA websites, creating a questionnaire and are creating a sample of community members to interview.

Calthorpe Report: The DDA was asked to hold a public hearing on January 26. The Committee discussed ways to encourage the greatest amount of community feedback on the recommendations.

Association Grants 2005/06: Mr. Boren moved and Ms. Greff supported the following resolution:

RESOLUTION PROVIDING \$50,000 FOR DOWNTOWN AREA ASSOCIATION GRANTS FOR CALENDAR YEAR 2006

Whereas, The Ann Arbor DDA Development Plan contains a component for the support and encouragement of downtown businesses;

Whereas, The DDA has worked to meet this goal through such strategies as partnering with the four downtown Area Associations, as DDA has a special interest in efforts aimed at supporting smaller, independent businesses, as well as projects that help to strengthen each downtown area's unique identity and attractiveness;

Whereas, the DDA has made annual financial grants to the Associations since 1995/96 and has provided other support, including sponsorships to the annual IDA conference, a three year grant to support the

installation of holiday lights, support of the annual Downtown Spring Clean Up, support for a downtown website, and support for a downtown walk map which includes a downtown business listing;

Whereas, New shopping opportunities outside the downtown, including online shopping options, have made significant inroads into the purchasing dollars available to downtown retailers, as these businesses are at a competitive disadvantage on such issues as price and parking, and their smaller size gives them fewer means to draw customers downtown;

Whereas, Special events are one of the best ways to attract community members to downtown, particularly those that haven't been downtown recently;

Whereas, The DDA Research and Opportunity Committee recommends a renewal of the DDA's Downtown Area Association grant program for 2006 and to modify this program so grants are used exclusively to support the goal of drawing new and larger audiences downtown;

Whereas, The ROC Committee has recommended that the DDA revise its Area Association grant program to make available \$1,000 to \$5,000 per special event that draws significant numbers of people downtown, for a total of \$50,000 and a maximum of \$12,500 each for the State Street Area Association, Main Street Area Association, South University Area Association and Kerrytown District Association in the 2006 calendar year.

Whereas, The Committee recommends that if an Association event is to receive a DDA grant it must meet all of the following criteria:

- The event must be sponsored or co-sponsored by the Area Association. Art Fair is not to be included on the list of potential events.
- The event must receive approval from City Council to close one or more downtown streets.
- The request to the DDA must include a copy of the board resolution approving the event, and must be received by the DDA three months or more before the event to give the DDA time to consider its merits
- The request must include a detailed description of the event, including when and where it will take place, why the event was created and how many people are expected to attend
- The request must also include a detailed advertising budget and marketing plan, including information on direct mailings, advertisements and other efforts to attract a large audience
- The request must include information on the team of individuals organizing the event, including details on the roles each will play to ensure the event meets its goals
- The request must detail how the DDA's event sponsorship will be publicized to Association members, visitors to the District and to the larger community

RESOLVED, The DDA shall terminate its earlier Association grant program and instead, set aside up to \$50,000 to help the State Street Area Association, Main Street Area Association, South University Area Association and Kerrytown District Association sponsor downtown special events in 2006;

RESOLVED, With this new program the DDA will make available \$1,000 to \$5,000 per special event that draws significant numbers of people downtown, and that a maximum of \$12,500 each would be made available to each of the Associations in the 2006 calendar year;

RESOLVED, The DDA ROC Committee is authorized to review the Association special event grant requests and to determine how large each grant shall be, up to the maximum amount set forward by the DDA based on the criteria recommended above;

RESOLVED, After each grant award, Associations must provide the DDA with original project receipts and a project report.

Mr. Hewitt said that the State Street Area Association spends \$32,500/year cleaning sidewalks, removing snow and watering flowers, and that they have problems in their area that other associations do not have. He said he strongly objected to the resolution as it is event driven, which the SSAA opts not to do. Mr. DeVarti asked if the African American Festival could apply for funds; Ms. Greff said yes if they partner with the Kerrytown District Association. This could also include the Outfest. Mr. Collins said that as a granting agency the DDA could determine the goals it wanted to accomplish with its grants. But that he would vote against the resolution if it were acted on today because he felt that the Associations should be notified and informed that the DDA wanted to take a new course of action.

Ms. Greff stated that ROC initially hoped to use grants to ensure that the associations were self-sustaining. Recent board discussions have made clear that there is a growing concern about competition from outside the downtown for consumer dollars, and the Committee members resolved that DDA money would be better spent drawing visitors and customers downtown rather than paying for administrative costs such as salaries.

Mr. Boren moved to table the resolution until the February meeting to provide time to contact the downtown associations, and Mr. Aldrich supported the motion.

A vote on the motion to table showed:

AYES: Aldrich, Beal, Boren, Collins, Dankert, DeVarti, Greff, Gunn, Hewitt, Hieftje

NAYS: None

Absent: Gillett, Smith

The motion carried.

