MINUTES
Downtown Development Authority Meeting
Wednesday, April 7, 2004

Place: Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, MI 48104
Time: DDA Vice Chair Rene Greff called the meeting to order at 12:02 p.m.

1. **ROLL CALL**

Present: Fred Beal, Ron Dankert, Dave Fritz, Rene Greff, Leah Gunn

Absent: Rob Aldrich, Gary Boren, Dave DeVarti, Bob Gillett, John Hieftje, Lorri Sipes, Dave Solo

Staff Present: Susan Pollay, Executive Director

Audience: Joe Morehouse, Deputy Director
          Adrian Iraola, Project Manager
          Sarah Armstrong

Audience: Brian Barrick, Pollack Design Associates
          Mark Berg, Kingsley Lane Lofts
          Tony Bisesi, Republic Parking
          Marsha Chamberlin, Ann Arbor Art Center
          Jim Corbett, Republic Parking
          Brandt Coultas, Ann Arbor Area Chamber of Commerce
          Bob Dascola, State Street Area Association
          Ray Detter, Citizens Advisory Council
          Connie Dimond, Smith Group/JJR
          Bryce Hoffman, Ann Arbor News
          Joshua L. LaVigue, Citizen
          Jim Mogensen, Citizen
          Ethel Potts, Citizen
          Dennis Webster, The Earle Restaurant

2. **AUDIENCE PARTICIPATION**

Marsha Chamberlin, Ann Arbor Art Center, asked the DDA for support for a two-year Art Center project to be undertaken in conjunction with the Main Street Area Association. The project will install banners, which are original works of art, on a rotating basis throughout the Main Street area. Artwork will be created by at-risk teenagers, and the program is intended both as arts education opportunity, as well as a job-training program. The DDA was asked to provide $5,000 to purchase banner brackets, which would be available for use by other groups as well. Ms. Greff said the request would be sent to the Partnerships Committee for their recommendation.

Mr. Boren, Mr. Hieftje and Mr. Solo enter.

3. **APPROVAL OF MINUTES**

As there was a quorum present, Ms. Greff asked for approval of the minutes. Ms. Gunn moved and Mayor Hieftje seconded approving the minutes of the March 3, 2004 meeting.

A vote on the motion showed:

**AYES:** Beal, Boren, Dankert, Fritz, Greff, Gunn, Hieftje, Solo

**NAYS:** None
4. **AUDIENCE PARTICIPATION** (Continued)

Mr. Mark Berg, representing the Kingsley Lane project, said that he had come to speak on behalf of himself and his partner, Peter Allen who could not be here. He thanked the Partnerships Committee for its recommended grant for this project, and asked that the group consider a larger grant than suggested by what he perceived as the unrealistic estimated taxable value provided by the City Assessor. This larger grant would lessen the financial risk associated with this project.

Mr. Aldrich enters.

5. **CITIZENS ADVISORY COUNCIL**

The CAC for the DDA strongly encourages the DDA approval of the resolution to provide financial assistance to Kingsley Lane Townhouses and Lofts.

This well-thought-out and innovative Kingsley Lane project incorporates—on a currently underutilized piece of land—many DDA goals for downtown development. The Planning Department did such a great job outlining the many public benefits that this excellent mixed-use, residential, office and possible retail in-fill project provides that the project achieved a rare approval on first reading by both the Planning Commission and the City Council—the latter unanimously.

Along with office space, up to thirty units of housing at a range of prices—20% of them affordable—are designed in a manner that fully complies with the many land-use goals of the Downtown and Central Area Plans. The wonderful design is pedestrian oriented, with outdoor space, alley and sidewalk improvements, below-grade structured parking on the site, and it is sensitive to the context of nearby residential and office neighbors. Preservation of an existing brick historic building is an important part of the package.

