MINUTES
Downtown Development Authority Meeting
Wednesday, January 5, 2005

Place: Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, MI 48104
Time: DDA Chair Fred Beal called the meeting to order at 12:10 p.m.

1. ROLL CALL

Present: Fred Beal, Gary Boren, Ron Dankert, Bob Gillett, Leah Gunn, Roger Hewitt, Sandi Smith, Dave Solo

Absent: Rob Aldrich, Dave DeVarti, Rene Greff, John Hieftje

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

Audience: Tony Bisesi, Republic Parking
Erica Briggs, Ann Arbor Area Chamber/Get Downtown Program
Newcombe Clark, Citizens Advisory Council
Jim Corbett, Republic Parking
Ray Detter, Citizens Advisory Council
Jeff Mortimer, Citizens Advisory Council
Andrew O’Neal, Kerrytown Market and Shops
Peter Pollack, Pollack Design Associates
Alice Ralph, Ann Arbor Greenway Group
Scott Tenbrink, Ann Arbor Area Chamber/Get Downtown Program

2. APPROVAL OF MINUTES

Ms. Gunn moved and Mr. Solo seconded approval of the December 1, 2004.

A vote on the motion showed:
AYES: Beal, Boren, Dankert, Gillett, Gunn, Hewitt, Smith, Solo
NAYS: None
Absent: Aldrich, DeVarti, Greff, Hieftje
The motion carried.

Mr. Solo moved and Mr. Gillett seconded the Midyear Retreat minutes.

A vote on the motion showed:
AYES: Beal, Boren, Dankert, Gillett, Gunn, Hewitt, Smith, Solo
NAYS: None
Absent: Aldrich, DeVarti, Greff, Hieftje
The motion carried.
3. AUDIENCE PARTICIPATION

Mr. Andrew O’Neal said that he was attending instead of his father, Joe O’Neal who was out of town. There had been many improvements made to the Kerrytown Shops complex, and soon Vintage to Vogue would expand and Sweetwaters Café would open a second location. He said that he was attending the meeting with a request for DDA improvements along Fifth Avenue which would also address drainage problems from the street into the building. Mr. Beal said that the Capital Improvements Committee had been aware of this request, but had not recommended taking action because it is part of the larger Fifth Avenue Improvement Project area. Ms. Gunn recommended that the Capital Improvements Committee determine the best course of action with regard to this request.

Mr. Aldrich enters.

Jeff Mortimer distributed copies of the CAC “Field Guide to Living in Downtown Ann Arbor”. He reported that this month the CAC will distribute the books in DDA residential mail boxes and they will be left for pickup at the Library, bookstores, YMCA, and Chamber. This handbook is intended to be of use to residents who live downtown and also to seduce people into wanting to live downtown.

Mr. DeVarti enters.

4. CITIZENS ADVISORY COUNCIL

Last night the CAC discussed a number of issues on which I was asked to report:

Recently the Ann Arbor News reported that the City Administration was considering eliminating the position of Historic District Commission Coordinator after Heather Edwards moves on to another job this month. The rumor turns out to be true. I had hoped that Mayor Hieftje would be here today to hear the CAC statement of opposition to ending or reducing the position of HDC Coordinator. Many people in Ann Arbor have worked for thirty years to set up 13 historic districts. Five of them are downtown. They total 1500 properties. Heather worked about 60 hours a week on a basically $40,000 a year job. The kind of knowledge and skills she brought to the job are essential to protecting the historical identity the community has recognized. The CAC intends to join with others to insist that the job of Coordinator be filled quickly by someone as trained, professional and competent as Heather.

In relation to historic preservation, downtown development and City/University relations, I would like to remind the DDA Board that a “First of its kind” public forum will be held on January 13 to allow the community an opportunity to discuss the proposal to put a 500 bed dormitory on the site of the Frieze Building at Huron and State. The meeting place is subject to change but is now planned for the Michigan Room at the Michigan League at 7:00 p.m. Last night Jim Kern, who is the President of the State Street Area Association as well as a member of the CAC, reported that the State Street Area Association is developing a position statement that encourages at least consideration of preserving a
portion of the Frieze Building, as well as the Carnegie Library, in the development of a dorm at the site. They recognize the need to consider all issues involving the potential impact of the new dormitory on the surrounding neighborhoods and they urge the University to continue to involve them in future discussions as the project proceeds. The CAC supports that position.

