

MINUTES
Downtown Development Authority Meeting
Wednesday, March 2, 2005

Place: Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, MI 48104
Time: DDA Vice Chair David Solo called the meeting to order at 12:05 p.m.

1.	ROLL CALL
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Present: Ron Dankert, Bob Gillett, Rene Greff, Roger Hewitt, Leigh Greden (acting Mayor), Sandi Smith, Dave Solo

Absent: Rob Aldrich, Fred Beal, Gary Boren, Dave DeVarti, Leah Gunn

Staff Present: Susan Pollay, Executive Director
Joe Morehouse, Deputy Director
Adrian Iraola, Project Manager
Susan Ziff, Intern

Audience: Vivienne Armentrout, Citizen
Tony Bisesi, Republic Parking
Erica Briggs, Ann Arbor Area Chamber/Get Downtown Program
Jennifer Burn, Reinhart Commercial
Brandt Coultas, Ann Arbor Area Chamber of Commerce
Ray Detter, Citizens Advisory Council
Mary Joan Fales, City Attorney's Office
Mo Frechette, Citizen
Mark Hodesh, Downtown Home & Garden
Ronald Mucha, Morningside Group
Ethel Potts, Citizen
Alice Ralph, Ann Arbor Greenway Group
Chris White, AATA
Dennis Webster, The Earle Restaurant

2.	APPROVAL OF MINUTES
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Mr. Gillett moved and Mr. Greden seconded approval of the February 2, 2005 minutes.

A vote on the motion showed:

AYES: Dankert, Gillett, Greff, Hewitt, Greden, Smith, Solo

NAYS: None

Absent: Aldrich, Beal, Boren, DeVarti, Gunn

The motion carried.

Leah Gunn enters

Rob Aldrich enters

3.	AUDIENCE PARTICIPATION
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None.

4.	CITIZENS ADVISORY COUNCIL
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Mr. Detter reported: I am pleased that Leigh Greden is here so I could thank him as well as Chris Easthope, Susan Pollay and others for their work in making changes to the Citizens Advisory Council that we think will help us and the DDA in our goal of improving the downtown. This was a part of an effort of the City to modify and streamline many of its boards and commissions. The official name of the committee

shall now be the "Downtown Area Citizens Advisory Council" with its same close and active relation to the DDA.

In the resolution passed by Council a week ago the Council recognized that "In the two decades since its formation, the Citizens Advisory Council ("CAC") has served a vital role beyond its initial purpose, providing valuable insights on a wide variety of downtown-related concerns. (Initial purpose: to provide comment on the DDA's development and TIF plans.), Understanding downtown residential needs and issues will become even more important as the City focuses its efforts on encouraging residential development in the core area."

The 1982 City Council resolution setting up the CAC was modified with this new resolution.

Applicants for appointment must live within the DDA District. Individuals who were residents of the DDA District upon appointment now may remain on the CAC or be reappointed to the CAC if they move to a new residence on a block bisected by the DDA boundary line or a block abutting the DDA boundary line. Terms will be staggered and, just like the DDA, be for three years.

The number of members will be limited to 15. There are currently 10 active CAC members who continue to meet all these qualifications and one member seeking appointment. Providing for available seats would enable the CAC the opportunity to continue to work recruiting University of Michigan students as potential members.

We will continue to encourage former members who no longer live in the DDA area to provide input at our meetings. And we will also continue to invite anyone who wants to attend our meeting to participate in our discussions. We have always sought to have the broadest representation possible and accepted every qualified applicant for membership.

For years the CAC has appeared before every city council, board and commission, as well as a wide range of commercial and neighborhood groups to support the downtown in relation to present and future resident interests. We will continue to do so. In our efforts we have always had clearly stated goals and objectives which have been widely circulated. We are currently involved with revising and further developing those goals and objectives in the light of the 2003 DDA Renewal Plan which incorporated many of our commitments. On every downtown issue there is a downtown resident perspective and we hope to continue to express it to the DDA and all who will listen.

