MINUTES
Downtown Development Authority
Thursday, April 9, 1998

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

Time: The Chair, Maria Harshe, called the meeting to order at 5:07 p.m.

1. Roll Call

Present: Neal Berlin, Dave DeVarti, David Fritz, Bob Gates, Leah Gunn, Maria Harshe, Ed Shaffran

Absent: Bob Gillett, Karl Pohrt, Deanna Relyea, Lorri Sipes, Skip Ungrodt

Staff Present: Susan Pollay, Executive Director

Audience: Tom Bartlett, Citizen’s Advisory Council and Courthouse Square Art Project
Phil Bowen, Borders Inc.
Mary Craig, UM Arts Coordinator and Courthouse Square Art Project
Ray Detter, Citizen's Advisory Council
Bob Frazier, National Garages
Bob Henderson, Citizen's Advisory Council
Charles Hueston, Borders Inc.
Donna Johnson, Planning Department
Mark Nielson, UM Museum of Art and Courthouse Square Art Project
Cathy O’Donnell, Ann Arbor News
Margaret Parker, Courthouse Square Art Project
Matthew Ralph, Grantwriter and Courthouse Square Art Project

2. Approval of Minutes

Ms. Gunn made a motion, and Mr. Shaffran seconded, that the minutes of the March 12, 1998 meeting be approved.

A vote on the motion showed:

AYES: Berlin, DeVarti, Fritz, Gates, Gunn, Relyea, Shaffran
NAYS: None
Absent: Gillett, Pohrt, Sipes, Ungrodt
Abstain: Harshe

The motion carried.
3. Report by DDA Citizen's Advisory Council

Members of the Citizens Advisory Council were all pleased at the City Council's unanimous approval of the Fourth and Washington parking structure last Monday night. We believe this structure has been carefully designed to complement the architectural, pedestrian and residential framework of downtown Ann Arbor while meeting the area's immediate parking needs. We look forward to its completion as soon as possible. At our Citizens Council meeting last night one of our members, Tom Bartlett, presented plans for the "Courthouse Square Art Project" which we believe also has the potential to stimulate the economic vitality, pedestrian environment and residential desirability of Fourth, Huron and Washington and the entire downtown area. This concept of a major non-profit exhibition space joined with a possible DDA Design Center and the future offices of the newly formed Ann Arbor Art's Commission already has the support of the University community and will be a major benefit to Courthouse Square. We hope that the DDA will commit itself tonight to opening discussions that will lead to DDA participation in this important public/private, University addition to the excitement of downtown Ann Arbor.

Several members of the Citizens Advisory Council were present at the City Council meeting last Monday night and we spoke in favor of increasing the on-street metered parking rates and parking meter fines in the downtown area. We believe these rates and fine increases are necessary, logical and consistent with our community's long-range efforts to meet downtown parking needs and to assure a fiscally independent, administratively effective parking system. We stressed our belief that all the increased revenues should be used to (1) render the Parking System economically self sufficient or (2) committed directly to projects and activities that improve the downtown area. Rates and fines were raised at a somewhat less top rate than requested. No firm decision was made on the allocation of the revenues from these increased rates and fines. However, the Public Services Department, in its Resolution to Increase Parking Meter Rates, provided that the following narrative about parking meter revenues will appear in the recommended message:

"The increased parking meter revenue ($434,000 est.) is allocated for programs which support the central business district. This includes $34,000 for the installation and maintenance of emergency telephones or radios in the area; an allocation of $100,000 for maintenance and reconstruction of improvements constructed by the DDA; $100,000 for a housing reserve to stimulate and assist moderate cost housing in the area; $100,000 for the waiving of city fees charged to the DDA by the City for meter bagging, street closing and other charges; and $100,000 for alternative transportation programs to include but not limited to free bus passes for employees (other than University employees) working in the area and a circulator bus system."

The statement then goes on to say that "The maintenance and repair of central area improvements should be a joint effort of the City and the DDA" and asks that the DDA match the City's commitment of these funds in the areas of maintenance and housing and that the AATA match the funds allocated to transportation.

The exact way in which all these funds would be administered is not spelled out in this document and, of course, all of this is so far only a budget recommendation. The Citizens Advisory Council plans to follow this recommendation through the budget process to make sure that it becomes a part of the final budget allocations. But it is up to the DDA to begin discussions immediately to plan
ways in which this can happen. We hope you will take the leadership in doing so and make sure that this opportunity is not lost.

