Ann Arbor Downtown Development Authority Meeting Minutes
February 4, 2009

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

1. ROLL CALL

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

Absent: Rene Greff

Staff  Susan Pollay, Executive Director
       Present: Joe Morehouse, Deputy Director
                 Joan Lyke, Management Assistant

Audience: Susan Adams, Ten Thousand Villages
       Peter Allen, Allen & Associates
       Dave Askins, Ann Arbor Chronicle
       Ray Detter, Downtown Area Citizens Advisory Council (CAC)
       Adrian Iraola, Washtenaw Engineering Company
       Elizabeth Jackson, The Urban Agenda, Inc.
       Rebecca Konieczny, Busy Hands
       Stefanie Murray, Ann Arbor News
       Scott Snow, Republic Parking
       Nancy Shore, getDowntown Program
       Maura Thomson, Main Street Area Association
       Hal Wolfe, Dexter Ann-Arbor Run

2. AUDIENCE PARTICIPATION

Ms. Adams said that that the DDA must do more for customers, not take away or ask more from them. Her store has experienced a decrease in foot traffic from September to the end of the year. Most of her staff are volunteers and if parking rates are increased it will hurt them and other downtown nonprofit volunteers. Much downtown retail is based on “want” items rather than “need” items. Now is not the time to raise parking rates. Birmingham has free parking for the first two hours and that is a very positive incentive. She said it was shocking to hear that rates were going to be increased at this time.

Mr. Wolfe said that he is coordinating the 2009 Dexter Ann Arbor Run. In 2008 they anticipated road construction on Huron River Drive so the race ended at Skyline High School, but this year event organizers want to the race to end in downtown as it has in year’s past. He asked the DDA to consider two proposals: 1) pay for the road closure barricades and thus become a race sponsor, and 2) provide the use of the premium parking area at the Ann Ashley parking structure. Ms. Hall said that she would refer these requests to the Operations Committee.

Mr. Detter reported that most of CAC’s meeting was spent discussing a disturbing email from a Courthouse Square resident reporting on the building’s deterioration and bad management practices. Mr. Detter said he plans to follow up with someone at Courthouse Square, Community Services, the Delonis Center and First Centrum and will keep the DDA apprised of the situation.

Ms. Konieczny acknowledged the DDA for its focus, mission and efforts to enhance the downtown area. She said that as a downtown shop owner she supported the new underground structure and
thinks it may even lead to a downtown conference center. Although she knows it costs a great deal to build the structure she asked the DDA to delay its parking rate increase.

3. STATUS OF CITY TASKFORCE EFFORTS WITH DDA MEMBERSHIP

| A2D2 Steering Committee: Mr. Hewitt said that Ms. Rampson continues her meetings with the public. It is anticipated the report will be reviewed by the Steering Committee in March. |

415 W. Washington: Mr. Mouat said that there had not been any activity.

4. MINUTES

Mr. Hieftje moved and Mr. Orr seconded approval of the January 7, 2009 DDA meeting minutes.

A vote on the motion to approve the minutes showed:

- **AYES:** Boren, Collins, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt
- **NAYS:** None
- **Absent:** Greff

The motion carried.

5. OPERATIONS COMMITTEE

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

**RESOLUTION TO INCREASE ON- AND OFF-STREET PARKING RATES AND DELAY THIS RATE INCREASE UNTIL JULY 2009**

Whereas, A multi-year schedule (“Ten-Year Plan”) of anticipated DDA revenues and expenses has been developed to include estimated costs for projects approved by the DDA and a forecast of proposed annual hourly and monthly parking rates;

Whereas, The DDA has determined that parking revenues will be the primary source of funding for additions to the parking system, major repairs, the costs for on-going parking operations and maintenance, as well as its alternative transportation initiatives;

Whereas, The DDA approved an increase in off-street and on-street parking rates at its November 2008 meeting;

Whereas, The DDA subsequently received a request from the Main Street Area Association board to forestall these parking rate increases in partnership with their efforts to help their business members confront uncertain economic conditions downtown;

Whereas, This request was considered and supported by the DDA Operations Committee, which adjusted parking rate increases to hold current rates constant until July 2009, but still providing sufficient financial underwriting for DDA projects, and these new rates are recommended as follows;

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Whereas, The 1992 DDA/City parking agreement as amended sets forward that the DDA shall file its parking rate schedule with the City and said rates take effect sixty days after filing and publication in a newspaper of local circulation unless disapproved by Ann Arbor City Council;

RESOLVED, The DDA approves the parking rate increases as indicated above;

RESOLVED, Ann Arbor City Council shall be notified of this resolution per its Agreement with the DDA, with the expectation that these rate increases shall go into effect July 1, 2009 unless disapproved by City Council.