I am pleased to report that The Handbook: A Field Guide to Living in Downtown Ann Arbor is a big success. CAC members have received wonderful feedback from City Council, Area Associations, Downtown residents, apartment owners, etc. Two thousand copies have so far been delivered to resident households, apartment buildings, condos, real estate brokers, governmental bodies, public areas and bookstores.

Demand is high. We are limiting distribution based upon whether or not requests come from groups that further our goal of encouraging downtown residency. At this moment we have requests from the Ann Arbor District Library and McKinley properties for at least 400 more copies. We have not yet decided to fill those requests.

Our original printing was 4,000 copies and we can expect those to be gone in the next few months. We are already considering sources of funding for a new printing when we exhaust our supply.

Mr. Boren enters

Upcoming Information Sessions: Ms. Pollay announced that the DDA would present information on its Three Site Plan at a Council Work Session on March 7th at 6 p.m. in Council Chambers. On March 8th at 7 p.m. at the Downtown Library, the League of Women Voters will sponsor a panel presentation on the various greenway visions and the DDA's Three Site Plan, including the First & William site.

DDA staff changes: Ms. Pollay publicly thanked Adrian Iraola, the DDA Project Manager, for his many years of valuable service to the DDA, as he retires at the end of this week. Also, as of March 7th, Joan Lyke will transfer from the Administrator's office to the DDA to assist with administrative and other functions.

Mr. Gillett introduced a resolution to publicly recognize Adrian Iraola for his work and contributions to the DDA. Ms. Gunn seconded the motion.

RESOLUTION THANKING ADRIAN IRAOLA

Whereas, Adrian Iraola has contributed a great deal to the DDA during 25 years of service to the City;

Whereas, In his role as DDA Project Manager, Adrian Iraola oversaw several of the most important DDA capital improvement projects, including construction of the Ann Ashley, Fourth & Washington, and Forest Parking structures, and installation of pedestrian improvements along State Street, Liberty, Washington, South University, Fourth Avenue, and many, many other downtown streets;

Whereas, Adrian Iraola brought to the DDA an extraordinary background in engineering and design, as well as a dedication to excellence and an unparalleled commitment to meeting the needs of the community;

RESOLVED, The Ann Arbor Downtown Development Authority extends its great thanks and best wishes to Adrian Iraola for his abundant contributions to the downtown, and indeed to the community as a whole, through his work on the DDA.

A vote on the motion showed:

AYES: Aldrich, Boren, Dankert, Gillett, Greff, Gunn, Greden, Hewitt, Smith, Solo

NAYS: None

Absent: Beal, DeVarti

The motion carried.

All applauded,

6. OLD BUSINESS

None.

7. SUBCOMMITTEE REPORTS

OPERATIONS COMMITTEE

Financial Reports. Mr. Hewitt reported on the January 2005 financial statements. TIF income appears to be on budget; operating expenses are up about \$150,000, primarily due to grants and costs to complete the State Street Improvement project last summer. Capital expenditures are under budget mostly due to project timing. Parking revenues are up against budget, and include special one-time revenues such as the DTE payment for debt service apportioned to their contracted permits in 4th and William. Parking contractor expenses are over budget by 2%. Parking usage is generally up in the structures, and some of this is attributable to an increase in usage at the Maynard Structure due to Hill Auditorium activities. The Housing Fund is approximately as budgeted; although there was a small expense to complete a "Phase I" environmental study of the YMCA site in anticipation of the RFP's being distributed.

Resolution to Approve Amendments to the City/DDA Parking Agreement. Mr. Hewitt gave an overview of the proposed resolution to amend the current agreement with the City. The term would be extended from 2012 to 2015 with no change in termination language. Rent to the City would be increased from \$109,000 to \$1,000,000/year, and the City would be given the opportunity take up to two years' rent in any year, so long as the total amount paid to the City does not exceed \$10 million in 10 years. Mr. Solo clarified the termination requirements, saying that until 2015, there could be no termination without cause; after that, either the City or DDA could opt to terminate the Agreement every third year, given one year's notice to the other, as per the procedural requirements provided in the resolution.

