

**Ann Arbor Downtown Development Authority Meeting Minutes  
Wednesday, December 5, 2007**

Place: DDA Office, 150 S. Fifth Avenue, Suite 301, Ann Arbor, 48104  
Time: DDA Chair Roger Hewitt called the meeting to order at 12:05 p.m.

<b>1. ROLL CALL</b>
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Present: Gary Boren, Russ Collins, Dave DeVarti, Leah Gunn, Jennifer Hall, Roger Hewitt, John Hieftje, Joan Lowenstein, John Mouat, Sandi Smith, John Splitt

Absent: Rene Greff

Staff Present: Susan Pollay, Executive Director  
Joe Morehouse, Deputy Director  
Joan Lyke, Management Assistant  
Lindsay-Jean Hard, Special Projects Manager

Audience: Tony Bisesi, Republic Parking System  
Henry Byma, JJR/Allen Creek Greenway Conservancy  
Jonathan Balky, Allen Creek Greenway Conservancy  
Ray Detter, Downtown Area Citizens Advisory Council  
Adrian Iraola, Washtenaw Engineering  
Brian Keeler, Spence Brothers  
Ethel Potts, Citizen  
Pam Smith, MSAA

<b>2. AUDIENCE PARTICIPATION</b>
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Mr. Detter reported that CAC celebrated City Council's support for a Percent for Art Ordinance. CAC supports the Ann Arbor Art Center's proposal for the 415 W. Washington site and encourages City Council to give a high consideration to the proposal during the RFP process. CAC opposes the hotel proposed for Division and Washington. It also opposes McKinley's plan which would reduce pedestrian and vehicle access east of Liberty Square between Liberty and Washington. CAC will continue its efforts to ensure that A2D2 changes become permanent.

**Ms. Greff enters.**

Mr. Byma presented the Allen Creek Greenway Conservancy plans which will include acquiring property adjacent to the Ann Arbor Railroad tracks. Mr. Byma reported that the Conservancy has begun to contact the private landowners whose property is included in their proposed plan. The group has also requested a meeting with the Railroad owners to gain permission to use the Railroad's easement for this greenway.

<b>3. MINUTES</b>
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Ms. Gunn moved and Ms. Lowenstein seconded approval of the November 7, 2007 DDA meeting minutes. Ms. Smith asked to make the following amendments: Mr. Hewitt had not moved approval of the October 2007 and annual retreat minutes; rather Ms. Smith had made the motion for the October minutes and Ms. Gunn had made the motion for the retreat minutes. Ms. Lyke said that these changes would be noted.

**A vote on the motion to approve the minutes as amended showed:**

**AYES:** Boren, Collins, DeVarti, Greff, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt  
**NAYES:** None

**Absent: None**  
**The motion carried.**

<b>4. STATUS OF CITY TASKFORCE EFFORTS</b>
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A2D2: Mr. Hewitt said that the A2D2 Steering Committee would use the next meeting to establish a strategy to pursue economic development in the downtown.

<b>5. R O C COMMITTEE</b>
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Mr. Collins moved and Ms. Smith seconded the following resolution:

**RESOLUTION APPROVING AMENDMENTS TO THE DDA BYLAWS**

Whereas, The DDA operates by a set of bylaws that were first approved in 1984 and last amended in 2003;

Whereas, These bylaws name the DDA's officers and their duties, provides details on the DDA annual and regular meetings, rules for quorum, voting, funding requests, committees and conflict of interest;

Whereas, These bylaws may be amended at any regular meeting of the Board by a majority vote, provided that the amendment has been submitted in writing at a previous regular meeting;

Whereas, The DDA ROC Committee has reviewed the document, and recommends changes to clarify the roles of DDA board members, board officers, and staff;

Whereas, These recommended amendments were provided to the board for their review and comment at the October and November 2007 meetings;

RESOLVED, The DDA approves DDA Bylaw amendments as recommended, and shall forward them onto City Council for approval.

Mr. Collins stated that following the last DDA Board meeting, the committee reviewed the bylaws once again and resolved to bring the document back to the board for approval without additional edits. These bylaws are the same as presented at the previous three meetings.