We believe the DDA has a community responsibility to support this development. It assists the Downtown Residential Task Force in its goal of increasing density in the city—and particularly downtown. Kingsley Lane brings together all the things we want in the downtown. This project will turn an alley, a surface parking lot and underutilized land into a major development contribution to downtown vitality. And it will give a signal to the skeptics that we are serious about adding greater density, mixed-use, mixed income-housing units to our downtown. People who consider living at Kingsley Lane will not only have a choice of housing opportunities but will also have the ability to choose walking as an alternative to driving.

On that transportation note I want to briefly mention the CAC's concern that many of the recommendations of the State Street Area Bicycle and Pedestrian Plan—that the DDA organized and paid Norm Cox over $20,000 to undertake—have not been implemented. We are particularly concerned about those signs that provide for walking bikes on sidewalks and making the streets safer for cyclists. I was told these recommendations are sitting on Les Sipowski's desk in the Transportation Dept. We hope the DDA will do everything possible to move these along so they are in place long before the City Task Force completes its work on a city wide alternative transportation program.

A final item: For the last year CAC members have been working on the preparation of a Downtown Residents Handbook to be distributed to all present and potential residents of the downtown. The text and design are almost complete. We are making plans for printing and distribution. We will be coming
to the DDA to seek support at some time in the near future. This is a part of our commitment to encouraging downtown living as a residential choice—an important part of the DDA 2003-2033 Plan.

Mr. DeVarti enters.

6. **NEW BUSINESS**

None.

7. **OLD BUSINESS**

None.

8. **SUBCOMMITTEE REPORTS**

**OPERATIONS COMMITTEE**

Mr. Dankert called attention to the new format of the financial statements. Mr. Morehouse provided an explanation of the new format.

Mr. Dankert reported on the February 2004 financial statements, saying that the TIF income statement showed very little activity; most activity was in Parking. The Parking income statement showed that monthly revenue was under budget by 5% but YTD it was ahead by about 2.5%. Income from Maynard, Fourth/Washington, Fourth/William, Fifth/Huron, and First/William was above budget, but the Library lot, Forest, Kline lot, and First/Huron were off considerably during February. Meter revenue was under budget by 11%, and some of that is due to meters removed in the 1300 block of E. Ann Street for the new UM Cardiovascular Center. Meter bags are 40% under budget. Parking expenses were 3.4% over budget for the month and 2% over budget YTD. A lot of that is due to professional services, planning, engineering, and consulting. Comparing this month with this month last year, revenues were off 2% or $18,000 but the number of patrons is up by 6%. Mr. Dankert moved the financial report be accepted and Ms. Gunn seconded the motion.

A vote on the motion showed:

**AYES:** Aldrich, Beal, Boren, Dankert, DeVarti, Fritz, Greff, Gunn, Hieftje, Solo

**NAYS:** None

**Absent:** Gillett, Sipes

The motion carried.

Mr. Dankert reported that two months ago the Board passed a resolution awarding a bonus to Republic Parking based on their performance on the last fiscal year. An amendment was made to that resolution to encourage the parking operator to explore ways of allowing the employees to share to some degree in that bonus. Subsequent to that meeting, the Operations Committee discussed this within committee and with Republic Parking, and decided to bring it back to the DDA in its original form due to concerns about separating the DDA from the daily operations of Republic and its employees. Republic has indicated a willingness to explore ways to reward their employees within the contract it has with its employee union. Mr. Dankert moved and Mr. Solo seconded the motion to accept the original resolution before amendment, as follows:

**RESOLUTION TO AMEND THE FEBRUARY 2004 DDA RESOLUTION AUTHORIZING A 2003 YEAR-END BONUS 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 bonus/management 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, Calendar year 2003 customer surveys indicated that satisfaction is higher in 2003 than in the previous year, and the DDA Parking Facility Inspector rated maintenance efforts at 92.76% for the year out of a possible 100;

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

Whereas, During the year Republic's on and off street managers changed roles, and this switch gave the management team cross training in their job duties and the ability to handle emergency situations when they arise;