Mr. Gillett expressed concerns that the agreement would be based on some absolute amount rather than on the DDA's budget and financial situation over time. Given such unknowns as a potential change in State statute, as happened with Proposal A, he said that he would prefer that the DDA have the option of rejecting a request by the City to pay the additional \$1 million depending on its financial situation at that time.

Mr. Aldrich asked if it would be possible for the City to draw the full \$10 million in the first 5 years; Mr. Solo said yes. Mr. Aldrich asked what would happen in year six, which is to say, would the City be satisfied to receive no further rent for the remaining five years. There was no response to this question.

Mr. Aldrich asked if a comparison had been done to analyze how much the City had generated in parking revenues in 2001/02 and how much the DDA received from the on-street system the following two years, 2002/03 and 2003/04. Was there a significant increase in revenues? Mr. Morehouse stated that the DDA had received an increase in revenues but not significantly higher than the City had seen. Mr. Solo asked Mr. Morehouse if he had done projections to determine the impact on the DDA finances if the City drew \$2 million for the first 5 years, \$0 for the next 5 years, and \$1 million from there on. Mr. Morehouse explained that the DDA would need to impose a 3.5% parking rate increase each year to cover this cost if it were not to dip into reserves. Ms. Greff stated that the Operations Committee had found that, by maintaining the planned annual 3% parking rate increase shown in the Ten Year Plan, that an outlay of \$1 million per year would not have a negative impact on the Parking Fund. Ms. Gunn agreed.

Mr. Gillett said that he felt the DDA and City Council should collaborate on revenue enhancement strategies, specifically with respect to development and zoning changes which would lead to increased TIF, rather than on parking rate increases. He expressed reservations about using parking rate increases as a long-term revenue strategy for the DDA and City. Mr. Aldrich agreed, saying that he was very concerned that the DDA be careful about increasing parking rates as a means to direct significant funds to the City, as it would have a very negative impact on the downtown.

Mr. Solo said that approving this resolution does not preclude renegotiations at any time, by either the City or the DDA. Mr. Greden commented that the City would have to agree to renegotiate in the future, and that it was important to note that it was not the intent of City Council to rely on this money more than to get them through the next few years. City Administration and Council have put in place short- and long-term strategies to solve the structural budget deficit, and have budgeted for \$2 million only in the first year.

Ms Gunn moved and Ms. Greff seconded the following resolution:

**RESOLUTION TO APPROVE AMENDMENTS TO LEASE RENEWAL AGREEMENT NUMBER ONE
BETWEEN THE CITY OF ANN ARBOR AND THE DOWNTOWN DEVELOPMENT AUTHORITY**

Whereas, In April 1992 the DDA entered into a master agreement with the City to operate and maintain public parking facilities, leased or owned by the City;

Whereas, In May 2002 the City and the DDA agreed to renew this Agreement and to add the remaining elements of the City's public parking facilities into the Agreement, as it was determined that it would "serve the public purpose of supporting a vibrant and healthy downtown, which requires among other things a municipal parking system which is responsive to the community's need for a parking system that is user-friendly, efficient, economical, and self-supporting";

Whereas, Under this Renewal Agreement, the DDA agreed to pay the following:

1. Payment of the annual debt service requirements on the outstanding parking structure bonds and payment of all facility maintenance and utility costs.
2. Payment of an annual fund transfer to the City's Major Streets Fund and to the Local Streets Fund and an annual rental fee
3. Payment of wages and benefits, job training and career counseling, for former City parking employees for one year.

