

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES

Wednesday, July 7, 2010 2:00 p.m.

DDA Offices, 150 S. Fifth Avenue, Ann Arbor, MI 48104

Place: DDA Office, 150 S. Fifth Avenue, Suite 301, Ann Arbor, 48104

Time: DDA Chair John Splitt called the meeting to order at 12:04 PM

1. ROLL CALL

Present: Gary Boren, Newcombe Clark, Russ Collins, Leah Gunn, Roger Hewitt, John Hieftje, Joan Lowenstein, John Mouat, Keith Orr, Sandi Smith, John Splitt

Absent: Jennifer Hall

Staff Susan Pollay, Executive Director

Present: Joan Lyke, Management Assistant

Audience: Dave Askins, *Ann Arbor Chronicle*
Ray Detter, Downtown Area Citizens Advisory Council
Lindsay-Jean Hard, Real Time Farms
Adrian Iraola, Park Avenue Consultants, Inc.
Mark Lyons, Republic Parking System
Brad Mikus, Self
Nancy Rucker, Zingerman's
Paul Saginaw, Zingerman's
Nancy Shore, getDowntown
Grace Singleton, Zingerman's
Amy Sullivan, Christman

2. AUDIENCE PARTICIPATION

Ms. Hard introduced the web site, "Real Time Farms," www.realtimefarms.com as a live, local, crowd-sourced food guide that shows what's fresh at farmers markets in their neighborhoods. Ms. Hard explained the site will soon include restaurants and grocers that support local farmers.

Ms. Hall enters.

Mr. Saginaw said that Zingerman's was founded in 1982 with 3 employees producing 2,000 sandwiches and has grown to 170 employees producing a projected 300,000 sandwiches in 2010 within the same small facilities. A deli expansion is being planned to improve the experience of customers and staff.

Ms. Singleton said they estimate that the expansion will enable them to add 40 additional jobs over the next 5 years bringing the total number of employees to 210 individuals. She said that Zingerman's is an economic anchor for the Kerrytown neighborhood. Their plans will incorporate sustainable design, construction and operational features. She asked the DDA to approve the resolution for a contribution in support of a Brownfield grant for the project and thanked the Board for its consideration of the proposal.

Mr. Mikus said downtown looks good when compared to a lot of other cities. He said he was concerned that that the DDA would capture \$400,000 in TIF over the next 15 years, yet this resolution would have \$400,000 in improvements made by the DDA immediately. He suggested removing funds allocated for LEED certification. With regards to the PILOP resolution, he stated the amount listed per space was too low. He said he could not see where the DDA budget was revised and why, and the gross revenue parking report showed an increase in the number of parking patrons, but a decrease in revenue which he said meant patrons were spending less time in their parking space.

3. REPORTS FROM CITY BOARDS AND COMMISSIONS

Downtown Area Citizens Advisory Council: Mr. Detter reported the CAC continues its watch over Courthouse Square Apartments. CAC supports the following initiatives: the Zingerman's expansion; the Parking/Transportation Demand Management Strategies Plan; the expansion of the residential parking permit system in neighborhoods adjoining the DDA; the Fuller Road Transportation Center; the DDA leading a process to formulate an area plan for all the locations relating to the Library Lot; strategies for development of downtown surface parking lots; and they also support a mixed use project on the Library lot and former Y site. He said the CAC opposes any new parking structures.

4. STATUS OF TASKFORCE EFFORTS WITH DDA MEMBERSHIP

Library Lot Advisory Committee: Mr. Splitt said the committee has not met.

Mutually Beneficial Committee: Mr. Hewitt said the committee discussed feedback from the DDA Board retreat, and asked City and DDA staff to prepare a list of policy questions from the current parking agreement. The committee also asked Ms. Pollay for a plan including economic evaluation and development planning if the DDA were to manage the City's redevelopment processes for the downtown parking lots. The committee asked City staff and DDA staff to attend future MBC meetings to be available for questions. The Mutually Beneficial Committee meets the 2nd Monday of every month; the next meeting is July 12th.

Mr. Hewitt said a presentation was made to City Council. There appeared to be some support for the DDA to manage parking enforcement, although there was at least one Council member opposed to this. There was concern about whether separating parking enforcement and community standards would be cost effective. There may be some support for the DDA to take over management of the redevelopment process of city owned lots. Mr. Hieftje emphasized there seemed to be "cautious" interest but much more discussion is needed. Mr. Hewitt said he assured Council that the City would still retain its approval powers, and the public would remain involved. He stated that he felt City Council "conceptually" supported the ideas at least in theory, and looks forward to further discussion.