Whereas, In 2002 the DDA voted to approve a $80,000 bonus to Republic Parking;

Whereas, The DDA's Operations Committee recommended a $110,000 bonus to Republic Parking for 2003, which is 2.2% of the total revenue collected by Republic on the DDA's behalf;

Whereas, In February 2004 the DDA voted to authorize payment of $110,000 to Republic Parking Systems as a bonus;

Whereas, As part of this resolution the DDA resolved to add an additional resolved clause that reads as follows:

RESOLVED, The DDA Board encourages Republic to consider distributing a percentage of this bonus to its employees who provide service to the Ann Arbor community, and asks that Republic come back with a recommended policy for distributing a percentage of future bonuses to its employees.

Whereas, The DDA Operations Committee discussed the goals as set forward by the Board as well as the potential negative impact of the amendment as proposed, and upon much consideration, has recommended that the amendment be stricken and the original resolution reconsidered;

RESOLVED, The DDA authorizes a 2003 bonus of $110,000 to Republic Parking per the Republic/DDA contract; and

RESOLVED, The DDA authorizes the DDA Operations Committee to work with Republic Parking to determine the best means to provide incentives and compensation to Republic employees providing service to the Ann Arbor community.

A vote on the motion showed:
AYES: Aldrich, Beal, Boren, Dankert, DeVarti, Fritz, Greff, Gunn, Solo
NAYS: Hieftje
Absent: Gillett, Sipes

The motion carried.

Mr. Dankert reported that the Ann Arbor Commission on Disability Issues has made a request to the DDA to install TDD/TTY equipment within downtown parking facilities. Ms. Pollay explained that the
Commission Chair met with herself and a representative of Ameritech recently, as they are looking to put TDD/TTY equipment in the downtown to make public phones more accessible to members of the deaf community. They brought a resolution to the DDA, which is under discussion by the Operations Committee. Unfortunately the equipment they seek is not designed for outside application, however, the committee will continue to discuss this, and report back at a later date.

Mr. Dankert reported that Mr. Iraola would be relocating his office, currently in the Maynard parking structure, to down the hall from the DDA office on Detroit Street.

Mr. Dankert announced that a spring maintenance walk through was conducted throughout all parking facilities, and a report on the results will be brought to the Board at the next meeting.

**PARTNERSHIPS COMMITTEE**

**YMCA Action Plan Recommendations.** Mr. Solo thanked Committee members for their hard work, as they were able to get this project done on time and under budget. The action plan was approved by Council. The next step is to frame an RFP for the affordable housing piece, even as planning for the remaining portion of the property continues. A significant question still to be answered is whether this property should be provided to AATA to expand the Blake Transit Center. Mr. Hieftje said that he believed this question should be included within a larger regional discussion about transportation, and should involve input from groups such as the Washtenaw Metro Alliance and the County.

**Kingsley Lane.** Mr. Solo reported that the Committee had spent a great deal of time discussing this project, and at their last meeting they resolved to recommend support. He made a motion seconded by Mr. DeVarti, on the following resolution:

**RESOLUTION OF SUPPORT FOR KINGLEY LANE**

Whereas, On December 21, 1999 the DDA approved guidelines to enable its Partnerships Committee to consider ways that the Authority could work with private developers to encourage new development in the downtown area, particularly those that would further specific City and DDA goals;

Whereas, These guidelines were extended by the DDA until December 31, 2004;

Whereas, On December 15, 2003 the DDA received a request from the developers of Kingsley Lane, a development to be constructed at the corner of Kingsley and N. Ashley Streets, for funding assistance in the amount of $350,000;

Whereas, The DDA Partnerships Committee met with Kingsley Lane representatives to learn more about the project, and then discussed the project at several subsequent Committee meetings;

Whereas, DDA Partnerships Guidelines require that the DDA should only provide assistance to a development if the development is consistent with the Downtown Plan and furthers identified DDA goals;