Whereas, The DDA has determined that its parking system has generated additional revenues that had not been anticipated at the time of this Renewal Agreement, and that the rent amount paid to the City could be increased without damage to ongoing plans for parking repairs, maintenance, and operations; and

Whereas, Based on its conversations with City Council representatives, the DDA Operations Committee recommends that the following amendments be made to the Lease Agreement Renewal Number One:

1. Extend the length of the Agreement from 2012 to 2015, with termination terms to remain intact.
2. In 2015 the DDA shall be provided an opportunity to renew this Agreement until 2033. Beginning in 2018, the City and DDA would be provided the opportunity to terminate this Agreement without cause every third year, upon a supermajority vote and one year's notice.
3. Increase the annual rental fee paid to the City for use of City parking facilities to \$1,000,000.00/year beginning with the 2005/06 fiscal year, for a total of \$10,000,000.00 during the ten year period of the Agreement.
4. During the period of July 1, 2005 to June 30, 2015, provide the City the opportunity to draw an advance on future rent not to exceed one full year's rent, thus providing for up to two year's rent on any year. Any request by the City for pre-payment must be made to the DDA by December 1st of the preceding year so as to be included in the DDA's annual budget.

RESOLVED, The DDA authorizes amendments to its Lease Agreement Renewal Number One with the City as recommended by the Operations Committee; and

RESOLVED, These recommended amendments are to be presented to City Council for its approval and upon City Council action, these amendments are to be brought back to the DDA Board for final approval.

Mr. Gillett said that he would like to propose a series of amendments in hopes that they might be accepted as friendly. His proposed amendments were as follows:

~~Whereas, The DDA has determined that its parking system has generated additional revenues that had not been anticipated at the time of this Renewal Agreement, and that the rent amount paid to the City could be increased without damage to ongoing plans for parking repairs, maintenance, and operations; and~~

Whereas, The City is facing a funding crisis and has asked the DDA to significantly increase its payments under this Agreement in order to help the City address this crisis;

Whereas, The City and the DDA agree that the DDA can afford this increase only if the City and DDA cooperate to increase revenues into the DDA;

Whereas, Both the City and the DDA agree that the DDA is a separate governmental entity that has a statutory responsibility to support and expand community values and services in the City's downtown and near downtown neighborhoods;

As the maker of the motion, Ms. Gunn said that she preferred the original language, but would accept these amendments as friendly.

Mr. Gillett proposed additional amendments as follows, saying again that there are many potential reasons why the DDA may not be able to provide an additional \$1 million to the City on any given year.

4. During the period of July 1, 2005 to June 30, 2015, provide the City the opportunity to draw an advance on future rent not to exceed one full year's rent, thus providing for up to two year's rent on any year. Any request by the City for pre-payment must be made to the DDA by December 1st of the preceding year so as to be included in the DDA's annual budget. **The DDA will seek to honor any such request, but the City understands that the DDA may grant or deny such a request based on its achievement of its goals for revenue growth and its overall budget capacity for the year in which the requested prepayment will be made.**

Ms. Gunn said that she would not accept this amendment, as it would not enable the City to plan as it needs to. Mr. Gillett said that he would withdraw it. Mr. Aldrich said that the City was now establishing a two-year budget, thus it would be able to formulate plans well in advance. A comment was made that the City asking for \$2 million/year for five years might color the DDA response should the City ask for a significant contribution from the DDA for a City Hall expansion.

A vote on the amended motion showed:

AYES: Aldrich, Boren, Dankert, Gillett, Greden (acting Mayor) Greff, Gunn, Hewitt, Smith, Solo

NAYS: None

Absent: Beal, DeVarti

The motion carried.

Mr. Aldrich and Mr. Gillett exit.

Resolution to Approve the DDA's 2005/2006 and 2006/2007 Budgets. Mr. Morehouse pointed out changes in the DDA budget, including the increased rent paid to the City, personnel changes, the parking repair reserve fund, and potential changes in TIF expenditures on capital improvements for signs and alley repairs. Additional changes would not require another budget resolution, but the DDA would review its budget at the end of the fiscal year. Mr. Hewitt moved and Mr. Dankert seconded the following resolution:

RESOLUTION TO APPROVE THE DDA BUDGET FOR FISCAL YEARS 2005/2006 AND 2006/2007

Whereas, The DDA has developed a Ten-Year financial plan, including projected income and expenses for its TIF, Housing and Parking Funds, including calculations for debt service, capital improvements projects and parking operations;

Whereas, The City of Ann Arbor Administration will present a FY 2005/2006 and a 2006/2007 budget to City Council this Spring;

Whereas, The DDA Operations Committee has developed a detailed FY 2005/2006 and 2006/07 budget for the DDA based on the DDA Ten-Year plan;

Whereas, The Operations Committee recommends approval of these DDA budgets by the DDA;

RESOLVED, The DDA approves its FY 2005/2006 and 2006/2007 budgets.