Mr. Clark asked the status of two items: the deadline for Village Green and the Permit fees/bond overhead charge. Mr. Hewitt said the committee expects an answer regarding Village Green within a month; the committee has not discussed the bond item.

5. MINUTES

Ms. Gunn moved and Mr. Mouat seconded approval of the May 28, 2010 DDA Retreat minutes and the June 2, 2010 DDA minutes.

A vote on the motion to approve the minutes showed:

AYES: Boren, Clark, Collins, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: None

The motion carried.

6. OPERATIONS COMMITTEE

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

**RESOLUTION APPROVING A CONTRIBUTION IN SUPPORT OF A BROWNFIELD GRANT
FOR ZINGERMAN'S DELI EXPANSION**

Whereas, The Ann Arbor DDA's mission is to undertake public improvements that have the greatest impact in strengthening the downtown area and attracting new private investments;

Whereas, To meet its mission the DDA is committed to supporting important economic development opportunities in the downtown , and in these instances its Development plan sets forward that the DDA may partner with private developers to finance ancillary improvements necessitated by development, such as streetscape improvements, that also provide benefit to the public;

Whereas, Zingerman's Deli regularly garners national and international media attention, and is the downtown destination most often asked about by visitors;

Whereas, In June 2010 representatives of Zingerman's Deli met with the DDA Operations Committee to present information on their development plan which will include preserving the historic deli building and constructing a 10,400sf addition that will house a new kitchen, storage space, and better accommodations for staff and guests;

Whereas, This project will enable Zingerman's to increase their staff from 170 individuals to 210;

Whereas, Zingerman's Deli will be applying for Brownfield grant from the State of Michigan which if approved will involve a local contribution from the City and DDA;

Whereas, Representatives of Zingerman's Deli estimated that the expansion project is likely to generate approximately \$407,000 in new TIF for the DDA over fifteen years;

RESOLVED, The DDA shall provide assistance to Zingerman's Deli in support of its Brownfield grant application by making improvements to sidewalks and sidewalk curb ramps in the area near the Deli, providing additional wayfinding, providing funding for actual LEED certification costs, and providing contractor parking and staging, with the value of this contribution estimated to be \$407,000.

Mr. Clark and Ms. Lowenstein recused themselves from discussion and voting on this item due to potential conflicts of interest.

Mr. Hewitt explained Zingerman's request would have been referred to Partnerships, however, due to scheduling, Operations was the only committee that had a meeting prior to this Board meeting. He said that the DDA's former Partnerships Grant program had ended, and Operations Committee members resolved to recommend that the DDA provide public improvements benefiting the entire community rather a TIF contribution to this specific business.

Ms. Smith asked for clarification as she said it was her understanding the MEDC likes to see local contributions in terms of a TIF waiver, and asked if the state would view the grant as favorably as a TIF waiver. Mr. Naud, City of Ann Arbor Environmental Coordinator, provided information about the City's Brownfield processes, and said that he anticipated the State would be receptive to the DDA providing support as presented in the resolution.

Ms. Hall said she felt this request was different than the TIF grants previously approved by Partnerships as this request was for a Brownfield grant, and the environmental remediation required by a Brownfield grant could be viewed as a public benefit. She asked if the City had approved the Brownfield plan; Ms. Smith said that the item had been approved by the City Council Brownfield Review Committee but the item had not yet made it to City Council. Ms. Hall asked if the DDA had offered other grants for Brownfield projects; Ms. Pollay said that the DDA had approved a grant to the Tierra-on-Ashley project as part of their Brownfield grant application.

Mr. Boren said he supported the resolution and explained the Brownfield program includes projects involving obsolete buildings, as this does, in addition to the cleanup of toxic chemicals. He responded to the citizen question posed earlier in the meeting saying he didn't see a concern about the \$407,000 grant and the estimated amount of TIF capture over 15 years of \$400,000.

Mr. Mouat stated he supported the project and asked if the grant would be viewed by the state as a local match. Mr. Naud said he believes the DDA grant and the Brownfield TIF from the City would be adequate for the state. Mr. Mouat said he could see all items as public improvements however he felt the LEED certification amount was not as much a public improvement but a specific benefit to Zingerman's. Mr. Hieftje asked the LEED certification level Zingerman's was seeking and Ms. Singleton responded they were going for at least Silver but the Gold level may be possible. Mr. Hieftje proposed an amendment that was accepted as friendly to the RESOLVED paragraph ..."providing funding for LEED certification costs *if no less than Silver is achieved,...*"

Ms. Hall asked if the LEED certification costs for the project would expire in two years if not spent. Ms. Pollay explained the DDA's grant policy would apply in this case even though it is not clearly stated in the resolution. The grant will expire on July 2012 if not used.