DDA Sponsorship to IDA Conference: Mr. Boren moved and Ms. Greff supported the following resolution:

**RESOLUTION SPONSORING DOWNTOWN AREA ASSOCIATION REPRESENTATIVES TO THE
2006 IDA CONFERENCE**

Whereas, The Ann Arbor DDA Development Plan contains a component for the support and encouragement of downtown businesses;

Whereas, The DDA has worked to meet this goal through such strategies as partnering with the four downtown Area Associations, as DDA has a special interest in efforts aimed at supporting downtown's smaller, independent businesses, as well as projects that help to strengthen each downtown area's unique identity and attractiveness;

Whereas, For the past five years the DDA has sponsored a representative from each downtown Area Association to the annual International Downtown Association to learn best practices information on such topics as special events, retail promotion and business development from downtown representatives from across the country;

Whereas, The DDA Research and Opportunities Committee has recommended that the DDA continue its IDA sponsorship in 2006, but that the cost for this sponsorship be shared by each Association in partnership with the DDA:

RESOLVED, One representative from each Association will be invited as a sponsored guest of the DDA at the 52nd Annual International Association conference to be held in Portland, OR.

RESOLVED, The DDA will take responsibility for conference enrollment, and will pay for half the conference costs, and half a pre-determined amount for hotel and travel costs, with the remaining cost to be paid for by the Area Association for the individual;

RESOLVED, Each Association representative sponsored by the DDA will be required to attend Conference workshops on such topics as retail promotion, events, and business development, and must report back to his/her Association and the DDA in written reports on the information gained from this experience.

Mr. DeVarti said that he thought the IDA annual conference provides great value to the community, and that he is afraid we'll lose participation if the DDA requires associations to pay half the expenses. Ms. Greff agreed that it can be a value to the community but there would be less chance someone might suggest that this is a "junket" if the associations or the individuals pay half the cost. Mr. Hieftje said that he thought the IDA conference is invaluable to community leaders like himself interested in learning what is happening in other communities. Mr. DeVarti proposed an amendment to delete the word "half" in the second RESOLVE clause.

A vote to amend the motion showed:

AYES: Beal, Collins, Dankert, DeVarti, Gunn, Hewitt, Hieftje

NAYS: Aldrich, Boren, Greff

Absent: Gillett, Smith

The motion carried.

The amended resolution is as follows:

**RESOLUTION SPONSORING DOWNTOWN AREA ASSOCIATION REPRESENTATIVES TO THE
2006 IDA CONFERENCE**

Whereas, The Ann Arbor DDA Development Plan contains a component for the support and encouragement of downtown businesses;

Whereas, The DDA has worked to meet this goal through such strategies as partnering with the four downtown Area Associations, as DDA has a special interest in efforts aimed at supporting downtown's smaller, independent businesses, as well as projects that help to strengthen each downtown area's unique identity and attractiveness;

Whereas, For the past five years the DDA has sponsored a representative from each downtown Area Association to the annual International Downtown Association to learn best practices information on such topics as special events, retail promotion and business development from downtown representatives from across the country;

Whereas, The DDA Research and Opportunities Committee has recommended that the DDA continue its IDA sponsorship in 2006, but that the cost for this sponsorship be shared by each Association in partnership with the DDA:

RESOLVED, One representative from each Association will be invited as a sponsored guest of the DDA at the 52nd Annual International Association conference to be held in Portland, OR.

RESOLVED, The DDA will take responsibility for conference enrollment, and will pay for the conference costs, and a pre-determined amount for hotel and travel costs, with the remaining cost to be paid for by the Area Association for the individual;

RESOLVED, Each Association representative sponsored by the DDA will be required to attend Conference workshops on such topics as retail promotion, events, and business development, and must report back to his/her Association and the DDA in written reports on the information gained from this experience.

A vote on the motion showed:

AYES: Beal, Collins, Dankert, DeVarti, Gunn, Hewitt, Hieftje

NAYS: Aldrich, Greff

Absent: Gillett, Smith

The motion carried.

Parking Study: ROC is preparing a RFP for a parking study and DDA members are asked to send questions to be included. Mr. Hewitt said that Republic is upgrading equipment, and it will be able to generate reports on when and how the system is being used, which will be an integral part of the parking study. Mr. Collins suggested that the DDA be very careful when selecting a consultant to do the study.

PARTNERSHIPS COMMITTEE

Kline Lot: Ms. Gunn reported that Mr. Iraola reported that soil borings indicate the lot has excellent soil conditions with no water for dozens of feet. Building more than two levels of below grade parking will involve structural engineering to protect the building foundations along Main and Liberty, such as tiebacks. Partnerships has commissioned an analysis of the lot by Strategic Economics. They will present their initial findings at the next committee meeting.

William Street Station: Ms. Gunn reported that HDC has been provided modified estimates for underground parking at \$55K/car space, which is still too great to enable the structure to be profitable for 18 years or more. The request for \$2 million to keep the workforce apartments affordable for 15 years and the request for \$900,000 toward their costs for public improvements on the site remain the same. The committee will continue to review information as it becomes available.

1st & Washington RFP: The City Council postponed the 1st & Washington RFP resolution for two weeks to work out details of a possible land exchange involving the property inset into the structure site. A meeting with the administration and the property owner is scheduled for this week. It is hoped that details can be worked out before the RFP is approved thus preventing a delay later on in the process.