**A vote on the motion showed:**

**AYES: Boren, Collins, DeVarti, Greff, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt**

**NAYES: None**

**Absent: None**

**The motion carried.**

Mr. Collins moved and Ms. Hall seconded the following resolution:

**RESOLUTION TO CREATE A DDA ONE PERCENT FOR THE ARTS SET ASIDE PROGRAM FROM FUTURE DDA CAPITAL IMPROVEMENTS PROJECT BUDGETS**

Whereas, At their November 5, 2007 meeting City Council voted unanimously to add a new section to the City code whereby all capital improvement projects funded wholly or partly by the City will include funds for public art equal to one percent of the project construction costs, to a maximum of \$250,000 per project;

Whereas, The Ann Arbor DDA's 2003 Renewal Plan includes a provision that that the DDA would work to ensure that walking remains the primary mode of transportation in downtown, and that it would promote pedestrian enjoyment by encouraging an active street life, including the installation of public

art;

Whereas, The Ann Arbor DDA wishes to support the City in its effort to improve the aesthetic quality of public spaces, as well as the walkability and unique identity of downtown by encouraging the installation of public art;

Whereas, The DDA ROC Committee recommends the following elements of a DDA one percent set aside program for public art in downtown Ann Arbor:

- The DDA shall set aside one .percent of its expenditures for a capital improvement project paid for out of its TIF 003 and Parking 063 funds for public art up to a maximum of \$250,000;
- Capital improvement projects are defined as DDA construction projects that are intended to create a permanent improvement, such as the installation of a new streetscape, or construction of a new parking structure. They do not include projects that are primarily for the purpose of ordinary maintenance and repair, including parking lot resurfacings, deck coating, upgrading equipment, or repairing concrete sidewalks.
- If the DDA receives matching funds for a project from a source such as the State or the City, the DDA commitment of funds for public art shall be equal to one percent of the DDA's portion of the project.
- The DDA shall parallel the City and exclude elements in its project budget when calculating its one percent set aside, including an exclusion for capital improvements costs that are below-grade storm water detention facilities, the acquisition of real property, soil remediation, demolition, the issuance of debt, permits and administrative fees, fixtures, equipment and furnishings, and contingencies.
- The DDA shall assign responsibility for management of these DDA funds to its ROC committee, who shall work with representatives of the Ann Arbor Public Art Commission to determine where it will install a piece of public art and how this work will be commissioned, and ultimately maintained.
- The DDA shall reserve 30% of its funds set aside for public art to an interest-bearing DDA public art maintenance fund to be used solely for the purpose of maintaining the public art commissioned by DDA capital improvement project budgets.
- All artwork acquired by the DDA as a result of this program shall become the property of the City of Ann Arbor.

RESOLVED, The DDA shall approve the creation of a DDA one percent for the arts set aside program from DDA capital improvements projects as recommended by its ROC Committee.

Ms. Gunn proposed a friendly amendment that was accepted by Mr. Collins as follows: The DDA shall set aside one percent of its expenditures for a capital improvement project paid for out of its TIF 003 **and/or** Parking 063 funds. Mr. Collins also suggested that the fourth Whereas also include the following clarification: a maximum of \$250,000 **per project**. Mr. DeVarti asked to have the words capitalized in the RESOLVED clause: a **DDA One Percent For the Arts Set Aside Program** to communicate that this is a formal program.

Mr. Hieftje stated that these arts set asides will have a profound effect in the community and will lead to an explosion of public art projects as never seen before because it is possible that several hundreds of thousands of dollars could be set aside in any given year. Mr. DeVarti asked if DDA funds for public art would support temporary projects as well. Mr. Collins suggested that the resolution be postponed until the January meeting to allow additional committee discussion, and Mr. Hieftje seconded the postponement.

**A vote on the motion to postpone the resolution showed:**

**AYES:** Boren, Collins, DeVarti, Greff, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Smith,

**Splitt**

**NAYES: None**

**Absent: None**

**The motion carried.**

DDA Grants: Mr. Collins reported that ROC continues its discussion, including the potential to create two categories of grants, including mini-grants in a range up to \$7,500 that staff would be authorized to process and major grants over \$10,000 which may be focused around an annual theme. He asked for input from the rest of the board on these concepts so that any concerns could be addressed in committee before a final recommendation is brought to the board for action.