AYES: Boren, Dankert, Greff, Gunn, Greden, Hewitt, Smith, Solo

NAYS: None

Absent: Aldrich, Beal, DeVarti, Gillett

The motion carried.

PARTNERSHIPS COMMITTEE

Liberty Lofts. Mr. Solo said that the Committee had spent a great deal of time discussing this project. Ms. Gunn described the matrix used to assess projects, and said that all Committee members found Liberty Lofts to be an exceptional project for many reasons. Ms. Gunn moved and Mr. Dankert seconded the following resolution:

RESOLUTION OF SUPPORT FOR LIBERTY LOFTS

Whereas, On February 2, 2005 the DDA reauthorized and amended its Partnerships Guidelines to provide direction for the kinds of projects the DDA would encourage in the downtown;

Whereas, These Guidelines set forward that the DDA might consider a DDA project grant if specific community benefits could be shown, including:

- Historic preservation
- Construction of a significant number of new residential units
- Contribution to community affordable housing goals
- Pedestrian improvements, including alley and sidewalk enhancements, as well as an attractive, pedestrian-friendly design
- Parking for the project is completely or predominantly on site and/or parking for the project is principally situated below grade
- Provision of sustainable architectural elements, such as a green roof or solar heating system

Whereas, On May 13, 2004 a representative of the Morningside Group met with the DDA Partnerships Committee to present information on their proposal to redevelop the Eaton Plant as "Liberty Lofts";

Whereas, On December 17, 2004, representatives of the Morningside Group met with the Partnerships Committee to report on their site plan approval by the City, and to discuss their request for DDA funding assistance for the project in the amount of 25% of the TIF captured in the first ten years;

Whereas Liberty Lofts will provide for a number of important Downtown Plan and DDA goals, including

- Historic preservation and attractive reuse of a functionally obsolete manufacturing plant
- Construction of 68 condominium/residential units
- Pedestrian improvements, including restoration of two sidewalks that had been reduced to accommodate diagonal parking
- Parking for the project is completely on site, with 98 spaces provided for residents and 54 spaces provided for retail customers and employees
- Remediation of contaminated soils

Whereas, Liberty Lofts has also agreed to donate to the City of Ann Arbor its right to pursue collection of sanitary sewer impact credits from the MDEQ. The value associated with these credits is estimated to be \$250,000;

Whereas, Liberty Lofts will incur project costs well over \$1,000,000 for elements that provide a direct

benefit to the community including:

- \$300,000 for storm water capture
- \$250,000 for pedestrian improvements on William, Second, Liberty, and First Streets
- \$500,000 for costs associated with façade and window improvements that meet the Historic District Commission's requirements
- \$50,000 for parks contribution

Whereas, Representatives of Liberty Lofts have met with the City Assessor and have determined that the project is likely to generate approximately \$393,309/year in TIF, or \$3,933,087 during its first ten years based on its initial assessed value;

Whereas, The DDA Partnerships Committee recognized the attractiveness of the project, and discussed the various ways that the DDA could assist this project and thus reduce its risk;

RESOLVED, The DDA shall provide assistance to Liberty Lofts in the amount of \$980,000 or 25% of the TIF over the first ten years, whichever is less, to help defray costs associated with project elements that provide a direct public benefit, including pedestrian improvements, storm water capture, and historic preservation;

RESOLVED, DDA payments to the developer will be timed so that the development is never in a "negative TIF" situation, meaning that the TIF received is always greater than the amount of any TIF grant paid out.

RESOLVED, The DDA Partnerships Committee Chair and Executive Director are authorized to work with the DDA Attorney to formulate an agreement between the DDA and Liberty Lofts and then bring back the agreement to the Partnerships Committee for approval.

