MINUTES
Downtown Development Authority Meeting
Wednesday, May 1, 2002

Place: Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, MI 48104
Time: Chairperson, Rob Aldrich, called the meeting to order at 12:13 p.m.

1. ROLL CALL

Present: Rob Aldrich, Fred Beal, Ron Dankert, Dave DeVarti, David Fritz, Bob Gillett, Leah Gunn, Dave Solo, Skip Ungrodt

Absent: Rene Greff, John Hieftje, Lorri Sipes

Staff: Susan Pollay, Executive Director

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

Audience: Jim Corbett, Republic Parking
Brandt Coultas, Ann Arbor Chamber of Commerce
Mary Fales, City Attorney’s Office
Donna Johnson, Ann Arbor City Planning Department
Jeff Lampman, Republic Parking
Brenda Macon, Ann Arbor Chamber of Commerce
Wayne Mixdorf, Republic Parking
Cathy O’Donnell, Ann Arbor News
Richard Shackson, Citizens Advisory Council

2. APPROVAL OF MINUTES

Mr. Gillett asked that the April 10, 2002 minutes be amended to reflect that since he represents the Housing Alliance, he did not participate in the discussion or vote on the resolution to request that LISC direct its DDA contribution to support the downtown efforts of the Washtenaw Housing Alliance. Mr. Fritz moved and Ms. Gunn seconded a motion to approve the minutes of April 10, 2002 as amended.

A VOTE ON THE MOTION AS AMENDED SHOWED:
AYES: Aldrich, Beal, Dankert, DeVarti, Fritz, Gunn, Solo, Ungrodt
NAYS: None
Abstain: Gillett
Absent: Greff, Hieftje, Sipes

The motion carried.

3. AUDIENCE PARTICIPATION

Mr. Brandt Coultas the new Get Downtown Coordinator introduced himself and thanked the DDA for publishing a new downtown commuter map. He then distributed a flyer showing some key statistics related to downtown commuters, including facts such as 14% walk to work, 54% drive alone all the time, which is lower than anticipated, and 20% regularly bike to work.

4. CITIZENS ADVISORY COUNCIL

The CAC congratulates the Downtown Development Authority on completion of negotiations for the First and Washington project. As you know, the CAC has supported mixed-use projects involving parking, and particularly those involving housing.

With regard to housing, we see opportunities through the use of funds resulting from payments by developers in lieu of on-site affordable housing. We believe that these funds could facilitate new
approaches to housing type, location and means of delivery, and we have established a task force within the CAC to explore potential approaches. We intend to report these results to the DDA in a goals statement later this year.

Also on the subject of housing, we continue to have an interest in the proposed Homeless Shelter and its various community impacts. In cooperation with the Mayor’s office, City Staff and the Shelter Advisory Committee, we are proceeding with the planned impact study mandated by the City as a condition of its financial support. By the time of construction we expect to have in place a data acquisition, analysis and dissemination process that will provide information over time to interested parties. Baseline data will be collected prior to the opening of the facility.

Turning to downtown transportation, we are analyzing and will be contributing comments on the proposed downtown connector bus system to be operated by the AATA. To be successful, this physically simple loop bus route must meet the needs of a variety of different customer groups. This will require clever scheduling and operating procedures and experimentation during the early months of operation.

We are also looking more broadly at a range of future transportation options. The recent report on Ann Arbor commuter patterns demonstrates that the appropriate use of transportation alternatives can significantly reduce auto trips to the City. We would like to do what we can to see that these transportation options are well utilized in order to defer or eliminate the need to consider additional parking structures.

5. NEW BUSINESS
None.

6. OLD BUSINESS
None.

7. SUBCOMMITTEE REPORTS

OPERATIONS COMMITTEE
Mr. Dankert reported on the highlights of the March financial statements. TIF revenues are up 20% and expenses are 14% above the budget. Some TIF revenues will be reimbursed to the schools per Proposal A. Parking revenue is up 19% year to date, and expenses are also up about 25%. With that, Mr. Dankert moved and Ms. Gunn seconded that the report be accepted.

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

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

RESOLUTION TO APPROVE LEASE AGREEMENT RENEWAL AGREEMENT NUMBER ONE BETWEEN THE CITY OF ANN ARBOR AND THE DOWNTOWN DEVELOPMENT AUTHORITY

Whereas, On April 9, 1992, the DDA entered into a master agreement with the City to operate and maintain a public parking system, which comprised facilities, leased or owned by the City for the benefit of the public;

Whereas, The term of this agreement was ten years with three successive five year renewal provisions;
Whereas, The City and the DDA believe that renewal of this Agreement on the terms set forward in the document attached to this resolution would serve the legitimate public purpose of supporting a vibrant and healthy downtown, which requires among other things a municipal parking system which is responsive to the community’s need for a parking system that is user-friendly, efficient, economical, and self-supporting;