The Citizens Council also asked me to advise you of our support for plans by a local developer to erect a mid-rise commercial and residential building on the corner of N. Ashley and W. Huron. We understand that negotiations are in process between First Martin Corporation and the Ann Arbor Historic Commission in relation to the preservation of the unique Art Modern style bus station located on a portion of this site. We strongly support the preservation of that historically designated landmark structure—the only one of its kind in this area of our State. We also wish to point out that this location has, for over a hundred years, been the site of not only our bus terminal, but the center of our streetcar and inter-urban transportation systems.

While we support the new development, we do so with the provision that two important considerations be kept in mind:

1. A downtown bus terminal or drop-off center must be retained in the downtown area. Successful downtown’s are the centers for their community’s transportation system. We cannot expect to encourage an increase in the downtown residential population if we require new residents to take a bus to Briarwood in order to get bus transportation to Detroit. If we are committed to encouraging fewer cars in the downtown and recognize that many new residents might not have them (like Courthouse Square Apartments), then we must preserve their access to bus transportation.

2. For over ten years a part of the Historic Preservation goals and objectives statement of the Citizens Advisory Council has been: “Where an older building occupies or is present on the site of a proposed new building, creative ways of incorporating the historic structure (or structures) should be explored. Where the major value of a structure is its street facade, the important elements of that structure’s design should be preserved within the context of any new structure designed to include it. (Example: the Greyhound Bus Terminal).

Finally, the Citizens Council notes in your agenda the possibility of eliminating reduced parking permit group rates. While we agree with this general direction, we hope that consideration will be given to our common commitment to encouraging an increase in downtown residential use. This might mean leaving open the possibility of lower rates for specific residential usages in the downtown—such as Courthouse Square. Rather than the subsidy coming out of our parking to support downtown residential usages.

4. **Audience Participation**

Tom Bartlett introduced himself as a member of the Citizen’s Advisory Council and a member of a taskforce looking to create an exhibit space in the empty ground floor area of Courthouse Square Apartments. Mr. Barlett explained that the group sought to create a place to display the work of practicing artists on the faculty of the University of Michigan as well as UM students and others.
The 6,000 square feet within the Apartment building is uninterrupted, and has a series of windows, which make the space perfectly suited to the display of art. If the DDA were to contribute the funds necessary to finish the space (estimated to be $200,000), the committee could secure a 20-year lease from First Centrum Corporation for $1.00 a year.

Margaret Parker explained that there was not much of interest currently at the corner of S. Fourth Ave. and E. Huron, and the location was an important part of making Fourth Avenue the corridor between the Kerrytown and Main Street areas as envisioned in the Downtown Plan. Installing an exhibit space on the ground floor would help support Courthouse Square, and would provide volunteer activities for its residents. The DDA would be encouraged to place its Design Center in an adjacent empty area and the Courthouse Square Art Project would encourage the UM to become more integrated into the community. The exhibit space could also house the office of the newly-formed Ann Arbor Arts Commission.

Mr. DeVarti asked what financial commitment the UM had made to the project, to which Mr. Bartlett responded that the UM had not provided money, but rather several letters of support. It had not been intended to ask the UM for funds. Mr. DeVarti indicated his general support for the proposal, but was interested in an assessment of what the UM might provide. Mr. Berlin indicated that the landlord was also talking to the Police Department about the space, with the possibility of housing the Detective Bureau. He stated his concern about the DDA contributing funds if the UM were not matching this contribution. Ms. Parker asked if each should be asked to contribute $200,000, to which Mr. Berlin responded that it would depend on what the long-term operating costs might be in addition to construction. Matthew Ralph reported that he had recently moved to Ann Arbor, and that he understood that there were a number of opportunities for State and foundation grants for a project like this; in particular the Michigan Council for the Arts and Cultural Affairs had funds that could be leveraged to match a DDA grant. Mary Craig reported that she worked for Paul Boylan, UM Vice Provost for the Arts, and he sought to engage undergraduates in projects within the UM and community, and this project would work well to channel student talents.

Ms. Harshe said that the DDA Steering Committee would review this proposal and discuss what priority it might be given, particularly in terms of all the other projects the DDA had taken on. She would also ask Lorri Sipes to consider a discussion of this project at a meeting of the DDA Design Center Committee. The Courthouse Square Art Project group was thanked for their time and presentation.

5. New Business

None.

