MINUTES
Downtown Development Authority Meeting
Wednesday, April 10, 2002

Place: Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, MI  48104
Time: Chairperson, Rob Aldrich, called the meeting to order at 12:09 p.m.

1. ROLL CALL

Present: Rob Aldrich, Ron Dankert, David Fritz, Bob Gillett, Rene Greff, Leah Gunn, John Hieftje, Dave Solo, Skip Ungrodt

Absent: Fred Beal, Dave DeVarti, Lorri Sipes

Staff Present: Susan Pollay, Executive Director

Adrian Iraola, Project Manager
Sarah Armstrong

Audience: Joanna Broughton, Performance Network
Brandt Coultas, Ann Arbor Chamber of Commerce
Ray Detter, Citizens Advisory Council
Jason Harris, Mayor’s Office
Woody Holman, Ann Arbor Chamber of Commerce
Donna Johnson, Ann Arbor City Planning Department
Jane Kaufer, Citizens Advisory Council
Herbert Kaufer, Citizens Advisory Council
Brenda Macon, Ann Arbor Chamber of Commerce
Andy McGowan, Partners for Places
Cathy O’Donnell, Ann Arbor News

2. APPROVAL OF MINUTES

Ms. Gunn moved and Mr. Ungrodt seconded a motion to approve the minutes of March 6, 2002:

A VOTE ON THE MOTION SHOWED:

AYES: Aldrich, Dankert, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt

NAYS: None

Absent: Beal, DeVarti, Sipes

The motion carried.

3. AUDIENCE PARTICIPATION

Brenda Macon, Ann Arbor Area Chamber of Commerce Housing Coordinator addressed the board requesting the same amount of funding as last year, which was $10,000. A brief background was given and Ms. Macon spoke of the projects planned for this coming year. A copy of a letter that was sent to Ms. Pollay was given to the board that included a summary report of the Chamber’s Housing Program, as well as an informational sheet on housing data. The request will be forwarded to the Partnership Committee for consideration.

Joanna Broughton thanked the DDA for its support of a grant to Courthouse Square Apartments that helped make possible the Performance Network move into the building.

Andy McGowan said he was part of a group working to revitalize Liberty Plaza. He said that the Parks Dept. trimmed trees and removed the porta potty, which did wonders to help improve conditions. No arrests have been made since last October. This summer they will try several ideas, including a food vendor, chess club activities, music provided by Herb David, and some poetry readings. Pollock Design has design concepts and it has been proposed to hold a public workshop so to involve the community in design selection. They hope that the DDA and Parks Department will work together to fund necessary physical improvements to the Park.

4. CITIZENS ADVISORY COUNCIL

CAC asked me to report on two items:
We were pleased to be invited by Ken Clark of the Bicycle Coordinating Committee and the Washtenaw Bicycling and Walking Coalition to a planned meeting in April or May with the DDA to discuss what the DDA is doing for pedestrians and cyclists. Ken says "The DDA has a great record of making pedestrian improvements and this is a strong argument for reauthorizing the DDA."

Ken has recently drafted a Pedestrian Bill of Rights which seems to be based, in part, on the CAC’s recent statement on "Pedestrian and Non-Motorized Vehicle Traffic in the Downtown." But the one thing missing from their statement is recognition of situations in which there may be a conflict between bicycles and Pedestrians. State and Liberty is one of those locations. We have the agreement of the State Street Area Association that they will support requiring cyclists in that area of Liberty and State to walk their bikes if they use the public sidewalk. We have had too many complaints from pedestrians that they have been hit by cyclists on the sidewalk. We are not asking for a ban throughout downtown, but State and Liberty is a special case. The establishment of two-way traffic next year will make it much safer for cyclists to be in the street if they are only passing through the area.

The second item relates to Andy McGowan’s comments on Liberty Plaza from yesterday’s meeting of the Friends of Liberty Plaza. As I said last month, we strongly support the DDA being involved in physically improving Liberty Plaza. We would like the DDA to join with the Parks and Recreation Dept. in calling a public meeting in the next month to get wide input into the community’s desires for that park. You know that Peter Pollock has come up with some proposals for Liberty Plaza. But broad public involvement is necessary for us to proceed in a carefully staged program for improvement of the park.

We believe the Parks and Recreation Dept. should take the lead and set up a process for public participation. We believe they must also be willing to commit all dollars received for parks as a result of developments in the downtown (Ashley Mews, the Spoon project, Olga’s, etc. The money comes from downtown development and should be devoted to downtown parks.

The DDA has already shown its willingness to be financially involved. The Friends of Liberty Plaza has a major commitment to the park. The CAC wants to play a role in facilitating bringing these groups together as soon as possible to make decisions regarding the future of the park. The CAC has asked me to contact Jerry Clark about our desires. Susan is already in touch with Amy Kuras of the Parks Dept. to set up a meeting. We hope this direction will have the full support of the DDA.