Whereas The DDA Partnerships Committee determined that the project will provide for a number of important Downtown Plan and DDA goals, including

- Historic preservation
- Construction of 26 residential units, including a mix of affordable and market rate units
- Pedestrian improvements, including alley and sidewalk enhancements, as well as an attractive, pedestrian-friendly design
- Parking for the project is completely on site
Most parking spaces are situated below grade

Whereas, The City Assessor has determined that the estimated captured taxable value will be $3,796,100 and the anticipated annual TIF would therefore be approximately $107,307;

Whereas, The DDA Partnerships Guidelines require that if DDA support is authorized, that payments to the developer should be timed so that the development is never in a "negative TIF" situation;

Whereas, The DDA Partnerships Committee has recommended that the DDA provide assistance to the project in the amount of 20% of the estimated TIF generated by Kingsley Lane over ten years, or $214,614, which is an amount permissible under the DDA Partnerships Guidelines;

RESOLVED, The DDA will provide $214,614 in support of the development of Kingsley Lane, contingent that payments to the developer should be timed so that the development is never in a "negative TIF" situation; and

RESOLVED, The DDA Partnerships Committee Chair and Executive Director are authorized to work with the DDA Attorney to formulate an agreement between the DDA and Kingsley Lane, and then bring back the agreement to the Partnerships Committee for approval.

Ms. Gunn asked if the resolution should be tabled to enable the Committee to consider Mr. Berg’s earlier statement that the estimated TIF is incorrect. Mr. Solo said that the DDA grant to Ashley Mews several years ago was based on an estimate provided by the City Assessor, as it is in this case. Mr. Beal said that he would not vote on the pending resolution, nor would he participate in the discussion given his participation in the project. Ms. Gunn said that she wasn’t comfortable voting on something in which the amount would be left open. Mr. Aldrich said that so long as the DDA was never in a negative TIF situation, and it was providing only a small fraction of the actual TIF, that the 20% amount could be a floating figure. Ms. Greff said that the developer request for a floating number would require that the question be returned to Committee for deliberation. Mr. Solo agreed, saying that this would also provide the Committee with an opportunity to review its Partnerships Guidelines criteria. Ms. Gunn made a motion to table, and Ms. Greff seconded the tabling.

A vote on the motion to table showed:
AYES: Boren, Dankert, DeVarti, Fritz, Greff, Gunn, Hieftje, Solo
NAYS: Aldrich
Absent: Beal
Absent: Gillett, Sipes
The motion to Table carried.

Arts Alliance Request. Mr. Solo reported they are waiting for more information from the Chamber.

Holiday Light Request. Mr. Solo reported that the request will be discussed at the next meeting.

First & Washington. Mr. Solo said that the Committee hopes to restart its redevelopment planning for this site, although there is some hesitation until it is clear that the new deck at First & William will go forward.

CAPITAL IMPROVEMENTS COMMITTEE
Mr. Beal moved and Mr. Aldrich seconded the following resolution:
RESOLUTION TO SUPPORT THE 2004 DOWNTOWN SPRING CLEANUP ($5,000)

Whereas, The Downtown Spring Cleanup annually draws 100-250 volunteers, including children and their parents to downtown Ann Arbor to plant flowers, paint over graffiti, and sweep sidewalks;

Whereas, The City of Ann Arbor, downtown associations, and other sponsoring organizations provide a number of contributions to this event;

Whereas, The DDA has contributed annually to this event for several years, including $2,750 in 2003;

Whereas, The DDA has been asked to increase its contribution to support new elements such as fire hydrant painting by school children, as well as to supplement City costs for flowers and other materials;

Whereas, It has been estimated that the full cost for Downtown Spring Cleanup may be approximately $7,500, including materials (flowers, t-shirts, etc.) and overtime labor costs;

RESOLVED, The DDA will contribute up to $5,000 toward the 2004 Downtown Spring Cleanup.