RESOLVED, The DDA will work with City Council to discuss and possibly implement a range of hourly parking rates on and off-street as part of a demand management framework, with the average of these rates being shown above;

RESOLVED, In order to delay this parking rate change until January 2010, the DDA will borrow $2 million from its (003) TIF Fund which will be repaid with (063) Parking Funds within two years.

Mr. Hewitt said that parking should pay for itself. Parking structures are expensive to construct and underground structures are even more expensive, but pushing parking underground supports increased activity above ground and that increases revenue. The DDA definitely heard MSAA’s request for a delay, but at the same time City staff is demanding proof that the DDA’s finances are sufficient to meet its bond payments.

Ms. Smith proposed a friendly amendment that was accepted by Mr. Hewitt and Ms. Gunn to change the date in the last Resolved from January 2010 to July 1, 2009. Ms. Pollay acknowledged this as a typo.

Mr. Hieftje said that the City has a very good bond rating and when applying for new bonds it is vital to demonstrate a revenue stream. He said that he didn’t know how the DDA could disconnect the rate increase from the new structure.

Mr. Hewitt said that hourly parking rates haven’t been increased in many years. In fact, in 2005 the hourly rate in the structures was reduced from $0.95/hr to $0.80/hr and in the lots from $1.05/hr to $1/hr. At the same time, the hourly parking rate at the meters was increased to $1/hr. The monthly parking permit rates were last increased in May 2007.

Ms. Gunn said that the DDA spent nearly $50 million to repair and upgrade the parking system and has consistently maintained it. The DDA can be proud of its track record. Now it is time to move forward.

Mr. Hewitt stated that due to the parking structure and Fifth & Division Phase I construction, the DDA wouldn’t be able to undertake another big project for at least 3-4 years. However, he explained that reserves will allow regular maintenance of the system to continue as scheduled. Mr. Collins stated that up to this point the DDA has readily taken on downtown projects and initiatives to improve the downtown; but by committing to the structure and other approved projects the next five years will be different. The commitments the Board have made will set us in a new direction. We must keep our eyes and ears open while, “the pig makes its way through the financial python.”
Mr. Mouat said he thought the rate increase must be communicated carefully to help customers understand the reason behind it.

Mr. Hewitt stated that at peak times the system is at capacity. If downtown is going to grow we need to increase capacity. There has been approximately 2.4 million square feet of new commercial and residential development in the downtown since Ann Ashley & Liberty Square were constructed in the early 1980’s with only incidental amounts of parking constructed to support this development. We are at capacity and must now work to make future downtown growth possible.

Mr. Orr expressed concern that the delay in the rate increase will create a budget deficit. If the increase is approved we should emphasize that originally the increase was planned for January.

Ms. Hall said that she could not support the delay. She is concerned that TIF will be left with too little to accomplish future projects. The DDA paid to replace the City’s ADA curb ramps, install LED streetlights, and 5th & Division using TIF, and the DDA won’t be able to take on projects like this in the near term if its TIF is encumbered. She said she sympathized with MSAA but said that the DDA should not hold back its rate increase while moving forward with the parking structure.

Mr. Boren asked if this $0.10/hr increase could be delayed and at a later date increased exponentially. Ms. Gunn said that there is a need to begin raising rates sooner rather than later because the City requires a 15% cash down payment for projects and funds must be raised now. Mr. Collins said that no one will be happy with a parking increase whether it is now or in the future. He called the question.

