MINUTES
Downtown Development Authority
Thursday, March 12, 1998

Place: DDA Office
301 E. Liberty, Suite 690
Ann Arbor, MI 48104

Time: The Vice Chair, Skip Ungrodt, called the meeting to order at 5:06 p.m.

1. Roll Call

Present: Neal Berlin, Dave DeVarti, Bob Gates, Bob Gillett, Deanna Relyea, Ed Shaffran, Skip Ungrodt

Absent: David Fritz, Leah Gunn, Maria Harshe, Karl Pohrt, Lorri Sipes

Staff Present: Susan Pollay, Executive Director

Audience: Jean Carlberg, City Council and Planning Commission
Ray Detter, Citizen's Advisory Council
Bob Frazier, National Garages
Adrian Iraola, City Engineering Division
Donna Johnson, Planning Department
Dan Kaplan, Kaplan Properties
Steve Kaplan, Kaplan Properties
Barry Lonick, Washtenaw County Agricultural Lands and Open Space Task Force
Scott Munzel
Paul Potter, Syndeco
Rita Potter
Lori Ward

2. Approval of Minutes

Mr. Shaffran made a motion, and Mr. Berlin seconded, that the minutes of the February 12, 1998 and February 24, 1998 meetings be approved.

A vote on the motion showed:

AYES: Berlin, DeVarti, Gates, Gillett, Relyea, Shaffran, Ungrodt
NAYS: None
Absent: Fritz, Gunn, Harshe, Pohrt, Sipes
The motion carried.

3. Report by DDA Citizen's Advisory Council

[See pages 52-53 ]

4. Audience Participation

Mr. Barry Lonick, reintroduced himself as a member of the Washtenaw County Agricultural Lands and Open Space Task Force, and reminded the DDA that he had come before them in 1997 to discuss the issue of land use.

He explained that the issue was gaining a great deal of attention, and that the County Board of Commissioners would soon decide whether a millage to support the purchase of development rights should come before the voters this fall. The extensive development taking place within the County threatens all downtowns, including Ann Arbor, as populations and goods/services are drawn away from the core areas. The communities in which the new development is taking place are enjoying a brief period in which they are gaining a new tax base; unfortunately, it is having an impact on surrounding communities - e.g., much of the debate about the public schools redistricting is due to the fact that the population base is shifting outward away from the core of Ann Arbor. In addition to threatening downtowns, the new growth is threatening farmlands, and other open space.

Mr. Lonick explained that DDA member Lorri Sipes would be bringing before the DDA a resolution at its April 1998 meeting, lending its support to the Washtenaw County Agricultural Lands and Open Space Task Force. He thanked the DDA for its time and support.

Mr. Scott Munzel introduced several audience members associated with the partnership that would provide the City with a proposal to purchase the land at Main/Packard. He explained that the proposal would seek to meet a number of City goals, and they were hoping for a collaboration with the DDA to address the parking issues for the project. Their presentation that day was to begin a conversation on this issue.

Mr. Steve Kaplan explained that the project had been evolving over the past two-and-a-half years, as he had been conscientiously trying to address many different perspectives. It was his hope to begin the same dialogue with the DDA. Assuming his proposal was selected, one of his objectives was to include parking with the project, so as to avoid putting more stress on the DDA-managed parking system.
Mr. Kaplan presented the project description with the use of several boards. Kaplan Properties owned property on the south and north of the City-owned parcel. Pulling all the properties together, the project would be primarily residential (all of the City-owned land would be devoted to housing), with approximately 50 “brownstone” multi-story townhouses on the southern portion, and some condominiums located above a seven-story mixed-use building on the northeast corner near the gas station. An open space would be created to separate the townhouses and office building, and a walkway would be created to run between Ashley and Main Streets. Each townhouse would have two parking spaces located beneath them, and there would be a variety of units and unit prices available. An underground parking structure would be created, he hoped, with DDA-participation for approximately 175 cars to serve the needs of the mixed-use building.

Mr. Berlin asked what the project team had in mind in terms of DDA-participation. Mr. Munzel said that it was hoped that the DDA could help finance the underground parking structure, without which the office building likely could not go forward, as office rents would be prohibitively high. Mr. Berlin said that if it were anticipated that the DDA would provide front-end financing, it probably would not go forward. Mr. Shaffran said that he was to serve on the City-committee to review the proposals, and he asked if the project proposal would be subject to DDA participation. Mr. Munzel explained that much of the residential portion of the project would be on the City-owned land, and thus not dependent on DDA-participation; however, there were significant advantages to planning the whole area at once. To that end, he would propose some kind of public/private collaboration to address the parking.

Mr. DeVarti expressed concerns about DDA-involvement, particularly as there were concerns about the parking agreement between the City and DTE for monthly parking permits that would allow several hundred permits to be used at a rate far below market rate for fifteen to twenty years. He asked if there could be a discussion about ways to address this issue at the same time. Mr. Potter expressed a willingness to discuss this, although he could not provide a guarantee that this issue could be resolved.