Ms. Smith expressed her support for the project and this resolution, saying that it will help mitigate the risks in the current downtown residential market in which sales are not guaranteed. This project will bring 68 residential units downtown, which will be a catalyst for more development. Mr. Hewitt said that he seconded Ms. Smith's comments, and added that we need many more downtown residents if we are to retain and grow our downtown businesses and retain our diversity. He said that he felt the DDA should support a proposal that will send a message that Ann Arbor is not hostile to development and developers. This project is notable because it will increase the number of downtown residents by 5%, a very considerable increase.

Mr. Greden asked what the DDA hoped to achieve with its development grants. Ms. Greff said that she supported this project, but objected to DDA financial support, as it essentially results in taxpayer subsidization of a private, profitable development, and would not do anything to alleviate the already-high property prices downtown. She said that she would prefer it if the DDA could find a way to assist projects by focusing on the infrastructure elements that benefit the whole city rather than one developer, or if the DDA could guarantee that a DDA grant would contribute to lowering rents in the building, it would fit more within the role of the DDA as steward of public dollars.

Mr. Mucha/Morningside Group was asked to describe project risks, and he outlined several including the inherent difficulties of redeveloping an older building. Ms. Greff said that there are many ways to demonstrate support for developers and the DDA should consider each request carefully. Mr. Solo expressed his commitment to finding more objective guidelines to support future development.

Ms. Greff asked to amend the resolution to indicate that the DDA would only support project elements that provide a direct benefit to the community:

Whereas, Liberty Lofts will incur project costs well over ~~\$1,000,000~~ **\$600,000** for elements that provide a direct benefit to the community including:

- \$300,000 for storm water capture
- \$250,000 for pedestrian improvements on William, Second, Liberty, and First Streets
- ~~\$500,000 for costs associated with façade and window improvements that meet the Historic District Commission's requirements~~
- \$50,000 for parks contribution

RESOLVED, The DDA shall provide assistance to Liberty Lofts in the amount of ~~\$980,000 or 25%~~ **\$600,000** of its TIF over the first ten years, ~~whichever is less,~~ to help defray costs associated with project elements that provide a direct public benefit, including pedestrian improvements, storm water capture, and ~~historic preservation~~ **parks contribution**.

Ms. Gunn said that she would accept these changes as friendly.

A vote on the amended resolution was as follows:

AYES: Boren, Dankert, Greff, Gunn, Greden, Hewitt, Smith, Solo

NAYS: None

Absent: Aldrich, Beal, DeVarti, Gillett

The motion carried.

Mayer Shairer Project Redevelopment Request. Mr. Solo reported that the Partnerships Committee had rejected the Mayer Shairer request for funding assistance; however, Mr. Carlson has indicated that he has additional information, which the Committee may consider at its next meeting March 18th at 2 p.m.

RESEARCH AND OPPORTUNITIES COMMITTEE

Benchmark data/Vitality Index. Mr. Boren reported that the first benchmark report had been posted online and distributed to a variety of individuals and organizations. It has received positive responses so far from the development and real estate community.

Communication. The next priority for ROC will be to improve the DDA's communication efforts with the community, including enhancing its website and developing detailed communiqués that may be useful to members of the DDA when discussing DDA projects. The next ROC meeting is March 15th at 7:30 a.m. at the DDA office, and all are invited.

CAPITAL IMPROVEMENTS COMMITTEE

Division & Fifth Improvements. Mr. Hewitt explained that given the DDA's action regarding Huron Street the previous month, the resolution put forward for Fifth and Division design services had no mention of future construction costs. There are many impending developments along Division and Fifth and an overall design scheme would be useful and timely. Mr. Solo moved and Ms. Smith seconded the following resolution:

RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH BECKETT & RAEDER, INC. FOR DESIGN OF DIVISION AND FIFTH AVENUE IMPROVEMENTS

Whereas, In December 2002 the DDA discussed the need to improve access into and through the downtown on Huron, Division and Fifth, and in January 2003 the DDA Capital Improvements Committee began researching conditions along these major corridors;