The CAC has designated me the point man to present arguments favoring the DDA’s emerging plan to develop housing at the site of the current parking structure at First and Washington, and a mixed-use development with underground parking at the current Kline’s lot site. A well-designed parking structure to replace the surface parking lot at First and William is essential to make this entire plan possible. The new parking structure site should also provide the benefits of a park area at First and William, moving and improving the Allen Creek drain, cleaning up contamination at the site and the placement of the first part of a pedestrian-bicycle greenway along the railroad track. This plan not only conforms to the CAC commitment to housing, parking, greenspace, improving the environment, and the greenway, it provides the necessary tax increment financing funds to make it all possible. I presented this plan to the Park Advisory Commission on December 21 and it was well received. I also presented the plan yesterday to the Greenway Task Force led by Joe O’Neal and Peter Allen and found support for the concept. What I am finding is that Mark Hodesh was right when he stated at a recent meeting that support for a park covering the entire site at First and William.

5. NEW BUSINESS

Ms. Pollay reported there would be a Council work session at the DTE building on January 10 to discuss rezoning strategies. The Planning Commission and DDA were invited to participate.

6. OLD BUSINESS

None.

7. SUBCOMMITTEE REPORTS

OPERATIONS COMMITTEE

Mr. Hewitt reported on the November 2004 financial statements. Parking revenues were down slightly although hourly patron numbers were up, particularly in the 4th & Washington and Maynard structures. Year-to-date, parking revenues are up, as are expenses particularly for maintenance. Parking debt service is $3 million/year and meter and meter bag revenues are $2 million. Taxes are now being released by the City as they come in, rather than held back for six month payments as they had been previously. The City still holds much of the DDA’s TIF funds as they are in investment accounts but will transfer remaining funds by the end of the fiscal year.

Mr. Hewitt moved and Ms. Gunn seconded the following resolution:
RESOLUTION TO AUTHORIZE A 2004 YEAR-END MANAGEMENT INCENTIVE FOR REPUBLIC PARKING FOR MANAGEMENT OF DDA PARKING FACILITIES

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

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

Whereas, Overall satisfaction with Republic’s management of the facilities has been very good, with high marks given for customer service to our customers;

Whereas, Calendar year 2004 customer surveys indicated that the great majority of customers indicate that they believe Republic’s service is good or excellent, and the DDA Parking Facility Inspector rated maintenance efforts at 90.68% for the year out of a possible 100;

Whereas, In 2003 the DDA approved a year-end management incentive to Republic Parking for $110,000, which is 2.2% of the total revenue collected by Republic on the DDA’s behalf;

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

Whereas, The DDA Operations Committee reviewed the criteria set forward for Republic Parking for 2004 and has determined that Republic Parking has continued to provide a very high level of service, with facilities being well maintained and customer satisfaction remaining high;

Whereas, The DDA Operations Committee has recommended that the DDA authorize a 2004 end-of-year management incentive to Republic Parking at $113,300, which is the same amount as authorized last year with a very slight increase for inflation;

RESOLVED, Per its contract with Republic Parking, the DDA authorizes a 2004 end of year incentive to Republic Parking in the amount of $113,300.

Mr. Hewitt said Republic is paid a flat fee of $60,000 for on-street operations and $25,000 for off-street, with a management incentive based on several criteria. In 2003 the DDA authorized an additional incentive in the amount of $110,000; this year the Ops Committee is recommending the same amount, adjusted for inflation, or $113,300. Mr. Hewitt thanked Mr. Corbett for doing a spectacular job and then announced that Mr. Corbett would leave soon to manage the Tampa, Florida parking system.
A vote on the motion showed:
AYES: Aldrich, Beal, Boren, Dankert, DeVarti, Gillett, Gunn, Hewitt, Smith, Solo
NAYS: None
Absent: Greff, Hieftje
The motion carried.

Mr. Hewitt reported that the committee is reviewing the parking agreement with the City. No specific recommendations for changes have been made as yet.