Ms. Relyea asked who the office tenants would be. Mr. Potter responded that he anticipated small tenants, and some commercial ground floor tenants, including perhaps stock brokers, attorneys, etc. He explained that without the DDA’s involvement, it did not make sense to spend the $15 million to build the project.

Mr. Gillett asked how many condominium units might be housed atop the office building, to which Mr. Potter answered approximately 10 to 20 units. Mr. Ungrodt asked about the size of the office component, to which Mr. Munzel answered the building would be approximately 80,000 square feet per floor, with five floors + 20,000 square feet for
residential use = 420,000 square feet. It was anticipated that approximately 300 new people might be drawn downtown because of the project, all of whom would become new potential customers for downtown businesses.

Asked about the anticipated cost for the new parking structure, Mr. Munzel responded that they had received preliminary construction bids from four qualified bidders, and had understood costs to be approximately $3.5 - $4 million. Mr. Shaffran reported that costs might be higher, still.

Mr. Ungrodt expressed concern about the development of new office space, as Liberty Square and the old Jacobson's offices would soon be empty and he himself had no luck finding a tenant for his office at State/Liberty. Also, he expressed concern that Mr. Vlassic recently built an office building across the street from this proposed project, and had provided his own parking. Mr. Kaplan explained that the new building at Main/William had only about two dozen parking spaces underground, and that the majority of tenants had to find parking in the DDA-managed system.

Mr. Kaplan then repeated his goal to begin a dialogue with the DDA. His feeling was that if the DDA decided it wanted to help the project succeed, it could decide how to make it work. Ms. Relyea said that she and other members of the DDA support this dialogue, as the DDA had resolved to try to be a partner in this project. Mr. DeVartì also expressed support for continuing the dialogue, and suggested the next step might take place after the City reviews and hopefully approves his proposal. Mr. Ungrodt expressed concern, stating that if the DDA built a parking structure for this project, it would not have sufficient funds for all the other private developers that would want the DDA to build them a parking structure, as well. Mr. Kaplan thanked the DDA for allowing the team to have a few moments to describe the project, and explained that the proposals were due the following week, upon review and interviews, it was anticipated that the parcel would be sold by the end of the summer.

Mr. Kaplan, Mr. Munzel, and Mr. Potter were thanked for their presentation.

5. New Business

Ms. Pollay reported on the recent suicide from the Maynard Street parking structure.

6. Subcommittee Reports

Finance Committee's Report
Mr. Gates reported that the financial statements appeared to be in good order. He asked Bob Frazier to research why parking validation revenue had increased so greatly in January. Mr. Shaffran pointed to the spreadsheet indicating permit and hourly customer information in each facility, and explained that compared to last year, parking numbers were down slightly due to the closing of Fourth/Washington. Many patrons had apparently shifted to other facilities, and others had made other arrangements.

There was discussion about the spreadsheet indicating the approximate net revenue or loss at each facility based on the 1998/99 budget. Newer structures had debt service and were therefore less profitable than older structures, and City-owned surface lots were more profitable than surface lots that were leased due to the added cost of rent and taxes. Mr. DeVarti expressed concern that the DDA was spending money to make money at parking sites, such as First/Huron, and was therefore providing a subsidy that was preventing the block from being developed. Mr. Gillett said he would prefer to cut the DDA’s losses and not renew the lease at unprofitable sites like First/Huron. Mr. DeVarti said it was important to look at all the parking arrangements that did not make financial sense, including the DTE arrangement. Mr. Shaffran thanked Mr. Gates for putting the information together in a readable format, and encouraged that this information be updated annually. He also encouraged revisiting the issue of monthly permit rates. Mr. Gates reported that there would be a discussion of permit rate increases at the next Parking Operations Committee meeting.

Mr. Berlin asked if there also would be a discussion of charging for parking on Sundays. Mr. Gates said the recent study conducted by the UM School of Public Policy was very enlightening on this subject. Mr. Ungrodt reported that most other cities charge for parking on Sundays. Ms. Pollay said she would include this topic on the agenda of the next Parking Operations Committee meeting.

**Parking Construction Committee**

Mr. Shaffran reported that the demolition of Fourth & Washington would be completed by the first week of April. He related that City Parking Enforcement Manager, Jim Stein, had reported that he had received no complaints about the demolition, and had asked Ed to extend his congratulations to the DDA for doing such a good job keeping people informed. Mr. Shaffran said that without question the DDA did the right thing resolving to demolish the building, as the extent of the delamination was very clear, particularly in the lower levels.

Ms. Pollay reported that City engineers would put out an RFP at the end of the month for repairs to the parking structure elevators. It was anticipated work would be completed this summer. Ms. Pollay also reported that an RFP for the repairs at First & Washington had been released, that the site plan for Fourth & Washington would be reviewed by the
Planning Commission on March 17th, and that she and Mr. Berlin had met with individuals interested in pursuing various public/private partnerships with the DDA, and that she would share any details as they became clear.