5. **NEW BUSINESS**
None.

6. **OLD BUSINESS**
None.

7. **SUBCOMMITTEE REPORTS**

**PARTNERSHIP COMMITTEE**
Mr. Gillett moved and Ms. Gunn seconded the following resolution:

**RESOLUTION TO EXTEND THE DDA**
**“PRINCIPLES GUIDING PARTNERSHIP DECISIONS” GUIDELINES TO DECEMBER 31, 2004.**

Whereas, On December 21, 1999 the DDA approved interim 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 include parking on-site as part of their projects;

Whereas, These principles were to be considered as guidelines and not as fixed rules requiring DDA action in support of or in opposition to any specific development proposal;
Whereas, These guidelines were to be reviewed or revised no later than July 1, 2001;

Whereas, These guidelines were extended by the DDA until January 31, 2002;

Whereas, The DDA Partnerships Committee has reviewed the Guidelines;

Whereas, The DDA Partnerships Committee is currently developing a façade loan program and has developed a conceptual framework by which premium parking spaces could be provided to assist downtown developments and the Partnerships Guidelines will complement these other efforts;

RESOLVED, The DDA shall adopt the attached “Principles Guiding Partnership Guidelines” as its new guidelines, effective immediately;

BE IT FURTHER RESOLVED, These Guidelines shall remain in effect until amended or repealed by the DDA Board;

BE IT FURTHER RESOLVED, These Guidelines shall be reviewed by the Partnerships Committee or such other committee as the DDA Board may direct on or before December 31, 2004.

**Principles Guiding Partnership Decisions**

The overriding premise is that DDA should only expend public resources to further specific DDA goals-- a "public purpose". Our partnership ventures must be seen as furthering downtown development goals, building the tax base, furthering our parking program, etc. This program must not be seen as an entitlement to developers or as a give away program.

In our discussions to date, this general rule was articulated through several more specific statements.

1. The project must make a significant net financial contribution to the DDA. Specifically, a new development must make a significant ongoing annual contribution to the TIF fund, after any DDA assistance is deducted. The payments to the developer should, in general, be timed so that the development is never in a "negative TIF" situation. If a developer is seeking DDA assistance to build parking, the DDA contribution to that parking must be considerably less than what it would cost the DDA to build that parking.

2. In general, we expect the DDA contribution to be directly related to some specific benefit from the project. "Directly related to" means that the DDA assistance supports the specific benefit and that the amount of assistance is related to the value of the benefit. In considering the impacts and benefits of a project, we need to consider not only the site but also the downtown neighborhood surrounding the site.

3. If a developer seeks DDA assistance to build parking, the DDA assistance should only go to "extra" parking - parking beyond that which the developer would otherwise build into the development. By "otherwise build into" a project, we mean the parking that is required by ordinance (e.g., one space per residential unit) plus the parking that would normally be built as part of a project (e.g., one level of underground parking in the lower level of an office/commercial development).

4. The DDA should only provide assistance to build parking if the parking will meet a DDA-identified parking need. By a "DDA-identified parking need", we mean a parking need in a given area based on a formal or informal DDA parking needs study. We acknowledge the need to update these needs studies periodically (e.g., bi-annually) and, in considering parking needs, to consider the impact of the proposed development and other nearby new or planned developments on the parking needs as reflected in the studies.

5. The DDA should normally provide assistance to build parking only if the parking is "public". At the same time, there is some recognition that the creation of "extra" parking by a developer may lessen the demands on the overall downtown system even if the parking is not public.
6. The DDA should only provide assistance to a development if the development is consistent with the downtown plan and furthers identified DDA goals.

7. In considering how it may assist new developments, the DDA must think of the variety of ways it might provide assistance—e.g., parking partnerships, the housing fund, pedestrian improvements, etc.

8. DDA assistance should be limited to what is necessary to make a project happen and should be targeted to achieving specific DDA goals ("public purpose").

9. The DDA has negotiated parking permit deals with new developments for many years. In general, this practice should continue as a way to support new development. The determination as to whether to support developer-created parking versus to allocate permits within a DDA structure (or to build a new DDA-owned structure in a given area) should be made in light of parking needs studies. (See # 4.)

10. As a working guideline, so that developers will have a better idea of what to expect in terms of DDA support, the committee recommends that the DDA support projects that generally meet downtown planning goals and that either provide "extra" parking; or underground parking; or needed downtown housing; or significant architectural benefit to the downtown, so long as the overall DDA assistance to the developer doesn't exceed 25% of the projected ten year TIF revenue from the project. The degree of DDA support will vary between 0 and 25% of the ten year TIF depending on the public benefits as defined in this policy.

