

**ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY
RETREAT MEETING MINUTES
January 5, 2011**

Place: DDA Office, 150 S. Fifth Avenue, Suite 301, Ann Arbor, MI 48104
Time: DDA Chair Lowenstein called the meeting to order at 12:50 p.m.

1. ROLL CALL

Present: Gary Boren, Newcombe Clark, Bob Guenzel, Leah Gunn, Roger Hewitt, John Hieftje, Joan Lowenstein, John Mouat, Sandi Smith, John Splitt

Absent: Russ Collins, Keith Orr

Staff Susan Pollay, Executive Director

Present: Joe Morehouse, Deputy Director
Amber Miller, Planning & Research Specialist
Julie Uden, Management Assistant

Audience: Nancy Kaplan, self
Dave Askins, *Ann Arbor Chronicle*
Ryan Stanton, *Ann Arbor.com*
Nancy Shore, *getDowntown*
Vivienne Armentrout, self
Sabra Briere, City Council member, Ward 1

Welcome and retreat process/purpose:

Ms. Lowenstein showed a short humorous animated movie at the beginning of the meeting, and then welcomed everyone and summarized the meeting goals.

DDA Ten Year Plan:

Mr. Hewitt outlined significant changes to the Ten Year Plan since the Board had conducted its financial modeling for the new parking structure. For instance, although by principle the DDA strives to use its Parking Fund for all parking-related costs including additions to the public parking system, the Ten Year Plan now shows that the DDA would use its TIF for several years to pay the debt service for the new parking structure to ensure a positive Parking Fund balance. Carl Walker Inc. had revised its twenty year parking structure capital repair recommendations so that only vital repairs and maintenance would be done over the next five years, forestalling about \$2 million in non-essential maintenance such as painting. The date of the DDA's payment for the First & Washington structure had been established as part of an approved City Council schedule. Mr. Hewitt also outlined bookmark numbers had been inserted into the Ten Year Plan for such items as future DDA projects, grants, and transfer to the City from parking revenues. Several questions of clarification were asked and answered.

Potential future DDA projects:

Ms. Smith led an exercise in which potential DDA projects that had been discussed in committee but not yet approved were prioritized by individual members of the board with red (for immediate), yellow (for more long term) and green stickers (long term). This exercise led to an

extensive discussion that included comments about the DDA financial constraints in the near future, the consensus around making resources available to support the process of planning for the eventual redevelopment of City-owned lots, and the need to find balance between retaining sufficient fund balances with the need to take actions in support of the DDA mission and downtown, as well as the need to respond to the City request to continue transferring significant amounts of parking revenues to the City General Fund. Various grant and City parking revenue transfer scenarios were explored, and the impacts to the DDA fund balances were modeled. Several people invoked Mr. Orr's concept of "shared sacrifice" in the course of the discussion.

Retreat outcomes

It was acknowledged that there more discussion to be had, but there was an overall general consensus that the DDA participants on the Mutually Beneficial Committee were to convey the following:

1. That the DDA was committed to retaining a safe fund balance (no less than \$3.5 million or a ratio of approximately 12-15% of annually occurring expenses against fund balance).
2. That the DDA was willing to consider a parking agreement amendment that would include a transfer to the City from the DDA of the following percentage amounts of gross parking revenues:
 - 14% of gross DDA parking revenues in FY 2010/11
 - 14% of gross DDA parking revenues in FY 2011/12
 - 15% of gross DDA parking revenues in FY 2012/13 and thereafter for the duration of a 10 year parking agreement extension.

It was recognized that transferring a percentage of gross parking revenues from the DDA to the City rather than a flat amount would give the City more money over time as gross parking revenues will increase due to parking rate increases. Thus this new arrangement would make it possible for the City to see increasing revenues without having to come back to the DDA for additional funds before the end of the parking agreement term. It was recognized that parking lots owned by the City or leased by the DDA may be removed from the public parking system over time to be redeveloped with residential, commercial or other uses. But the amount of parking revenue from the lots is relatively small compared to revenues generated by the parking structures, thus the impact to the overall gross system revenues by the removal of these lots would be minimal.

Adjournment

There being no other business, Ms. Lowenstein thanked everyone for their participation and adjourned the meeting at 3:00 p.m.

Respectfully submitted,
Susan Pollay, Executive Director