**Parking Operations Committee Report**

Ms. Pollay reported that the Parking Operations Committee had resolved to put forward a resolution responding to a request from the Mayor’s Task Force for Increasing Safety for Women. Upon motion by Mr. Shaffran, with support from Mr. Berlin, the following resolution was offered:

**RESOLUTION TO APPROPRIATE $15,600 TO THE MAYOR’S TASK FORCE ON INCREASING SAFETY FOR WOMEN FOR THE INSTALLATION OF EMERGENCY TELEPHONES ON THE ANN & ASHLEY, FIRST & WASHINGTON, FOURTH & WILLIAM, LIBERTY SQUARE AND MAYNARD PARKING STRUCTURES**

**Whereas,** The Mayor’s Task Force on Increasing Safety for Women has made a presentation to the DDA requesting support for a project to install emergency telephones with blue beacons on five parking structures;

**Whereas,** The DDA supports projects that enhance the perception and reality of safety in the downtown;

**Whereas,** The University of Michigan has already installed similar telephones in its parking structures to the benefit of the University community; and

**Whereas,** The emergency telephones will be available to every pedestrian in the downtown, in addition to parking patrons;

**RESOLVED,** That the DDA approves an appropriation of $15,600 to the Mayor’s Task Force on Increasing Safety for Women to immediately undertake installation of two emergency telephones on Ann & Ashley, one on First & Washington, two on Fourth & William, one on Liberty Square, and two on Maynard.

**RESOLVED,** That the DDA ask the Task Force to work closely with National Garages to oversee this installation.

Ms. Pollay reported that Bob Frazier had walked through each structure with Deputy Chief Roderick and an electrician to ascertain where each phone would be installed and an estimate of the installation costs. Mr. Shaffran said he hoped these phones would be of the highest quality, as they were sure to take a great deal of abuse. Mr. Frazier reported
that they were similar to the units installed at the UM parking structures. Mr. Gillett asked Mr. Berlin to clarify what was DDA responsibility, and what was City responsibility, as he assumed public safety was a City police responsibility. He expressed concern for the administrative responsibilities and liability that the DDA would incur by taking on such a project, and said that he would vote no on the project. Mr. Berlin reminded the DDA that "we are all the City." Mr. Shaffran said he agreed with Mr. Berlin, but that while he had no problem paying for the installation, he was concerned about future costs. Mr. DeVarti said that historically the DDA put projects into place and the City took responsibility for ownership thereafter, but these were artificial boundaries. His primary concern was adding more to the parking system to be subsidized. Mr. DeVarti said he would be willing to support this, but he would seek parking rate increases as a way to help pay for it. Mr. Gillett expressed concern about liability, saying that if these phones were not maintained, and a bad thing were to happen, the responsibility would fall to the DDA. Mr. Ungrodt agreed, saying the initial cost was just the tip of the iceberg.

Mr. Shaffran moved to table, and the motion was seconded by Mr. Gates. A vote on the motion showed:

**AYES:** Berlin, DeVarti, Gates, Gillett, Relyea, Shaffran, Ungrodt

**NAYS:** None

**Absent:** Fritz, Gunn, Harshe, Pohrt, Sipes

The motion carried.

Ms. Pollay was asked to come back to the DDA with additional information from the Mayor's Task Force.

Ms. Pollay reported that a subcommittee of the Committee was studying various aspects of residential parking permits, and would report to the DDA at a later date. She reminded members that the next meeting of the Committee would be Monday, March 16th at 12:00 noon in the DDA office.

**Spaces Between Buildings Committee Report**

Ms. Pollay reported that Mr. Fritz, Mr. Pohrt, and Mr. Ungrodt had met recently with members of the State Street Area Association to begin a dialogue about street scape improvements. Mr. Ungrodt said that it had been the general consensus that the first step should be to study the traffic flow in the area, as the one-block, one-way streets didn't work and it should be determined if they should be changed to return the area to two-way traffic.
Executive Director's Report
Ms. Pollay reported that another public hearing would be held at the March 16th City Council meeting on the topic of parking rate and parking fine increases. She said that with the help of Mr. Gates and Ms. Harshe a job description for the new Fiscal and Administrative Manager had been completed and submitted, and the job would be advertised soon in the Ann Arbor News. It was anticipated that the job would be filled by the first week in May. Ms. Pollay reported that requests for grants had been received from two merchant groups. Ms. Relyea agreed to review these proposals with Ms. Gunn prior to the next DDA meeting.

7. Other DDA Business Matters

Mr. Shaffran reported that Michele Morin would soon leave the Ann Arbor News, and he asked that the DDA send her a letter thanking her for her hard work on behalf of the DDA, and extending our best wishes. Ms. Pollay reported that she would be meeting with Ms. Morin the following day, and would be sure to communicate the DDA's sentiments.

8. Adjournment

There being no other business, upon motion by Mr. Ungrodt, meeting was adjourned at 6:53 p.m.

Respectfully submitted,
Susan Pollay, Recording Secretary