A vote on the motion to approve the resolution as amended:
AYES:  Boren, Collins, Gunn, Hewitt, Lowenstein, Mouat, Orr, Smith, Splitt
NAYS:  Hall, Hieftje
Absent:  Greff
The motion carried.

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

**RESOLUTION TO APPROVE THE DDA BUDGET FOR FISCAL YEARS 2009/10 AND 2010/11**

Whereas, The DDA has developed a Ten-Year Financial Plan, including projected income and expenses for debt service, capital improvements projects and parking operations;

Whereas, The DDA Operations Committee has developed a detailed FY 2009/10 and 2011/12 fiscal year budget for the DDA based on the DDA’s most recent Ten-Year Plan;

Whereas, the Operations Committee recommends approval of these DDA budgets by the DDA;
RESOLVED, The DDA approves its FY 2009/10 and 2010/11 fiscal year budgets.

Mr. Hewitt explained that the City Council recently approved a resolution requesting a dialogue with the DDA about extending its $2 million/year payments from parking meter revenues to the City when funds from the current contract are depleted in 2010/11. Since the dialogue has not yet taken place, the Ops Committee showed a budget “contingency” in the amount of $2 million in 2010/11. Ms. Hall said she supported the budget and emphasized that the contingency line item is a place-holder and it should not be perceived that the DDA has made any decisions. When the City formally makes its request for funds, this request will then be considered by the DDA.

A vote on the motion to approve the resolution:
AYES: Boren, Collins, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt
NAYS: None
Absent: Greff

The motion carried.

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

RESOLUTION TO RESCIND THE DDA’S 2005 GRANT TO THE FARMER’S MARKET

Whereas, Following a great deal of public input on January 18, 2005 a Master Plan for the Farmer’s Market was approved by City Council;

Whereas, This Plan included maintenance of existing vendor sheds, as well as a new configuration that would extend the middle shed structure to Fourth Avenue and create a U-shaped drive through in the parking lot;

Whereas, The DDA was asked to contribute a grant of $296,300 toward the total cost of the project which was estimated to be $947,500, with the City Parks and Recreation Rehabilitation Millage providing $345,300 and the Market Fund providing $305,900;

Whereas, The DDA approved this grant in December 2005, with funds to be taken from the DDA’s Parking Maintenance Fund;

Whereas, At their meeting on February 2, 2009 City Council voted to put the project on hold;

Whereas, The DDA has extensively reviewed its Ten Year Plan, including costs for new construction projects as well as parking and TIF revenues, and has determined that it must safeguard its fund balances for the near future to make upcoming bond issuances more attractive;

RESOLVED, The DDA rescinds its 2005 grant for the Farmer’s Market renovation and redesign;

RESOLVED, The DDA reaffirms its support for the Farmers Market renovation and redesign project and welcomes a new financial request if City Council determines it wishes to pursue the project in the future.

Mr. Hewitt explained that the DDA grant was approved nearly 4 years ago and it is difficult to budget not knowing when this grant would be utilized. Ms. Smith emphasized the last resolve reaffirms the DDA support of the project should City Council vote to move forward with the project in the future.
A vote on the motion to approve the resolution:
AYES:   Boren, Collins, Gunn, Hall, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt
NAYS:  None
Absent:   Greff
The motion carried.

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

RESOLUTION TO AUTHORIZE A 2008 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, 2007 for management of the DDA's parking system;

Whereas, According to this 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, This contract increased the annual fee from $80,000 to $150,000 and decreased the target for the year-end incentive to $50,000;

Whereas, Calendar year 2008 customer surveys indicated that the majority of parking customers indicate that they believe Republic’s service is good or excellent, and the DDA Parking Facility Inspector rated maintenance efforts at 92.1 for the year out of a possible 100;

Whereas, In 2007 the DDA approved a year-end management incentive to Republic Parking for $40,000;

Whereas, The DDA Operations Committee reviewed the criteria set forward for Republic Parking for 2008 and has determined that Republic Parking continued to rate high in customer service, but in particular, it was noted that in 2008 Republic Parking has been instrumental in the DDA-initiated change toward a parking system that incorporates parking demand management principles, including a series of upgrades to parking equipment and software;

Whereas, The DDA Operations Committee has recommended that the DDA authorize a 2008 end-of-year management incentive to Republic Parking at $45,000;

RESOLVED, Per its contract with Republic Parking, the DDA authorizes a 2008 end-of-year fee supplement/management incentive to Republic Parking in the amount of $45,000.