Ms. Smith proposed an amendment that was accepted as friendly to add the phrase, "*estimated to be and no more than* "...\$407,000. She explained the extent of renovating the property in a historic district would probably cost at least \$500,000.

Ms. Hall asked if the proposed sidewalk improvements mentioned in the Brownfield application would be compatible with the DDA's Fifth and Division Phase II plan. Ms. Pollay said that DDA and Zingerman's staff would work to ensure that any improvements made as part of this would be compatible with any future Fifth and Division II project work.

Ms. Hall proposed an amendment that was accepted as friendly ... "providing additional wayfinding *"to the Kerrytown area,"* to the first RESOLVED clause.

Ms. Gunn called the question.

A vote on the motion to approve the resolution as amended showed:

AYES: Boren, Collins, Gunn, Hall, Hewitt, Hieftje, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: None

Abstain: Clark, Lowenstein

The motion carried.

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

RESOLUTION TO RECOMMEND PAYMENT IN LIEU OF REQUIRED PARKING POLICY TO THE CITY OF ANN ARBOR AS PART OF THE 2009 DOWNTOWN ZONING AMENDMENTS

Whereas, It is the intent of the City and DDA to promote a full range of development choices and flexibility in the downtown;

Whereas, Section 5:169 of Chapter 59 of Ann Arbor City Code allows for payment in lieu of required premium parking;

Whereas, Individual site and economic factors may make the development of on-site parking infeasible or less desirable;

Whereas, The purpose of a Payment In Lieu of Parking (PILOP) contribution is to establish a per-space amount that would be accepted by City Council in lieu of providing onsite required parking as part of a downtown development;

Whereas, The PILOP contribution is a per-space payment that serves to meet the intent of providing adequate transportation facilities in the downtown; and

Whereas, The DDA Operations and Partnerships Committees have reviewed research about PILOP practices around the country and recommend the following as elements that could become part of the City of Ann Arbor's PILOP policy:

- The PILOP policy would provide that the developer and the DDA will work together to formulate a long-term parking contract that at minimum will satisfy the City's requirements under Chapter 59.

- This PILOP would provide for a one-to-one exchange for required parking.
- The length of the contract should be for as long as is needed by the City using contract renewals so that the developer and the City can visit this arrangement throughout its duration to ensure that needs on both sides are being met.
- This PILOP would work with a monthly 20% surcharge, on top of the standard monthly parking permit rate, with the cost of this monthly surcharge increasing annually, by rate of inflation and the monthly parking permit rate increasing as determined by DDA and City.
- As managers of the public parking system, the DDA recommends that it be asked by City Council to work with developers to determine where in the public parking system the parking spaces provided under this PILOP would be located to serve the development.
- If additional parking above what is required under City regulations is requested by the developer, the DDA would manage this request under a separate arrangement or contract.
- Funds generated by this PILOP would be directed to the DDA for use constructing new downtown public parking, maintaining existing public parking, or supporting enhancements of the transportation system including facilities and transit service that benefit the downtown.

RESOLVED, The DDA recommends to City Council that a downtown development petition that proposes to provide required project parking offsite in accordance with the requirements of Section 5:169 Chapter 59 of Ann Arbor City Code may request that the City and DDA accept a payment in lieu of the required onsite parking consistent with the PILOP elements highlighted above.

Mr. Hewitt said the Nelson Nygaard Study recommended working toward a single, publically owned and managed parking system. Moreover, the fewer curb cuts across downtown sidewalks, the safer for pedestrians. Ms. Gunn said this resolution was in response to a request from City Council. Ms. Hall said she supports the flexibility in the resolution and asked for clarification about where it goes from here. Mr. Hewitt replied Council may choose to incorporate this into the ordinance. Ms. Hall asked if the 20% surcharge was an adequate amount as it would not be enough to pay for one space. She asked how feasible it would be to for the DDA to change the rate in the future; Mr. Hewitt explained the rates will increase automatically and the rate is not intended to cover the cost of a new parking space alone as the entire system supports new construction. He explained the rate is configured for the long term. For instance after 20 years construction bonds are generally paid yet revenues will still be coming in.

Ms. Hall encouraged the Board to set the PILOP rate fairly and be careful not to dis-incentivise the cost per space. Mr. Hewitt explained the DDA would assign the spaces and they could be anywhere within the system, not necessarily the nearest structure or lot.