6. Subcommittee Reports

Finance Committee’s Report
Mr. Gates reported that the February financial statements appeared to be in good order, although a correction had been made to adjust for the large amount incorrectly shown for parking validation.
An accounting error had been made due to the merger between Allright Parking and National Garages, and the appropriate adjustment had since been made. The March financial statements had not been received because National Garages had not provided its report and check in time to the City Finance Department. Mr. Gates indicated that revenues were up in the Kline lot against 1997 figures, largely due to the recent arrival of The Ark on Main Street. Mr. Shaffran asked if the number of permits and tickets had remained steady despite the monthly permit and hourly rate increases, to which Mr. Gates indicated yes. Ms. Harshe added that this steady demand, despite parking rate increases, had been confirmed by the UM School of Public Policy study.

Parking Operations Committee Report
Ms. Gunn reported that the Committee had met twice since the last DDA meeting, and had framed several resolutions.

Upon motion by Ms. Gunn, with support from Mr. Shaffran, the following resolution was put forward:

RESOLUTION TO INCREASE MONTHLY PERMIT PARKING

Whereas, Recent engineering studies indicate that many parking structures currently under Downtown Development Authority management will require significant repairs over the next several years to remain operational; and

Whereas, Parking revenues will be the significant source of funding for said repairs, in addition to operations and maintenance;

RESOLVED, That monthly permit fees shall be increased ten dollars ($10.00) a month on all permits not exempted by contract and shall take effect immediately upon proper notice to the community.

RESOLVED, That all group discounts for monthly permits not exempted by contract shall be abolished immediately upon proper notice to the community.

Ms. Gunn said that the DDA’s original financial projection for 1998/99 had shown a $5/month increase over 1997/98, however the Committee was concerned because the bids for First/Washington and Fourth/Washington had been coming in over initial estimates. No doubt other projects would also come in over budget. Ms. Relyea added that the Committee had agreed that the DDA should support the increase now and capture the moment when there was a great deal of attention on the parking repair program. Mr. DeVarti expressed support, saying that he felt it important to get away from a subsidy of the parking system. He said that people have said they are willing to pay for parking if the DDA will just build it, and that $80/month is still a rate that requires a public subsidy to make it work. Mr. Shaffran asked if a $10/month increase was sufficient - should the DDA consider raising the amount to $85/month or $90/month? He explained that the comments from the public had been that the parking system should pay for itself, and currently the average cost to provide parking in the structures was $87/month. This was before any new debt had been incurred for Fourth/Washington or Forest. Mr. Gates indicated that a $5/month increase would be sufficient.
to meet the needs set forward in the repair plan. He expressed concern about raising the monthly rate $10/month, as this additional cost would make the related cost for office space that much less-affordable compared to locations outside the downtown where parking was provided free.

A vote on the motion showed:

AYES: Berlin, DeVarti, Fritz, Gunn, Harshe, Relyea, Shaffran
NAYS: Gates
Absent: Gillett, Pohrt, Sipes, Ungrodt

The motion carried.

Upon motion by Ms. Gunn, with support from Mr. Shaffran, the following resolution was put forward:

**DDA RESOLUTION TO ASSESS PARKING CHARGES ON SUNDAYS**

**Whereas,** Recent engineering studies indicate that many parking structures currently under Downtown Development Authority (DDA) management will require significant repairs over the next several years to remain operational;

**Whereas,** Parking revenues will be the significant source of funding for said repairs, in addition to operations and maintenance; and

**Whereas,** A recent parking study conducted by the University of Michigan School of Public Policy demonstrated that parking demand on Sundays was comparable to parking demand on Saturdays in many DDA facilities;

**RESOLVED,** That the DDA shall begin to assess parking charges on Sundays (after 8:00 a.m.) at the maximum rate of $1.00 (one dollar) per entry, immediately upon proper notice to the community.

**RESOLVED,** That the DDA shall allow National Garages to determine whether a dollar entry machine shall be utilized in the collection of these fees, or whether facilities shall be staffed.

Ms. Gunn reported that if approved, the $1.00 entry fee could be collected by an attendant or by a machine, depending on the site. The question was asked if the Committee had thought to begin collecting fees after 1:00 p.m. to which Ms. Gunn reported that the Committee had resolved to charge for parking as it did every other day of the week, to avoid a perceived conflict of Church and State. Ms. Harshe expressed concern that this policy needed to be coordinated with the City, as the City opened traffic lanes for church parking on Sundays, and this might direct a greater number of cars to park on the streets. Mr. Berlin asked at what time would National Garages begin charging the $1.00 entry, to which it was clarified that it would begin at 8:00 a.m. on Sunday, and a friendly amendment was accepted to indicate the 8:00 a.m. start.

A vote on the motion showed:
AYES: Berlin, DeVarti, Fritz, Gates, Gunn, Harshe, Relyea, Shaffran
NAYS: None
Absent: Gillett, Pohrt, Sipes, Ungrodt

The motion carried.