Mr. Hewitt explained that the DDA/Republic Parking contract includes an annual management incentive based on goals agreed to by the DDA and Republic. Surveys and other quantifiable data is gathered to determine if Republic meets or exceeds goals. The Operations Committee determined that Republic provided very good service in 2008, and also dealt with significant new demands related to the efforts to shift toward TDM. New staff were added, and much new software and hardware was purchased, installed and modified as needed. Further, they accomplished this all-the-while they experienced turnover in the positions of General Manager and Operations Manager.
Mr. Hieftje stated that Republic Parking does a great job but this is not a time to be handing out bonuses. He said that City employees are doing more with less, so he would not support this resolution.

Mr. Boren said he was mystified about the contractual item for a management incentive “tip.” He asked if this is common practice with management contracts. Mr. Hewitt explained that the contract could simply show a set management fee, but staff have asked to include a maximum $50,000 incentive. Ms. Gunn explained that many contracts include an incentive that is paid if a project is completed ahead of schedule i.e., bridges or streets. She said she supported the resolution because Republic did a good job and the incentive is provided to the local management team. Mr. Mouat said that he thought RPS goes above and beyond, they are responsive to requests and willingly implement new projects requested by the DDA, e.g., valet parking at Maynard, the addition of two new temporary lots and TDM items.

Mr. Hieftje stated that the incentive does not filter down to front line employees and he is not in favor of providing an incentive to management staff.

A vote on the motion to approve the resolution:
AYES:   Collins, Gunn, Hall, Hewitt, Lowenstein, Mouat, Orr, Smith, Splitt
NAYS:  Boren, Hieftje
Absent:   Greff
The motion carried.

Financial Statements:  Mr. Hewitt reported that TIF is above budget by $263,074 although there may still be adjustments; parking and parking maintenance net revenues over expenses are above budget in some part due to timing, and DDA housing is over budget due to an unanticipated grant to Avalon Housing earlier this year. Mr. Hewitt moved and Ms. Gunn seconded the second quarterly financial reports and they were unanimously approved.

DDA Investments: Mr. Hewitt said that Bank of Ann Arbor representatives shared information on DDA investments which are in government-backed securities and safe from the vagaries of the marketplace.

Transition to Demand Management: Mr. Hewitt reported that Maynard valet service usage is increasing. Ten volunteers are being billed for their parking usage to check the accuracy and reliability of the AVI card system. Progress continues in the effort to change the merchant validation system from stamps to encoded tickets and the new system is scheduled to begin in March. A model of the new parking pay station sidewalk space number sign will be available for inspection at the March meeting.

Meter Removal Policy: A draft statement will be discussed at the next committee meeting that would request City Council and the DDA establish a policy to affirm the value of the on-street parking meters and assess a cost for their removal.

6.                        PARTNERSHIPS COMMITTEE

Energy Saving Grant Program: Ms. Smith said that 5 energy audits have been received and are under review by Mr. Konkle. He will work with the businesses to implement items noted in the audits. The Committee will use its remaining 2008/09 grant dollars for Phase II grants on a first come/first serve basis.
A2D2 Parking Policy Recommendation: Ms. Smith said that the committee reviewed recommendations and a big topic still under debate is payment-in-lieu as an option rather than building parking. If so, how much to charge, and deciding if this payment guarantees any parking in the public system. Partnerships sent these policy questions to the Ops Committee for their very knowledgeable input.

Avalon Request for DDA Housing Funds: Ms. Smith said that Mr. Appel presented a grant request for the rehabilitation of affordable housing units being acquired as the result of a merger between Avalon and Washtenaw Affordable Housing Corporation. Over the next 3 years they expect to spend over $10 million to rehab 250 WAHC units; the request to the DDA is for 9 properties at $900,000. The committee asked Mr. Appel for more information which we expect at our next committee meeting, including information on whether the DDA will be asked for a grant for Avalon’s N. Main Street project.