Whereas, Upon the recommendation of the Capital Improvements Committee, on June 2003 the DDA unanimously approved "Resolution Approving Improvement Projects Along Huron Street and Along Fifth & Division Streets, As Well As The Development Of Outskirt Parking Lots";

Whereas, It was determined that the project should begin with a comprehensive study of the corridors similar in scope to the one conducted for the State Street area, and in December 2003 the DDA authorized

a Professional Services Agreement with Pollack Design Associates to develop an Urban Design Workbook for the Huron, Division and Fifth Improvement Project;

Whereas, This Workbook was compiled based upon exhaustive research and numerous public workshops, and its findings were presented to the DDA and Planning Commission in July 2004;

Whereas, The Committee discussed how best to proceed with the recommendations presented in the Workbook and determined that it would be helpful to develop the design recommendations for all three corridors, in part because it would enable the DDA to pursue possible grant opportunities;

Whereas, The DDA approved "Resolution Authorizing the Issuance of a Request for Proposals for Design of Huron, Fifth, & Division Improvements Capital Improvements" at its November 2004 meeting with the understanding that the DDA would have the opportunity to approve the project consultant selection upon the recommendation of the Capital Improvements Committee;

Whereas, RFP's were sent to 18 consulting firms, inviting them to submit responses for the design of improvements to Huron, Fifth and Division; six teams of consultants responded, and on December 14th, 2004, the Committee reviewed proposals and decided to interview four teams;

Whereas, On January 11th, 2005, interviews were conducted by members of the Capital Improvements Committee with assistance from a representative of the City, and the group resolved to recommend that Beckett and Raeder, Inc. be selected to design improvements to Division St and Fifth Avenue at a cost not to exceed \$578,000.

Whereas, Preliminary estimates indicate that it might cost a total of \$9.1 million if all improvements along Division St. and Fifth Ave. were implemented as recommended in the Urban Design Workbook, although the DDA at all times retains the ability to limit its project scope; and

Whereas, The DDA has opportunities to find offset revenues to counterbalance project costs, including TEA-21 grants, City Alternative Transportation Funds set aside from their Act-51 revenues, and the revenues generated by approximately 100 new parking meters to be placed on Fifth and Division;

RESOLVED, The DDA will delineate the specific improvements to be implemented at a later date, thus reducing the actual project costs, and that the DDA will also seek TEA-21, City Alternative Transportation funds and other revenues sources to offset a portion of the project costs;

RESOLVED, The DDA approves a Professional Service Agreement in the amount of \$578,000 with Beckett and Raeder, Inc. for design of improvements along Fifth and Division Streets, from Packard to Beakes;

RESOLVED, The DDA Capital Improvements Committee Chair and Executive Director are authorized to oversee and execute said Professional Services Agreements; and

RESOLVED, Upon completion of said designs, the DDA Capital Improvements Committee will bring the DDA a resolution for consideration to initiate production of construction drawings for improvements on Division St. and Fifth Ave.

AYES: Boren, Dankert, Greff, Gunn, Greden, Hewitt, Smith, Solo

NAYS: None

Absent: Aldrich, Beal, DeVarti, Gillett

The motion carried.

Mr. Hewitt moved and Ms. Smith seconded the following resolution:

DDA RESOLUTION TO ESTABLISH A TIF MAINTENANCE RESERVE FUND

Whereas, Prior to the DDA's creation in 1982, downtown sidewalks had experienced a great deal of deterioration due to extensive deferred maintenance by both the City and private property owners;

Whereas, Under the direction of its Development Plan, the DDA has used its TIF to undertake a wide variety of streetscape and pedestrian improvement projects in many sections of its District;

Whereas, It has been estimated that the DDA has invested \$7.65 million in streetscape and pedestrian improvement projects since 2001; including the \$6.1 million State Street Area Improvement project, which included \$400,000 designated for sidewalk repairs (Phase III), \$400,000 for sidewalk repairs along Fourth Avenue, \$400,000 for sidewalk repairs and light installation along Forest, Church and E. University, and \$450,000 for sidewalk repairs and light installation in the Kerrytown area;