RESEARCH AND OPPORTUNITY COMMITTEE
Mr. Boren moved and Ms. Gunn seconded the following resolution:

RESOLUTION TO APPROVE PRINCIPLES GUIDING DDA GRANT DECISIONS

Whereas, The DDA determined that it would formulate guidelines by which it would provide grants for important projects and programs;

Whereas, The DDA Research and Opportunity Community worked to formulate these guidelines and presented a draft at the November 2004 DDA meeting for DDA input, and these draft guidelines have been reviewed in other DDA committee meetings, as well;

BE IT RESOLVED THAT:

1. The attached "Principles Guiding DDA Grant Decisions" is hereby adopted by the DDA as its guidelines for providing DDA grants;

2. These principles will be considered as guidelines and not as fixed rules requiring DDA action in support of or in opposition to any specific proposal;

3. New proposals requesting DDA support shall be referred to a DDA committee for evaluation and a recommendation to the full Board. At this time it is anticipated that the Research and Opportunity Committee will be the committee to review all grant requests;

4. The DDA may revise its grant guidelines in light of this additional experience, and to this end, these guidelines shall be reviewed by the DDA Board on or before July 1, 2006.

PRINCIPLES GUIDING DDA GRANT DECISIONS

The overriding premise is that DDA should only expend public resources to further specific DDA goals— a "public purpose". Our grants must be seen as encouraging downtown development, strengthening awareness of Ann Arbor's unique identity, building a more pedestrian-friendly environment downtown, etc.
This program must not be seen as an entitlement to agencies, individuals, or organizations, nor as a give away program. Each request will be evaluated against grants previously approved, the potential creation of any new precedent, as well as against the criteria set forward below.

**SPECIFIC REQUIREMENTS FOR FUNDING**

The project must make a direct connection to a goal, strategy or tactic called out in the DDA’s 2003-2033 Renewal Plan.

DDA funding will only be provided to projects or project elements that are open and available to the public.

This grant program is considered separate from the DDA’s Housing Fund grants, Façade Loan program, and Partnerships Guideline Grants. Given that, if a DDA grant is requested for project elements associated with new developments, it should only go for “extra” elements that are not required by ordinance, such as additional storm water retention or landscaping.

DDA grants will only be provided when matched by private, foundation, or other public funds. At minimum, the DDA expects a 1 to 1 match against DDA dollars, although a 2 to 1 match or greater is preferred.

The DDA will not consider any request for retroactive assistance.

The DDA must receive considerable visibility from any grant award. Requests must include details for how the DDA will be cited for its contribution.

Mr. Gillett proposed a friendly amendment to the third paragraph under “Specific Requirements For Funding” that adds a sentence that says, “If there are multiple requests from the same applicant, it is the expectation of the DDA that they will be reviewed together by a single committee”. Mr. Boren said that he would accept this amendment as friendly.

A vote on the amended motion showed:

**AYES:** Aldrich, Beal, Boren, Dankert, DeVarti, Gillett, Gunn, Hewitt, Smith, Solo

**NAYS:** None

**Absent:** Greff, Hieftje

The motion carried as amended.

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

**RESOLUTION PROVIDING $50,000 FOR DOWNTOWN AREA ASSOCIATION GRANTS FOR FY 2004/05 AND SPONSORSHIP OF ASSOCIATION**
REPRESENTATIVES TO THE 2005 IDA CONFERENCE

Whereas, The Ann Arbor Downtown Development Authority Plan contains a component for the encouragement of retail businesses;

Whereas, The DDA has worked to meet this goal in large part through partnerships with the four downtown Area Associations;

Whereas, This has included annual financial grants to the downtown Area Associations since 1995/96 to underwrite their maintenance, marketing and event planning efforts;

Whereas, The DDA has a special interest in efforts aimed at supporting downtown’s smaller, independent businesses, as well as projects that help to strengthen each downtown area’s unique identity and attractiveness;

Whereas, The International Downtown Association provides an important opportunity for networking and education at its annual conference; including the opportunity to learn about innovative downtown programs from around the country;

RESOLVED, The DDA shall set aside up to $12,500 each for the State Street Area Association, Main Street Area Association, South University Area Association, and Kerrytown District Association in FY 2004/05;

RESOLVED The DDA shall provide these funds to each Association based on requests which meet one or more of the following criteria:
   - Brings large numbers of people downtown
   - Improves the appearance of an area
   - Creatively engages in cooperative advertising/promotion
   - Strengthens existing businesses or attracts new businesses to the area
   - Strengthens an organization into a viable, active, dues-paying Area Association

RESOLVED, To apply for these funds, each Area Association must submit a board-approved application to the DDA for its consideration no later than April 15, 2005. This application must strictly adhere to the 2004/2005 Downtown Area Association Grant Program Application attached with this resolution.