Ms. Pollay was directed to communicate the proposals to increase monthly parking permit rates and to begin charging a $1.00 entry fee on Sundays to City Council per the agreement between the City and DDA.

Ms. Gunn made a motion, supported by Mr. DeVarti, to put forward the following motion:

RESOLUTION REGARDING REQUEST TO EXTEND AGREEMENT FOR MONTHLY PERMITS WITH BORDERS, INC.

Whereas, In 1995 Borders, Inc. and the Downtown Development Authority (DDA) framed an Agreement whereby Borders, Inc. would be provided 399 monthly permits (50 permits in Liberty Square and 349 permits in Fourth & William structures) for a period ending April 30, 1998;

Whereas, Borders, Inc. did not provide sufficient notice to the DDA to extend the terms of this Agreement;

Whereas, Borders, Inc. has notified the DDA of its interest in subletting its corporate offices in the Liberty Square and old Jacobson's buildings, and of its need to provide monthly parking as an incentive to sublet this space;

Whereas, The DDA is sympathetic to the needs of Borders Inc. to sublet its offices, and understands the benefit to the surrounding merchant area in replacing the hundreds of employees being moved to new offices on Phoenix Drive; and

Whereas, The DDA wishes to reserve the right to control use of these permits, and will make final judgement on dispersal until after Borders Inc. is able to provide definitive information on its sublet tenants;

RESOLVED, The DDA resolves not to extend the Agreement with Borders.

RESOLVED, The DDA will offer Borders Inc. use of the 399 permits on a month-to-month basis at the standard monthly rate until employees are shifted to their new quarters later this summer;

RESOLVED, These permits may be withdrawn by the DDA at any time, for such purposes as parking structure maintenance and repairs.

Borders Inc. representative Charlie Hueston and Borders' attorney Phil Bowen introduced themselves. Mr. Hueston admitted that Borders had failed to exercise their option to extend the terms of their parking agreement with the DDA. He expressed gratitude that Borders' employees would be given the opportunity to use their 399 permits while they remained downtown, at this time
estimated to be until October 1998. They hoped to be able to extend the use of these monthly permits to subtenants after Borders left downtown, and without the assurances of parking they would face difficulty leasing to large tenants. This would be bad for Borders, but also bad for the nearby merchants who had come to depend on these employees as customers. He also requested the opportunity to keep the large “Borders parking” sign over the entrance to the Maynard structure. He reminded the DDA that Borders Inc. was not leaving downtown voluntarily, but success had forced them to expand their workforce and there was no longer sufficient space for all their employees. Some of their potential subtenants included divisions of the University of Michigan, as well as a design firm, a bank, and a subsidiary of Detroit Edison. He said that their attorneys were of the opinion that since the DDA had not historically taken away monthly parking permits, the DDA had an obligation to allow Borders to use the 399 permits as it saw fit.

Ms. Gunn reported that although it was not a common occurrence, the DDA did exercise its option to withdraw permits, for reasons including non-payment and parking structure repairs. Mr. DeVarti stated his consideration of Borders’ needs, however he had significant concern about providing parking permits to the UM. Mr. Berlin said he generally agreed with Mr. DeVarti. He wanted to help Borders’ ability to negotiate, however he agreed that the DDA should not be providing parking for the UM. Mr. Bowen said that they wanted to be sure Borders was treated like everyone else. Mr. DeVarti expressed his support of Borders negotiating with the design firm or the bank, but he would not support extending parking to the UM. Mr. Shaffran said that the letter sent by Borders threatened legal action should the DDA not comply with its wishes. He reminded them that Borders could have exercised its option to renew, but it had allowed its option to lapse. Extension deadlines are a standard and enforceable feature in legal agreements. Mr. Shaffran pointed out that there were several hundred people on the DDA monthly permit waiting list. In this climate where demand far exceeded supply he suggested that Borders should pay a premium to retain the 399 permits. He would also require that the DDA retain the ability to refuse to provide parking to the UM. Mr. Gates said he agreed that a premium should be included if Borders were to retain use of the permits.

Ms. Gunn moved, and Mr. Berlin seconded, that the motion be tabled for further discussion by the Parking Operations Committee at its next meeting on April 20th. A vote to table showed:

**AYES:** Berlin, DeVarti, Fritz, Gates, Gunn, Harshe, Relyea, Shaffran

**NAYS:** None

Absent: Gillett, Pohrt, Sipes, Ungrodt

The motion carried.