Mr. Splitt proposed an amendment to the 4th bullet point that was accepted as friendly as follows:

- This PILOP would work with a monthly 20% surcharge, on top of the standard monthly parking permit rate. ~~with the cost of this monthly surcharge increasing annually, by rate of inflation and the monthly parking permit rate increasing as determined by DDA and City.~~

Mr. Clark asked if the DDA would be required to accept a PILOP with a developer, saying that he was concerned that the DDA may not be able to add more parking in the future. Ms. Hall added that if the PILOP became part of the zoning regulations the DDA may not be consulted if the project were approved

by Planning Commission and City Council. Mr. Splitt reiterated this was a recommendation to City Council. Mr. Hieftje said City Council does not always approve parking in lieu agreements. Ms. Lowenstein explained that even now the DDA has a chance to submit concerns about downtown projects as other City departments.

Mr. Hieftje asked Ms. Pollay the cost of the new parking spaces of the 5th Avenue Underground Structure and at 4th and William. Ms. Pollay explained that one-third of cost of the new underground project is unrelated to parking, thus the construction cost per space is approximately \$56,000/car space. The cost to add spaces at 4th and William was approximately \$35,000/car space four years ago.

Mr. Mouat said the PILOP could be an attractive revenue source for alternative transportation.

A vote on the motion to approve the resolution as amended showed:

AYES: Boren, Clark, Collins, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: None

The motion carried.

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

RESOLUTION TO APPROVE THE SECOND REVISED DDA BUDGET FOR FISCAL YEAR 2009/10

Whereas, The DDA Board passed a FY 2009/10 budget for the DDA on February 2009;

Whereas, The DDA Board passed a revised FY 2009/10 budget for the DDA on March 3, 2010;

Whereas, The DDA has approved items not anticipated in its FY 2009/10 budget, thus necessitating a budget revision so that expenditures will not have exceeded the budget;

Whereas, The Operations Committee recommends approval of this budget revision by the DDA;

RESOLVED, The DDA approves this second amendment to its FY 2009/10 budget.

Mr. Hewitt explained that revising the DDA budget is required so that it matches actual expenses. He explained the various budget revisions.

A vote on the motion to approve the resolution as amended showed:

AYES: Boren, Clark, Collins, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: None

The motion carried.

Mr. Hewitt reviewed the Gross Revenues/Hourly Patron report for May 2010 & 2009. The number of hourly patrons is down primarily due to the loss of 200 spaces when the Library Lot closed; overall there is no sign of decreased demand but more of a leveling of demand due to the economy.

Ms. Hall asked about the increased revenue and decreased patron numbers at 415 W. Washington; Ms. Pollay explained that Council increased the monthly rate from \$40/month to \$80/month and the hourly entries from \$2.00/entry to \$3.00/entry and perhaps this may have affected the totals. Ms. Smith asked for a usage graph trending over a longer time and to have the number of parking spaces shown on the month-to-month statements. Ms. Pollay indicated that this would be provided.

7. PARTNERSHIPS COMMITTEE

Energy Saving Grant Program update: Mr. Collins reported that for the first year of the program 32 energy audits were completed, and 17 buildings had installed improvements, with the energy savings from these improvements anticipated to be \$32,065/year – payback in 2 ½ years. For the second year of the program 13 energy audits were completed. The committee will consider if it wants to make any changes before accepting applications for the 2010/11 program.

Shelter Association of Washtenaw County: Mr. Collins said Executive Director Schulmeister and Board Chair Buhr met with Partnerships to ask for a \$300,000 grant to cover the non-residential program for two years. Ms. Schulmeister reported the Shelter has a \$2.1 million annual budget, & serves approximately 1,500 people/year, which is estimated to be half of the homeless in Washtenaw County. They have a residential program, a non-residential program and a winter warming program. They have fund balances, but are concerned that grant funding could be at risk given the soft economy and came to the Partnerships Committee to explore asking the DDA for a grant to cover the non-residential program (showers, washers/dryers, lockers). The DDA has never provided grants for operating funds before for human service agencies and it would create a precedent, but Mr. Collins said that he strongly supports this request. Mr. Hieftje said the City did not cut its financial support for the Shelter this year. Mr. Collins said that the committee will discuss this further at its next meeting.