Whereas, Such renewal would not impair the security of the outstanding bonds issued by the City and Ann Arbor Building Authority for many of the facilities;

Whereas, The City and the DDA have negotiated the terms of a ten-year renewal agreement which includes the addition of management of the street parking meter system by the DDA (installation, removal, revenue collection, repair, maintenance, upgrade and replacement of parking meters), as well as the management of the City’s parking meter bag program, and its monthly permit parking lot at William/First Streets;

Whereas, Under this renewal, the DDA agrees to pay to the City the following:
   1. Payment of the amounts equal to the annual debt service requirements on the outstanding parking structure bonds.
   2. Payment of all maintenance and utility costs relating to the operation of the Facilities.
   3. Payment of an annual fund transfer to the City’s Major Streets Fund and to the Local Streets Fund, rent for use of the City’s surface parking lots, and an administrative fee.
   4. Payment of wages and benefits in addition to the cost of job training and career counseling, if requested, for City employees who provided parking services under the discontinued City programs for a period of one year from the date of the renewal agreement.

RESOLVED, The DDA authorizes the renewal of the 1992 Lease Agreement with the City under the terms and conditions set forth in the attached renewal agreement.

RESOLVED, That the DDA Chair, Secretary, and Executive Director are authorized to sign the renewal agreement.

Mr. DeVarti asked if the Agreement would enable the DDA to install new meters. Ms. Pollay said that the Agreement would allow for the installation of new meters, and in addition to respecting concerns about adjacent neighborhood impacts, the DDA would work with City transportation engineers to ensure that new meter placements didn’t interfere with traffic and safety. Mr. Dankert said projected revenue will include meter collections and bag fees of about $2.3 million and the annual transfers to the City will consist of $670,000 to the Major and Local Street Funds with CPI increases, approximately $105,000 in rent for the surface lots, and $200,000 in administrative service fees. The DDA will also pay for a year of staff wages and benefits and retraining for former City parking employees.

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

The motion carried.

Mr. Dankert thanked Ms. Pollay, Mr. Aldrich, Ms. Greff, and all the many other DDA members who worked so hard on this issue over the past several years. Mr. Aldrich thanked Ms. Gunn, Mr. Beal, Mr. Dankert, Mr. Solo, Ms. Greff and Mr. Gillett for providing essential assistance, including attendance at the April 15th City Council meeting at which this issue was ultimately resolved. Ms. Pollay acknowledged the hard work of Assistant City Attorney Mary Fales who drafted the many proposed amendments. Mr. Solo thanked the merchants and others for their support and assistance. Ms. Pollay suggested that the opportunities and responsibilities created by the meter transfer be placed on the agenda for discussion at the summer retreat.
Mr. Dankert moved and Ms. Gunn seconded the following resolution:

RESOLUTION TO OPEN A DDA BANK ACCOUNT TO PROCESS PARKING METER REVENUES

Whereas, On April 9, 1992, the DDA entered into a master agreement with the City to operate and maintain a public parking system, which comprised facilities, leased or owned by the City for the benefit of the public;

Whereas, The City and the DDA have negotiated the terms of a ten-year renewal agreement which includes the addition of management of the street parking meter system by the DDA (installation, removal, revenue collection, repair, maintenance, upgrade and replacement of parking meters), as well as the management of the City’s parking meter bag program, and its monthly permit parking lot at William/First Streets;

Whereas, Operationally it is necessary to have a bank receive and count parking meter and multi-space station coinage, estimated at this time to be $6,200.00/day;

Whereas, A Request for Proposals for banking services, in particular, counting services, was distributed January 2002 to area banks, and two proposals were received;

Whereas, The Operations Committee recommends selection of the Bank of Ann Arbor proposal;

Whereas, Parking meter and multi-space station coinage will be deposited into this bank account, and withdrawals will be wire transfers authorized by signatories on the DDA board and by the DDA Executive Director;

RESOLVED, The DDA approves selection of Bank of Ann Arbor to count and deposit parking meter and multi-space station revenues.

RESOLVED, The DDA authorizes the Operations Committee Chair, its Executive Director, and Deputy Director to finalize details related to this arrangement.

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

PARTNERSHIP COMMITTEE
First/Washington Status Report. Mr. Gillett said he was happy to report that a deal has been struck with the Freed Group. Two significant changes were made since the last DDA meeting, including a design change which pushed parking nearly completely above ground and the resulting construction cost savings. The agreement commits the DDA to a $7 million cap and to split 50/50 with the developer any additional savings or costs on the project. Mr. Gillett then asked for a vote affirming the deal and Mr. Beal seconded the motion to approve the development agreement as revised and retain the authority of the subgroup.