Wayfinding: A couple weeks earlier ROC committee members talked with Corbin Design by speakerphone. The concept brought to the DDA at the last meeting by representatives of the design community was discussed with Corbin. There were some elements that people liked (e.g., a modular design to make future changes less expensive) and some that people didn't like (e.g. the color palette, the pole design, and problems with legibility). The Committee directed Corbin to produce another sign design which is to be reviewed at the next Committee meeting.

**6.**

**CAPITAL IMPROVEMENTS**

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

**RESOLUTION TO PURCHASE RECYCLING CONTAINERS FOR DOWNTOWN SIDEWALKS**

Whereas, The Ann Arbor Downtown Development Authority 2003 Renewal Plan makes a strong commitment to embracing sustainability as a fundamental tenet of downtown development;

Whereas, At its annual retreat in October 2007, the DDA established priorities for the year which included a commitment to encourage greater sustainability efforts in the downtown;

Whereas, One of the elements of this work plan was a goal to install downtown recycling containers;

Whereas, The cost to provide recycling containers on downtown sidewalks has been estimated to be \$250-\$500 each and the DDA Capital Improvements Committee supports the provision of \$12,000 for a pilot program, which includes funds that will be used for promotion and education;

RESOLVED, The DDA approves the purchase of recycling containers for the downtown in an amount not to exceed \$12,000;

RESOLVED, DDA staff is asked to work with City Public Services staff to determine the most appropriate type of container and optimal installation locations, and to report back to the board on implementation and success of this initiative.

Mr. Splitt said that the DDA Renewal Plan makes a strong commitment to sustainability as a fundamental tenet of downtown development, and at the recent retreat the DDA established a priority for its 2007/08 work plan to pursue projects that reflected this commitment. One idea was to install sidewalk recycling containers. The Committee recommended that the DDA fund a pilot program to purchase approximately two dozen containers to help the DDA and City determine the most effective container design. The resolution in front of the DDA included funds for education and promotion to help get the project established. Ms. Smith said many other cities have provisions for sidewalk recycling so it is exciting to see Ann Arbor move in this direction.

**A vote on the motion showed:**

**AYES: Boren, Collins, DeVarti, Greff, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt**

**NAYES: None**  
**Absent: None**  
**The motion carried.**

S. Fifth Avenue Parking Structure Report: The report is due to City Council January 11<sup>th</sup>. Mr. Iraola has overseen soil borings to determine how deep the structure might go, and he has also explored what utilities lie under Fifth Avenue to determine if it is possible to extend the structure under the street, and early reports on this are good. Engineers from Carl Walker Inc. will attend the next Committee meeting to provide updated information and elicit committee feedback. Capital Improvements is looking at the construction questions; Partnerships is considering ways the structure could support the Library expansion and nearby development and Operations is considering the project financing.

YMCA Demolition: As with the previous project Partnerships and Ops are also discussing the project. Capital Improvements is looking at it from the construction perspective, and Mr. Iraola has provided information on an asbestos removal plan and demolition plan. The document preparation, bidding, and approvals may take another 3 months, so the earliest demolition could take place is early spring.

Sidewalk Ramps: To date 56 corners have been replaced. Work has stopped for the winter. A resolution about this project has been submitted to City Council for action on December 17<sup>th</sup>.

1<sup>st</sup> & Washington Alley: Work has been on hold since late October while awaiting issuance of the City permit.

<b>7. OPERATIONS COMMITTEE</b>
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October Financial Statements: Mr. Hewitt said that TIF income is over budget and expenses under budget; Parking income is slightly over budget and expenses under budget due to project timing; and Housing expenses are over budget because a second Avalon grant was approved which could not have been anticipated. At the end of the first quarter, the financials look good. **The October 2007 financial reports were moved by Ms. Gunn seconded by Mr. Mouat and unanimously approved.**

Ms. Gunn moved and Mr. Mouat seconded the following resolution:

**RESOLUTION TO WAIVE THE LATE NOTICE AND APPROVE THE CITY'S REQUEST FOR AN ADDITIONAL RENT PAYMENT OF \$1,000,000 FOR FY 2007/08**