Mr. Hueston and Mr. Bowen were invited to participate in this Committee meeting, as well. Pollay was asked to set up a closed door session with Committee members and DDA Attorney Jerry Lax prior to this discussion.

**Parking Construction Committee**

Mr. Shaffran reported that bids for repairs to First and Washington had been received and had
exceeded the budget set forward for the project. Upon motion by Mr. Shaffran, with support from Ms. Gunn, the following resolution was put forward:

**RESOLUTION TO REJECT BIDS FOR REPAIR OF FIRST & WASHINGTON PARKING STRUCTURE**

*Whereas,* The Downtown Development Authority and City Council resolved in August 1997 to approve a multi-year parking repair plan;

*Whereas,* Full slab concrete repairs in the First and Washington parking structure were included as part of this plan;

*Whereas,* Seven bids for said repairs were received March 20, 1998; and

*Whereas,* Complete bid tabulations were produced, and the bid submitted by the lowest bidder in the sum of $1.64 million would put the total project costs well beyond the repair budget agreed to by the DDA;

**RESOLVED,** That the DDA resolves to recommend to the City the rejection of all bids received on March 20, 1998 for the repair of the First & Washington parking structure.

**RESOLVED,** That the DDA will request Carl Walker Inc., to develop alternate and more affordable options for the First & Washington parking structure for bidding at a later time.

Mr. Shaffran suggested that if the bids were rejected the DDA could spend $150,000 to $200,000 to shore the structure and engage an engineering firm to monitor the structure on a semi-annual basis. This would allow the DDA to continue its discussion to determine if First and Washington was the best site for the new Main Street area parking structure.

**A vote on the motion showed:**

AYES: Berlin, DeVarti, Fritz, Gates, Gunn, Harshe, Relyea, Shaffran

NAYS: None

Absent: Gillett, Pohrt, Sipes, Ungrodt

The motion carried.

Mr. Shaffran reported that electrical repairs were underway in Maynard and other electrical work was being planned. The demolition of Fourth and Washington would be completed in about a week.

Ms. Relyea leaves.

Mr. Shaffran said that he and Ms. Pollay had met with the owner of the property closest to the Forest Avenue parking structure. They had expressed concern about damage to the house during demolition and asked if a sales agreement could be reached between the DDA and the owner, which the owner agreed to consider. The owner had been directed to locate a State-certified appraiser of
his choosing to determine the property's value. Mr. Shaffran said that if this property and the one adjacent to it were acquired, the footprint to the new structure could be expanded which would provide for additional parking spaces. There was a possibility that the property owners might agree to sell, but there was also the possibility that the City might have to go forward with condemnation action. Mr. Berlin said that he felt there was no sense in taking one property for safety reasons without taking the second to allow the expansion to take place. Mr. DeVarti and Ms. Gunn shared their agreement. Mr. Shaffran and Ms. Pollay were directed to meet with the owner of the second property to determine if a sales agreement could be reached. If Mr. Shaffran and Ms. Pollay were unsuccessful in their efforts, they were directed to begin eminent domain action.

Spaces Between Buildings Committee Report
Mr. Fritz reported on tree planting in the downtown by the City Forestry Department. Ms. Pollay reported that Ms. Relyea and Ms. Gunn would report back to the DDA at its May meeting on a recommendation to modify the program providing grants to the downtown merchant associations. Ms. Pollay stated that the second annual Spring Maintenance Walkthrough had indicated an opportunity for matching the DDA maintenance fund with funds from the City for such projects as repairing loose bricks on E. Liberty. She asked that the Steering Committee consider adding street scape improvements along Ann Street, between Main Street and Fifth Avenue, as part of its 1998/99 program because communication had been uncovered about an earlier commitment to do this work. Ms. Gunn supported this project, and encouraged Ms. Pollay to contact Tom Freeman to see if the DDA and Washtenaw County could work together.

Executive Director's Report
Ms. Pollay reported on the status of the City's efforts to raise hourly meter rates and parking fines, as well as on the status of efforts to acquire a second staff member. She reminded the DDA that the KKK were scheduled to come back to Ann Arbor on Saturday, May 9th, and that the new surface parking lot at Fifth and Huron was across the street from where the Klan had rallied in 1996. Ms. Pollay was asked to contact Jerry Lax to discuss safety precautions at the surface lot.

7. Other DDA Business Matters
None.

8. Adjournment
There being no other business, upon motion by Ms. Harshe, the meeting was adjourned at 7:25 p.m.

Respectfully submitted,
Susan Pollay, Recording Secretary