11. Since the purpose of this policy is to foster new development (and new TIF revenue), the committee recommends that the DDA not consider any requests for "retroactive assistance".

A VOTE ON THE MOTION SHOWED:
AYES: Aldrich, Dankert, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Absent: Beal, DeVarti, Sipes
The motion carried.

DDA Historic Façade Loan Program - Status. Mr. Gillett reported that the Committee was considering a new program providing low-interest loan support for historic façade restorations, and was researching possible policy directions, particularly as it might fit with the work of the Historic District Commission. They hope to bring a recommendation to the board at the next meeting.

First & Washington Project-Status. Mr. Gillett reported that the Freed Group responded to the DDA’s offer by proposing some language changes and two new concepts for consideration. The group will meet again this week to continue negotiations and hope to reach an agreement by the May meeting. Mr. Gillett said he was optimistic because with the new designs, the discussion is now solely about economics. Mr. Dankert asked for a schedule, and Mr. Gillett said that assuming an agreement is reached soon, that it will likely take about two and a half years before a new structure would be in operation.

OPERATIONS COMMITTEE
Mr. Dankert reported that there was nothing unusual in the February financial statements and moved to approve them with Ms. Gunn seconding the motion. A question was asked about the estimated impact of the “living wage” increase approved earlier in the year. Ms. Pollay reported that costs are likely to reach initial estimates due to seasonal hiring increases anticipated in the spring and summer.

A VOTE ON THE MOTION SHOWED:
AYES: Aldrich, Dankert, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Absent: Beal, DeVarti, Sipes
The motion carried.
Ms. Gunn reported that discussions are still underway with the City and in the interim we need to extend the existing agreement with the City. Ms. Gunn moved and Mr. Dankert seconded the following resolution:

**RESOLUTION TO APPROVE EXTENSION OF EXISTING PARKING AGREEMENT WITH THE CITY OF ANN ARBOR UNTIL MAY 1, 2002**

**Whereas,** The DDA entered into an agreement with the City on April 9, 1992 to manage ten City-owned parking facilities;

**Whereas,** The lease transferring management of the parking structures and lots to the DDA has a ten-year term expiring April 8, 2002, with the DDA provided the option to renew the lease for three successive additional terms of five years each;

**Whereas,** This lease required the DDA to pay the annual debt service for up to $6,639,000 for a five-year rehabilitation program for the facilities as outlined in a 1990 Walker Parking Inc. report;

**Whereas,** Engineering assessments reported that the structural condition of the parking structures warranted significantly greater DDA investment than provided for in this agreement;

**Whereas,** In 1997 City Council unanimously approved a parking structure repair and replacement program aimed at retaining the availability of existing public parking spaces;

**Whereas,** The cost for this Council-approved repair plan is approximately $50 million;

**Whereas,** The DDA has made clear to the City its interest in taking over management of the City meter parking system in part to utilize parking meter revenues to help defray construction debt service, thus providing for a self-supporting public parking system;

**Whereas,** A proposed agreement renewal was drafted by a City Attorney and presented to City Council March 4, 2002 after several negotiation sessions with City Council and DDA representatives in the months prior;

**Whereas,** At its March 4, 2002 meeting City Council elected to postpone action on this renewal agreement until April 15, 2002, which is after the date the current agreement expires;

**Whereas,** The DDA Operations Committee resolved to recommend extending the current parking agreement only until May 1, 2002 to enable City Council to take action at its April 15, 2002 meeting;

**Resolved,** The DDA agrees to extend the current parking agreement between the DDA and City of Ann Arbor to May 1, 2002.

**Resolved,** the DDA makes clear that it does not intend to renew the existing parking agreement between the DDA and City of Ann Arbor beyond May 1, 2002 under current terms, and that it will consider all available options after that point.

Mr. Beal enters.

Ms. Greff said she and Mr. Aldrich would meet with the Mayor and Council members that afternoon. Some Council members question the DDA’s future plans for its TIF fund balance. Ms. Greff said she had asked all Council members to attend this meeting so as to answer questions prior to Monday night’s Council meeting. Mr. Solo asked what would happen if the resolution was not approved. Mr. Aldrich said the DDA would then need to consider options such as whether to continue on current terms, not to continue at all, etc.