Mr. Beal said that this would increase funds from last year, to support plantings as well as painting. Ms. Pollay said the Spring Cleanup is scheduled for Saturday, May 15th, from 9-11:30am.

A vote on the motion showed:
AYES: Aldrich, Beal, Boren, Dankert, DeVarti, Fritz, Greff, Gunn, Hieftje, Solo
NAYS: None
Absent: Gillett, Sipes

The motion carried.

First and William Structure. Mr. Beal reported that design team has developed several possible schemes in response to community input. Of these, the two preferred ideas are 16G and 16B; both would involve purchasing additional land and both would push the deck to the northeast, away from the railroad tracks. These schemes were discussed by members of the Board. Mr. Beal said that the next project steering committee meeting will be Friday, April 16 at 9:00 a.m.

Huron/Fifth/Division Study. Mr. Beal reported there was a presentation on March 31 at the Library and there were very positive comments. Recommendations include keeping Fifth and Division as one-way streets, with two lanes of traffic, a bike lane and a lane of parking. Ideas for Huron include a recommendation for weekend and evening parking, and a variety of pedestrian-oriented design elements. The design team is incorporating feedback, and will incorporate them into their presentation on May 6th, before finalizing ideas into a workbook in June.

First and Washington. Inspections and repairs continue monthly.

State Street Area Projects. Mr. Beal reported that Phase III work would start in early May.

Forest Structure Pedestrian Access. Mr. Beal reported that work would start in early May.

Bike Lockers. Mr. Beal reported that the lockers have been installed and graphics will be added in the coming weeks. He welcomed feedback on whether people think they are situated in the right places.

RESEARCH AND OPPORTUNITY COMMITTEE
Mr. Aldrich reported the Committee met with representatives of the group that have petitioned for zoning changes in the South University area, including the South University Area Association and
architect Brad Moore. Planning staff were also in attendance. Proposed changes would increase FAR from 200% to 600% (660% with premiums) and an expansion of the parking-exempt area outside the DDA District. It is hoped that this would encourage increased residential development in the area. There are still questions about how to encourage demographic diversity with this new development, as well as what the potential will be for increased demand at the Forest parking structure. Planning staff representatives explained the various ways the rezoning could be configured, and said that a Planning Commission work session will be scheduled in May to consider the request.

Mr. Aldrich announced that the annual retreat needs to be scheduled, and asked DDA members to convey information on their availability to DDA staff as soon as possible.

9. OTHER BUSINESS

Downtown Residential Taskforce. Mr. Beal reported that the Taskforce has been actively pursuing its charge to determine residential development barriers, and on how to eliminate them. The Taskforce has posited a potential goal of 1,000 additional units in this decade and an additional 1,500 units in the next decade, and has begun to develop draft recommendations in three broad areas of culture/policy, economic, and zoning issues. A public meeting will be held on Tuesday, April 27 at 7:00 p.m. in the City Hall Council Chambers to elicit feedback on these draft ideas.

Mayor Hieftje announced that there are some openings on the Ann Arbor Commission on Disabilities, and welcomed applications.

Mayor Hieftje announced that he has a copy of the book titled, “Cities Ranked and Rated” and Ann Arbor is ranked 6th in the nation. We scored high for low crime and certainly high for quality of life and for cost of living. Part of this high quality of life is attributed to the attractiveness of the downtown.

10. AUDIENCE PARTICIPATION

Mr. Mogensen said that the City has a Community Development Department and one of the sources of money for that department is Housing and Urban Development. The City is currently looking at its conflict of interest regulations as it relates to HUD and it’s mind boggling when you start to look at the regulations. One thing that came to mind was that the YMCA site may have some money that could come from them. People need to realize the entire process.

11. ADJOURNMENT

There being no further business, the meeting was adjourned at 1:03p.m.

Respectfully submitted,
Susan Pollay, Executive Director