Whereas, The DDA entered into a parking Lease Agreement Renewal Agreement Number 1 on May 2, 2002 with the City of Ann Arbor;

Whereas, The DDA and the City agreed to Amendment Number 1 to Lease Renewal Agreement Number 1 on April 4, 2005 ;

Whereas, Section B of Amendment Number 1 provided that "the DDA shall, upon written request of the City on or before December 1 prior to the year in which a particular payment is due, pay in addition to the annual rent an advance on future rent not to exceed one full year's future rent, provided that the total rent payments during the period July 1, 2005 through June 30, 2015 not exceed \$10,000,000";

Whereas, The City did not provide the DDA with a written request prior to December 1, 2006 for an advance in FY 2007/08;

Whereas, The City made its request for an advance on November 19, 2007;

Whereas, The DDA's Operations Committee considered the late notice from the City and recommends that the DDA waive the late notice and approve City's request for the \$1,000,000 advance, for a total of a \$2,000,000 transfer from the DDA Parking Fund for rent, in addition to a separate payment from the

DDA Parking Fund to the City's Local and Major Street Funds;

RESOLVED, The DDA approves the City's request for payment of an advance on future rent of \$1,000,000 to the City for the fiscal year 2007/08.

Mr. Hewitt said that the City/DDA parking contract is a 10 year agreement in which the City has been provided the opportunity to request future rent payments in advance. However, this agreement stipulates that the City must notify the DDA no later than December of the year before if this request will be made so the DDA can include this in its annual budget. The City neglected to act in time and instead submitted its request for 07/08 nearly a year later than allowed under the contract. Ms. Hall said that she would not support approving a second \$1 million payment as requested by the City because their lax management hinders the DDA's ability to manage its budget appropriately. She said that the rules were clear and this late request puts the DDA in an awkward position. Mr. DeVarti said that he agreed with Ms. Hall about her concerns, and that he is also concerned that the additional rent drawdown was related to the proposed court/police building which he opposes. However, despite his reservations he would support the resolution as the DDA has sufficient funds. Ms. Smith asked about the status of payments to the City; Mr. Hewitt said that the agreement began in 2003, and the City had made a request for additional payments every year, including a recently received request for \$2 million in 08/09 as well as this request. If the City continued this pattern in 2009/10 it will have exhausted its ability to receive any payments for the five years beginning in 2010 and running through 2015.

**A vote on the motion showed:**

**AYES: Boren, Collins, DeVarti, Greff, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt**

**NAYES: Hall**

**Absent: None**

**The motion carried.**

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

**RESOLUTION FOR THE DDA TO EXTEND THE CURRENT LEASE WITH CITY HALL LLC FOR THE SURFACE PARKING LOT LOCATED AT THE CORNER OF FIFTH AND HURON**

Whereas, The DDA currently has a one year lease with City Hall LLC for the parking lot at the corner of Fifth Avenue and Huron Streets, which began December 1, 2001;

Whereas, City Hall LLC has offered to extend this lease for one more year, until November 30, 2008;

Whereas, The parking lot is fully leased, and there is a waiting list for permits on this lot;

Whereas, The lease extension would increase the amount of rent by the rate of inflation (2.76%) from \$22,740/year to \$23,364/year;

Whereas, All other terms of the current lease will remain in effect;

Whereas, The DDA's Operations Committee has voted to recommend this resolution;

RESOLVED, The DDA approves the lease extension for the Fifth and Huron parking lot with City Hall LLC, and authorizes the Operations Committee Chair, Executive Director and DDA attorney to execute this agreement.

Ms. Lowenstein said that AATA is exploring ways to improve service for downtown commuters; a recent example is a new software program that will match people interested in car pooling. Ms. Pollay said that she would contact AATA to ask for a link to the DDA web site. Mr. Hieftje said that AATA is also looking into express commuter buses along Plymouth Road.

**A vote on the motion showed:**

**AYES:** Boren, Collins, DeVarti, Greff, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

**NAYES:** None

**Absent:** None

**The motion carried.**

415 W. Washington: Mr. Hewitt said that the lot was opened the last week in November. All permits have been sold and there is already a wait list. Ms. Hall asked if a light could be added on Washington near the entrance as it is a very dark location; Mr. Morehouse said that he would work with City staff on this request.