Draft Association Grants: Ms. Smith stated that in light of conversations at the fall retreat staff have proposed a grant to the four downtown associations with the goal of supporting small, independent, downtown businesses. Under the grant funds would be provided for specific items, including anti-graffiti efforts and cooperative ads. The committee will continue its discussion at its next meeting.

Snow Removal: Staff provided initial cost estimates for sidewalk snow removal within the DDA district. Additional information is being sought.

Televising DDA Board Meetings: The equipment for televising the Board meetings has been ordered.

6. CAPITAL IMPROVEMENTS COMMITTEE
S. Fifth Avenue underground parking structure: Mr. Splitt reported that the site plan will be considered by City Council on February 17th, as well as a resolution to advertise the project bond, and a resolution to authorize going to market with this bond. A memo on the DDA’s parking rate increase will be on the Council’s agenda, as well. The AADL will be asked if there is an interest in having a connection between the structure and the existing library building or if they would prefer a punch out for a future connection.

5th & Division Phase I: Mr. Splitt said that Beckett & Raeder have incorporated input from City and MDOT staff into their construction drawings. A formal announcement on the grant is anticipated in March and the project will be put out to bid in April.

Wayfinding: Mr. Splitt stated that staff held an all-day meeting with MDOT on January 20th which included driving to look at requested sign locations. Their input is being incorporated into the plan and an MDOT permit request will be applied for soon. U/M has also been provided with a copy of the final plan to request any last comments before putting the project out to bid.

7. TRANSPORTATION COMMITTEE
Building a shared knowledge base: Mr. Mouat said that UM’s Sue Gott, Dave Miller Jim Kosteva were guest speakers, and presented a good overview of UM’s transportation and parking systems.

U/M Grant Request: The UM asked the DDA for a $50,000 grant as part of an improvement project for the N. U. bus facility. It was suggested that these grant dollars could be used for electronic kiosks at this bus facility that would provide information to bus riders. The plan is conceptual at this point so it isn’t clear what the bus facility will look like/how it will be improved from what it is now. The
committee asked for additional information such as: budget breakdown, their vision of how this partnership will work and how this will benefit downtown, demographic information on bus riders (blue bus and AATA riders) using the bus facility, pedestrian counts and numbers of visitors to adjacent buildings.

**getDowntown Ideas for DDA Grant**: Mr. Mouat noted that the committee would continue to discuss the grant request from Ms. Shore at its next meeting.

**Current Projects – Updates**: Mr. Mouat reported that it is anticipated the Zipcar service will begin the second week in March. Ms. Shore is moving ahead with the Commuter Challenge planning.

**Guest Speakers**: Mr. Mouat reported that Tony VanderWorp, Washtenaw County Planner and Terri Blackmore, Washtenaw Area Transportation Study (WATS) will be the guest speakers at the February Committee meeting. They will present information regarding the County-wide transportation planning, vision for Community Success program and Washtenaw County transportation planning. Chris White will attend the March Committee meeting to share costs for LINK service enhancements (e.g. summer service, an additional bus, etc).

### OTHER DDA BUSINESS MATTERS

Mr. Hieftje reported that City Council has also received anonymous correspondence from a Courthouse Square resident. He said that the building has been regularly inspected and the City has done everything it can. Inspectors have reported that the conditions are not as bad as communicated by resident.

Mr. Hieftje reported that the Planning Commission meeting was cancelled last night as there were no projects to discuss. He noted that the Police/Municipal Building construction contract would include a prevailing wage/living wage requirement. He also noted the Stimulus Package related to “shovel ready” projects and said that staff is watching it closely as the Police/Municipal building may qualify for funds from the Stimulus Package.

### OTHER AUDIENCE PARTICIPATION

Mr. Detter stated that Courthouse Square seems to have stopped screening residents as closely as it used to. He reported that next year the building may be sold on the open market so he wonders if they are trying to drive people out so they can sell the building easier.

### ADJOURNMENT

As there was no further discussion Ms. Lowenstein moved and Mr. Collins seconded adjournment of the meeting at 2:16 PM.

Respectfully submitted,

Susan Pollay, Executive Director