DDA Grant Reallocation to Fund Downtown Police: Mr. Collins said Partnerships continued the discussion that began at the May Board meeting and spring retreat about this request. DDA staff provided crime data as requested. It appears that the downtown & UM central campus crime rate is dropping. And the results of the evening economy research done earlier this year were examined, and showed that 99% said they felt positively or neutral to feeling of safety during the day and over 90% positive or neutral to feelings of safety during the evening. An online informal survey had over 800 responses and showed issues of safety concern as panhandlers, dimly lit areas, and bars/nightclubs (one in particular). The City Police Chief will attend the next committee meeting to help decipher these statistics – for instance, how do we compare to like-communities?

Mr. Clark suggested Partnerships consider scheduling an evening DDA retreat so that members could walk the DDA boundaries to get a better sense of how a visitor might experience the downtown after 10PM.

Mutually Beneficial: Mr. Collins said items of Partnerships' interest include parking enforcement, enhanced tree/park services, development of city-owned lots, policing, and the City's "overhead"

bond issuance charge. They decided to remove code enforcement and expanding DDA boundaries from further discussion, at least from the DDA's perspective.

Grant requests to the DDA: Ms. Pollay authorized a grant of \$10,000 to the four Art Fairs to develop their first joint marketing program in time for the 2010 Fair.

Ms. Smith said Partnerships has been given LEED Certification as an assignment and will add that topic to its agenda for further discussion. She mentioned that the tree pits around downtown are in need of repair or replacement; and she has noticed lots of cigarette butts in front of businesses. She said these items will be added to the agenda for further discussion by the committee.

8. TRANSPORTATION COMMITTEE

getDowntown: Mr. Mouat said that there was greater participation in the 2010 Commuter Challenge than ever before. Given strong demand, a Commuting Club is being created so Commuter Challenge participants can continue to log their sustainable commutes this summer. He said Ms. Shore is working to create awareness for "Try Transit Week" in September.

Bicycle Racks/Lockers: Mr. Mouat said that the committee discussed the request for an annual bike rack design contest and decided not to pursue it at this time. He reported that Ms. Miller and Ms. Shore are inventorying racks this summer and have been working with the police to remove abandoned bikes. The Inventory will let us know how many (and where) bike racks are needed.

Bike lockers: Mr. Mouat indicated there are 32 bike lockers located throughout downtown paid for by DDA. 71% are in use including several at the County building. Sometimes the demand is in places where lockers don't fit, and sometimes bicyclists don't require a bike locker.

Payment in Lieu of Parking Policy (PILOP): The committee discussed the resolution on today's agenda and there was strong consensus that the DDA should urge Council to put the PILOP surcharge funds toward transit, rather than new parking spaces.

AATA: Mr. Mouat said the committee is looking forward to joint discussions with AATA related to the development of Blake Transit Center, 4th Avenue, the LINK, and other items of mutual interest.

Other: Mr. Collins asked if members of the Committee were aware of UM transit planning, especially for the North Campus area. Ms. Pollay said the University is a significant partner in the Connector study, and it sponsored a conference at the end of the winter term related to transportation issues. She said that discussions with UM representatives occur almost weekly around topics such as enhancing transit, the Connector, and more, and that both the DDA and the University benefit from working together.

9. CAPITAL IMPROVEMENTS COMMITTEE
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South Fifth Avenue Underground Garage: Mr. Splitt reported a very large concrete pour completed on June 26th. Columns, walls, forms and reinforcement are being installed along the east lag. Mass excavation continues along the Phase II area. The dewatering force main installation was completed last

week, and dewatering will begin this week. The water main installation at the intersection of S. Fifth and Liberty was completed and abandonment of the old main will be completed next week.

Fifth/Division: Mr. Splitt said work continues and will be temporarily set aside during Art Fair. Light poles and plantings are being installed on Fifth. Brick work will resume next week finishing all planters prior to the Art Fairs.

10. OTHER DDA BUSINESS MATTERS

A motion was made by Ms. Smith and seconded by Mr. Collins to cancel the August DDA Board meeting.

A vote on the motion showed:

AYES: Boren, Clark, Collins, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: None

The motion carried.

Mr. Hieftje said he respected Zingerman's for pursuing approval after the project was turned down initially. There is only one Zingerman's and they could have made the decision to move anywhere and their clientele would have followed. He said he is happy to support the project. Zingerman's is an anchor for the Kerrytown area and he respects its decision to remain downtown.

11. OTHER AUDIENCE PARTICIPATION

Ms. Shore said the goPass trends continue to increase every year. The word is out and new businesses are contacting the getDowntown office for goPasses for employees. She thanked the DDA for its funding and said it provides significant value and options for employees.

12. ADJOURNMENT

Mr. Hewitt moved and Ms. Gunn seconded adjournment of the meeting at 2:00 PM.

Respectfully submitted,
Susan Pollay, Executive Director