YMCA Demolition: Staff is working with Republic to design a temporary public parking lot if the DDA agrees to demolish the building per City Council's request. The initial parking lot design would have entrances/exits on Fifth and William and would provide approximately 110 spaces.

A2D2 Parking Strategies: Mr. Hewitt said the committee continues to explore ideas that will eventually lead to a demand management system. Ms. Shore/getDowntown will participate in upcoming Operations Committee meetings to assist in this effort. Four critical work areas have been identified: 1) sufficient capacity in the parking system must be created, 2) additional mass transit options and services must be created, 3) new technologies must be pursued, and 4) any changes must not affect current parking revenues which are needed to support debt service and operations.

**8.**

**PARTNERSHIPS**

S. Fifth Avenue Parking Structure Report: Ms. Parker/AADL attended the last meeting and reported that the AADL board is open to partnership with the DDA and City. Initial ideas coming out of committee include concepts for how the structure could be connected to the Library via a pedestrian walkway or perhaps under the Library via an elevator, as well as operational ideas including that the structure's internal wayfinding could use book-related signage to help patrons locate their cars. The AADL may pursue its millage as soon as 2008, and if approved, construction could begin shortly thereafter. These dates are important for the City and DDA to consider with their own project.

City Court/Police Building: A second meeting of a DDA/City committee to discuss the City's request to the DDA was delayed because the design concept is being revised in an effort to reduce costs.

YMCA Demolition: The committee explored the reasons why the DDA might accept the City's request to demo the building. This could include the creation of a construction staging area for the Library and new parking structure, which would help both projects. Another good reason would be to provide Library patrons with convenient public parking during the parking structure construction. The committee will discuss a draft resolution at the next meeting, which currently involves related issues such as the City's commitment to a new S. Fifth Avenue parking structure, and how the 100 very affordable housing units will be replaced.

Mr. DeVarti expressed concern for the loss of affordable housing in the downtown. Ms. Gunn suggested that a meeting be held with members of the Housing Policy Advisory Board and WHA to give DDA members a chance to learn about current county-wide affordable housing initiatives. Ms. Pollay said that she will attempt to schedule the meeting for January 9 which was a date when nearly all DDA members indicated they would be available.

Zaragon Place: Mr. Dimond and Ms. Miner attended the last meeting and asked that the Committee reconsider its denial of Zaragon's request for a Partnerships Grant. Their arguments are 1) the project will encourage additional student housing projects in the S. U. area, and 2) they elected to construct

their required 40 parking spaces underground rather than at a street level. They asked for the full amount allowable under the DDA's Partnership Guidelines (25% TIF calculated from this project over 10 years.). The committee discussed this request and will continue its discussion at the next meeting.

**9. OTHER DDA BUSINESS MATTERS**

Refreshments: The Board complimented Ms. Hard for the delicious cookies she baked for the meeting.

Think Local First : 2008 Directory was provided to DDA Board members and it was noted that Buy Local Week was the first week of December.

January Board Meeting: Mr. Hewitt announced the January board meeting would be held on the first Wednesday of the month as always: January 2<sup>nd</sup>.

Ann Arbor Street Art Fair, the Original: Ms. Brown had provided the DDA with complimentary souvenirs and a letter thanking the Board for their support of the 2007 Ann Arbor Street Art Fair.

City Updates: Mr. Hieftje reported that Ms. Higgins was recently elected Mayor Pro Tem. He said that a national news report on the LED street lights would air December 10. The RFP for 415 W. Washington is nearly complete and will be distributed sometime soon. And the City's architects have been directed to redesign the proposed court/police building to reduce its construction costs to <\$40 million.

**10. OTHER AUDIENCE PARTICIPATION**

None.

**11. ADJOURNMENT**

As there was no further discussion Ms. Gunn moved and Mr. DeVarti seconded adjournment of the meeting at 1:40 PM.

**A vote on the motion showed:**

**AYES:** Boren, Collins, DeVarti, Greff, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

**NAYES:** None

**Absent:** None

**The motion carried.**

Respectfully submitted,  
Susan Pollay, Executive Director