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

RESOLUTION APPROVING A DDA REVOLVING LOAN POLICY TO ASSIST WITH THE RESTORATION OF HISTORIC OR SIGNIFICANT DOWNTOWN BUILDING FACADES

Whereas, The DDA has as its mission the encouragement of private investment in the downtown, both in new developments, as well as the retention, restoration, and reuse of historic and/or architecturally significant buildings;

Whereas, The DDA seeks to work in partnership with private property owners to realize this goal;

Whereas, The DDA Partnerships Committee has considered ways to support this goal, and has recommended that the DDA develop a low-interest revolving loan program;

Resolved, The DDA will provide low interest loans from a revolving loan fund under these general guidelines.

1. The purpose of the loan will be to assist private developers in city-approved historic façade restorations of important downtown building located within designated historic districts, although in the future other properties will be considered.

2. The loans will be at 2% interest; loan repayment may be deferred for 2 years from the date of issuance; the loans will be secured by a security interest in the property; the loans will be subordinate to the primary financing of the project. Other loan terms will be negotiated at the time of approval.

3. The loans will be limited to the lower of (a) 10% of the projected 10 year TIF on the overall renovation project; or (b) 50% of the cost of the historic façade construction.

4. These general guidelines will be used to inform the DDA Board from an overall policy perspective; each specific request shall be evaluated by the DDA Partnerships Committee and be subject to a specific recommendation from the Committee to the Board.

5. The DDA establishes an initial revolving loan pool of $100,000 coming from TIF funds. The DDA establishes this policy as an interim policy for the period January 1, 2002 through June 30, 2003. The DDA will review this policy at that time.

Mr. Gillett said that approval of this resolution could be made with the understanding that the Committee would continue to work to refine their definition of “historic and/or architecturally significant buildings”.

Mr. Beal asked if the program could be seen as a pedestrian improvement project, and such, could eventually be expanded to include support for property owner efforts to fill in their abandoned vaults. Mr. Dankert said that he would like to work on clarifying in greater detail the repayment terms. Mr. Aldrich said that he would like to see the Historic District Commission provide assistance for building projects located outside designated historic districts.

A VOTE ON THE MOTION SHOWED:

AYES: Aldrich, Beal, Dankert, DeVarti, Fritz, Gillett, Gunn, Solo, Ungrodt

NAYS: None

Absent: Greff, Hieftje, Sipes

The motion carried.

Chamber Request for Funding of Housing Coordinator Position. Mr. Gillett reported that the Committee did not have a chance to discuss this request and will attempt to bring it back at the next meeting.

CAPITAL IMPROVEMENTS COMMITTEE

Forest Structure-Status. Mr. Beal reported that the canopies have been installed, the bridge question is still an issue but in order to close out the project, funds will be retained for completing the bridge in the future if that’s the decision that is made.
Fourth/William Structure-Status. Mr. Beal reported that concrete overlays have started, work on the northeast stairs continues, and lights have been switched over to the new system. We are probably looking at late June, early July before work is completed.

Fourth Avenue-Status. Mr. Beal reported that construction has started and work is progressing well.

State Street Project-Status. Mr. Beal reported that the contractor is about 2-1/2 weeks behind schedule. They have been notified that their contract may be terminated or reduced in scope if significant progress isn’t made. Mr. Iraola reported that the contractor has made some adjustment and at the next Committee meeting Committee members will evaluate their performance and then make recommendations. Mr. Iraola said that the contractor fortunately has a very good electrical subcontractor.

Future Capital Improvements-Status
Mr. Beal reported that the committee has been working with Carl Walker Inc. to shape revised estimates for future parking structure maintenance and capital improvement costs. At its next meeting the Committee will discuss the draft report with CWI. The Committee is also trying to get a handle on possible future structure locations and parking needs.

Spring Maintenance Walk Around. Mr. Beal reported that the sidewalks are in good condition except areas on Forest and Church Street. There’s also a need to drive the streets at night to check the lighting conditions. Mr. Iraola said that he would take responsibility for this.

Next Committee Meeting. Mr. Beal said that the next Committee meeting on May 20th would be moved earlier in the day to 11:00 a.m., as he was scheduled for jury duty that afternoon.

PLANNING COMMITTEE
In Ms. Sipes absence, Ms. Pollay reported that a date needs to be chosen for the next DDA Retreat and a fax would be sent with dates and times to choose from. Ms. Pollay said the next Committee meeting would include a discussion of future DDA funding for the Get!Downtown Program, in particular Go!Pass funding. Ms. Pollay also called attention to a resolution in the packet that is going to City Council on Monday, May 6 seeking approval for the establishment of a public hearing date which would begin the formal renewal process.

8. OTHER BUSINESS

None.

9. ADJOURNMENT

As there was no further discussion, upon motion, the meeting was adjourned at 1:17 p.m.

Respectfully submitted,
Susan Pollay, Executive Director