Mr. Hieftje moved and Mr. DeVarti supported the following resolution:

RESOLUTION PROVIDING \$153,950 TO AVALON HOUSING, INC.

Whereas, The Ann Arbor Downtown Development Authority Renewal Plan makes a strong commitment to participating in projects which stimulate new, converted, or renovated housing;

Whereas, Important DDA Renewal Plan residential development strategies include the following:

- In order to encourage and facilitate a full range of housing options, the DDA will provide grants and loans to support housing affordable to lower income persons and families. The DDA will also support services and transportation programs to assure that the downtown remains a viable residential neighborhood, affordable to individuals of diverse income.
- The DDA will provide affordable housing grants for downtown and near downtown residential development and redevelopment projects when necessary.

Whereas, The DDA has received a request from Avalon Housing, Inc. to assist with the acquisition of a seven-unit apartment building located at 426 S. First Street, which is located on the other side of the street from the DDA District boundary;

Whereas, This project is a collaboration between Ozone House and Avalon Housing, and rent affordability will be assured through the use of rent subsidies that are part of Ozone House's HUD grant, allowing residents to pay 30% of their income for rent;

Whereas, The total cost of the project is anticipated to be \$992,550;

Whereas, The sources of funds anticipated for this project include HOME Funds from the City of Ann Arbor (\$450,000), FHLB (\$60,000), MSHDA (\$210,000), and LISC (\$118,600);

Whereas, The DDA has been asked to provide \$153,950 for this project;

Whereas, The DDA Partnerships Committee reviewed this request over several meetings and have recommend approval of this grant in the amount of \$153,950 from the DDA's Housing Fund;

RESOLVED, The DDA will provide Avalon Housing, Inc. with a grant of \$153,950 from its Housing Fund to enable Avalon to purchase and rehabilitate a seven unit building located at 426 S. First Street, Ann Arbor, Michigan.

Ms. Greff acknowledged a conflict of interest as she serves on the Ozone House board, which is a participant in this project. Mr. Beal said he was opposed to the practice of purchasing property that is already providing market-driven affordable housing for subsidized affordable housing, thereby removing it from the city tax rolls. He asked why Avalon didn't lease the building and subsidize the rents; Mr. Appel said that this project was a partnership between Avalon and Ozone House which had secured a sizeable HUD grant, thereby providing the subsidy to enable residents to pay 30% of their income for rent. Mr. Hieftje asked who the tenants would be; Mr. Appel said that they would be youth referred by Ozone House and all would have some type of disability. The property will be the next step in providing permanent housing to that population. Mr. Dankert asked if the Old West Side Residents have been contacted yet. Mr. Appel explained that there was a meeting scheduled with that neighborhood group in the very near future.

Mr. Aldrich asked what would happen if one of the HUD grant were lost; Mr. Appel explained that there are always risks with grants. If the grant were lost, he explained the housing units would be upgraded to workforce housing rather than affordable and rents would be increased. Mr. Hewitt asked what type of services were provided to the residents and Mr. Appel explained that it was case management type services that helps to connect the residents with the services they need. Mr. Hieftje stated that in a perfect world owners would use voucher programs. He indicated this was a good use of the housing funds and was a good opportunity for the DDA to partner with Avalon for funding.

A vote on the motion showed:

AYES: Aldrich, Boren, Collins, Dankert, DeVarti, Gunn, Hewitt, Hieftje

NAYS: Beal

Abstain: Greff

Absent: Gillett, Smith

The motion carried.

CAPITAL IMPROVEMENTS:

Huron: Mr. Beal reported that the DAC met this week and gave its permission to the design team to discuss possible grants with MDOT. It is possible grants would bring the cost of the project down from \$6.5 million to \$3 million. Construction documents are on hold until they report back to the committee.

5th & Division: Mr. Beal indicated the team plans to present their design boards in February.

1st & Washington: Mr. Beal reported that shoring is done and the demolition has begun. The DDA was prepared to give final notice to the contractor when the demolition started.

4th & William: Mr. Beal has been meeting with City staff regarding adding the level to the structure. He reported that the project is not 100% compliant, however, it may be close enough to get a variance. If approval is granted with the project as it is – design will continue.

Sculpture Plaza: Mr. Beal announced that an initial meeting with several stakeholders is scheduled for next week. The purpose of the meeting will be to find out more about park users and needs.

Sidewalks/Ramps ADA Compliance: Mr. Beal reported that work is continuing to provide ADA with a schedule for compliance in the DDA area. The Huron Design Committee is integrating the ADA requirements for sidewalks and ramps in the project.

8. OTHER DDA BUSINESS MATTERS

None.

9. OTHER AUDIENCE PARTICIPATION
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Ms. Briggs announced the Main Street Area Association Parking Survey was on-going. She will share the results in the near future.

10. ADJOURNMENT

As there was no further discussion the meeting was adjourned at 1:33 P.M.

Respectfully submitted,
Susan Pollay, Executive Director