Whereas, Much of the work of the DDA has not involved new streetscape design, but rather, repair of broken sidewalks and curbs, replacement of missing or dead trees, and other maintenance items;

Whereas, The DDA has incorporated an estimate for annual sidewalk repairs and other maintenance items in its Ten Year Plan;

Whereas, The DDA Capital Improvements Committee has recommended that TIF funds be segregated to ensure that they are available when needed to implement necessary repairs to DDA improvements;

Whereas, The DDA Capital Improvements Committee has recommended that upon project approval by the DDA that an amount equal to 5% of any future TIF project budget be transferred to a DDA sidewalk maintenance reserve fund to ensure that sufficient funds are available for future repairs;

RESOLVED, The DDA shall establish a maintenance reserve fund separate from its TIF fund, to ensure that sufficient funds are available when needed to implement necessary repairs to DDA improvements;

RESOLVED, The DDA shall designate a minimum annual TIF set aside of \$420,000 which shall include \$400,000 for repairs and \$20,000 for engineering and other soft costs, and may be partially comprised of transfers in the amount equal to 5% of any future TIF project budget and 5% of the State Street Area Improvement project.

AYES: Boren, Dankert, Greff, Gunn, Greden, Hewitt, Smith, Solo

NAYS: None

Absent: Aldrich, Beal, DeVarti, Gillett

The motion carried.

Mr. Hewitt said that he personally wanted to thank Adrian Iraola, on behalf of the State Street Association, for all the hard work he put in on the State Street project, and for making a difficult project much easier.
Mr. Dankert moved, and Ms. Gunn seconded the following resolution:

RESOLUTION TO CONTRACT WITH WASHTENAW ENGINEERING TO CONTINUE ADRIAN IRAOLA'S SERVICES TEMPORARILY AS DDA PROJECT MANAGER

Whereas, Beginning in the late 1980's, Adrian Iraola was assigned by the City of Ann Arbor to monitor or manage DDA projects;

Whereas, The DDA hired Mr. Iraola as the DDA's full time Project Manager effective January 1, 2002;

Whereas, Mr. Iraola will retire from the City on March 4, 2005, and the DDA has a need to secure the services of a project manager during an interim period until a permanent DDA project manager can be found;

Whereas, Washtenaw Engineering has provided the DDA with a proposal for consulting assistance on as-needed basis for Mr. Iraola's services;

Whereas, Under this agreement, Mr. Iraola would be available to oversee such DDA projects as the alley repairs, Huron Street design work, First and William planning, and other projects as may be determined by the DDA

Whereas, This proposal would provide the DDA with Mr. Iraola's services for a duration of time to be determined by the DDA, for a flexible amount of time every week at an hourly rate of \$80/hour;

Whereas, This proposal has been reviewed by the DDA Capital Improvements Committee Chair and Operations Committee Chair, and recommended for approval;

RESOLVED, The DDA approves this proposal to contract with Washtenaw Engineering effective March 7, 2005 to continue Mr. Iraola's services temporarily as DDA Project Manager until such time as a permanent DDA project manager can be found; and

RESOLVED, The DDA Executive Director is authorized to complete the necessary administrative and budgetary documentation to implement this resolution.

AYES: Boren, Dankert, Greff, Gunn, Greden, Hewitt, Smith, Solo

NAYS: None

Absent: Aldrich, Beal, DeVarti, Gillett

The motion carried.

Status of Alley Repair Plan. Mr. Hewitt stated that they have construction drawings and contract documents completed for the five alley repairs this summer. Doan Construction will start on the first alley, which runs between Liberty and Washington, between Fourth Ave. and Main Street, as soon as the weather permits. He said that the next Capital Improvements committee meeting will be March 15th at 1 p.m.

8. OTHER BUSINESS

None.

9. AUDIENCE PARTICIPATION

None.

10. ADJOURNMENT

As there was no further discussion, Mr. Solo moved and Ms. Gunn seconded adjournment of the meeting at 1:55 p.m.

Respectfully submitted,
Susan Pollay, Executive Director