**A VOTE ON THE MOTION SHOWED:**

**AYES:** Aldrich, Beal, Dankert, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt

**NAYS:** None

**Absent:** DeVarti, Sipes

The motion carried.
Ms. Gunn moved and Mr. Beal seconded the following resolution:

RESOLUTION TO REQUEST THAT LISC DIRECT ITS DDA CONTRIBUTION TO SUPPORT THE DOWNTOWN EFFORTS OF THE WASHTENAW HOUSING ALLIANCE

Whereas, The DDA Plan seeks to address problems of urban decline, with a specific objective to participate in programs which stimulate new, converted, or renovated housing;

Whereas, In June 1999 the DDA supported a request from the Local Initiatives Support Corporation (LISC) to assist with its efforts to provide support for community development corporation projects;

Whereas, The DDA provided LISC with $300,000 from its DDA Housing Fund with the understanding that these funds would be matched from additional sources and that DDA funds could only be used to support projects within the DDA District;

Whereas, At its February 2002 meeting the DDA received a request from the Washtenaw Housing Alliance (WHA) to financially support the construction of the new downtown single adult homeless shelter in the amount of $250,000;

Whereas, Over $7 million has been raised to date from public and private sources for a WHA campaign whose purpose includes the construction and operational costs of this building;

Whereas, The DDA Operations and Partnerships Committees met to discuss the WHA request and formulated a recommendation that $250,000 of the LISC contribution be directed to the construction of the new downtown shelter;

Whereas, LISC has been contacted and has indicated its willingness to cooperate with DDA wishes;

Resolved, The DDA requests that LISC direct $250,000 of its DDA contribution to the Washtenaw Housing Alliance to support the construction of the new downtown shelter.

A VOTE ON THE MOTION SHOWED:
AYES: Aldrich, Beal, Dankert, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Absent: DeVarti, Sipes
The motion carried.

CAPITAL IMPROVEMENTS COMMITTEE
Mr. Beal moved and Mr. Gillett seconded the following resolution:

RESOLUTION TO SUPPORT THE 2002 DOWNTOWN SPRING CLEANUP

Whereas, The Downtown Spring Cleanup annually draws more than 300 children and their parents to downtown Ann Arbor to plant flowers, remove debris, 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 a $750 contribution in 2000 and 2001;

RESOLVED, The DDA will contribute $750 toward Downtown Spring Cleanup in 2002.

A VOTE ON THE MOTION SHOWED:
AYES: Aldrich, Beal, Dankert, Fritz, Gillett, Greff, Gunn, Hieftje, Solo, Ungrodt
NAYS: None
Absent: DeVarti, Sipes
The motion carried.

Ms. Pollay announced the Spring Cleanup will be Saturday, May 11th. Ms. Pollay was asked to investigate total project costs to determine if a greater DDA contribution was warranted in future years.

Forest Structure-Status. Mr. Beal reported that stairway C is now open. Two items that remain unfinished are the canopies and the bridge. The bridge issue will take time before it is resolved.

Fourth/William Structure-Status. Mr. Beal reported that work is progressing well. Slab repairs will be done early next week, and the concrete overlay, deck coating, stairway, and office construction work will continue. The project is estimated to be completed in June.

Fourth Avenue-Status. Mr. Beal reported that work will begin April 15 at the Kingsley end of Fourth Avenue.

State Street Project-Status. Mr. Beal reported that the project is behind schedule, due in small part to changes made by the City’s Utility department, although the primary responsibility is that of the contractor. If the contractor does not get back on schedule, we may have to go to the second lowest bidder to finish the project.

Future Capital Improvements-Status. Mr. Beal said that Committee members will analyze sidewalk conditions to determine where the next pedestrian improvements project should take place.

PLANNING COMMITTEE
In Ms. Sipes absence, Ms. Pollay reported that the Planning Commission and Planning Department are sponsoring a meeting today at City Hall to discuss minimum building heights.

8. OTHER BUSINESS
Mr. Hieftje announced that on April 15 City Council will vote on a new “Clean Cities Initiative” ordinance change, reinforcing property owner responsibility for cleanup of their property. Mr. Hieftje said he is also talking with the people who post handbills and making them aware of the rules that they must remove 5 handbills before posting any. The Mayor also said they will be working on enforcing parking of vehicles on front lawns. Mr. Ungrodt said he had been to Chicago where there are no handbills posted and he would share a copy of their ordinance with the Mayor.

Ms. Pollay said the annual spring maintenance walk around would be April 11 and invited DDA participation.

Ms. Pollay said that she received a call from a Willard Street property owner to a letter that was sent out about the proposed DDA district expansion expressing support to this expansion, particularly as it might lead to parking assistance.

Mr. Solo announced that the South University Area Association would hold their 2nd Annual “Park ‘n Party” Motorcycle Event on Saturday, June 15, 2002 and encouraged everyone to attend.

9. ADJOURNMENT
As there was no further discussion, upon motion, the meeting was adjourned at 1:33 p.m.

Respectfully submitted,
Susan Pollay, Executive Director