RESOLVED, Prior to providing project grants, the DDA must receive original project receipts and a project report no later than June 15, 2005.

RESOLVED, One representative from each Association will be invited as a sponsored guest of the DDA at the 51st Annual International Downtown Association conference to be held in Denver, CO in October 2005. The DDA will take responsibility for conference enrollment, and will reimburse Association participants for a pre-determined amount for hotel and travel costs;
RESOLVED, Each Association representative shall be required to attend Conference roundtable discussions and workshop presentations on such subjects as retail promotion, promotions, and business development, and report back to his/her Association and the DDA in an extensive written report on the information gained from this experience.

Mr. Boren said that Committee members have recommended that DDA funding be made contingent on several elements. First, funding would be made conditional on association participation in such DDA-sponsored activities as the downtown web site. Second, the DDA must be recognized for its grant. And three, the DDA sponsorship of association reps to the IDA conference would be contingent on their writing a detailed report on the information gleaned at sessions and other conference activities so best practices information could be shared with others.

A vote on the motion showed:
AYES: Aldrich, Beal, Boren, Dankert, DeVarti, Gillett, Gunn, Hewitt, Smith, Solo
NAYS: None
Absent: Greff, Hieftje
The motion carried.

Benchmark data/Vitality Index. Mr. Boren reported they would soon release the report, which will include December data and a sample of small downtown businesses surveyed to determine if their sales are up or down this year.

Other. Mr. Boren reported that the committee is reviewing websites and has also begun discussing whether to start a downtown blog to encourage community discussion on topics of downtown interest. This will be discussed at the next meeting at the Aut Bar, 5pm, on January 13th.

PARTNERSHIPS COMMITTEE
Liberty Lofts. Mr. Solo reported that the principals of the Morningside team attended the last meeting to present information on their project in the former Eaton plant and to make a request for a DDA grant. This request will be discussed at the next Partnerships meeting on January 21st at 2pm.

First/Washington and Kline Lot Planning. Mr. Solo reported that the Committee continues its work. Given what the committee is hearing about downtown construction costs, the group is estimating that if 1st and Washington was redeveloped with minimal onsite parking and residential unit sizes were kept small (e.g. 600-1,000sf), construction costs might be $180,000-$300,000 per unit. Council member Carlberg was in attendance at the last meeting had suggested that if the DDA were to request that the land be provided at no cost to contain project costs that at least 15% of the units should be made affordable to those earning 60% or less of area median using MSHDA, City, and DDA Housing Funds as subsidies. Depending on the grants available, we may be able to make a substantial number of the units affordable to a variety of income levels.
The committee concluded that the Kline lot should be redeveloped to include at least one and possibly two levels of underground parking, with ground floor retail. There was some discussion as to whether the development should include point towers as recommended by the Downtown Residential Taskforce or whether the upper levels should be developed with more mass to maximize the potential for this site.

Other. Mr. Solo reported that the City has released its YMCA RFP. Ms. Pollay said that a meeting will be held with prospective bidders so the City will get a sense of the level and variety of interest. Bids are due back in early March.

CAPITAL IMPROVEMENTS COMMITTEE
Huron/Division/Fifth Ave.. Mr. Beal reported bids were received and it was resolved to interview four teams next Tuesday to get the pricing firmed up so a resolution could be brought back to the board.

Alley repairs. Mr. Beal reported that the drawings for the first of the five alleys to be repaired have been completed and will be reviewed by the Committee.

Ann/Ashley fire suppression system. Mr. Beal reported that the project is approximately 80% complete.

8. OTHER BUSINESS
Ms. Pollay asked DDA members to review a draft of the 2004/05 DDA Directory so staff could make corrections as necessary.

9. AUDIENCE PARTICIPATION
Mr. Peter Pollack asked to clarify something in Mr. O’Neal’s presentation, saying that the Kerrytown Shops had requested his assistance to ensure that their requested improvements to Fifth Avenue would be in keeping with the recommendations of the Huron/Division/Fifth Urban Design Workbook. He did not want the DDA to think that his involvement committed the DDA to any future work.

10. ADJOURNMENT
As there was no further discussion the meeting was adjourned at 1:40 p.m.
Respectfully submitted,
Susan Pollay, Executive Director