MINUTES  
Downtown Development Authority Meeting  
Wednesday, May 4, 2005

Place:  Kerrytown Concert House, 415 N. Fourth Avenue, Ann Arbor, MI  48104  
Time:  DDA Chair Fred Beal called the meeting to order at 12:05 p.m.

1. Roll Call

Present:   Fred Beal, Gary Boren, Ron Dankert, Rene Greff, Leah Gunn, Roger Hewitt, John Hieftje, Sandi Smith

Absent:   Rob Aldrich, Dave De Vartii, Bob Gillett, Dave Solo

Staff    Susan Pollay, Executive Director

Present: Joe Morehouse, Deputy Director

Susan Ziff, Intern

Richard Murphy, Intern

Sarah Armstrong

Joan Lyke

Auditon:  Vivienne Armentrout, Ann Arbor Observer

Tony Bisesi, Republic Parking

Connie Pulcipher, Beckett & Raeder, Inc.

Joey Carr, Joseph Freed & Associates

Newcombe Clark, Downtown Area Citizens Advisory Council

Ray Detter, Downtown Area Citizens Advisory Council

Dana Gould, Kempf House Museum

Laith Hermiz, Joseph Freed & Associates

Adrian Iraola, WENCO/DDA Project Manager

Mark DeMaria, Denali

Jayne Miller, City of Ann Arbor

Ellie Moore, Kempf House Museum

Carol Mull, Kempf House Museum

Louisa Pieper, Kempf House Museum

Ethel Potts, General Public

Alice Ralph, General Public

Jennifer Roth, Village Green Co.

Dave Wilson, Denali

2. AUDIENCE PARTICIPATION

Mr. Dave Wilson and Mr. Mark DeMaria, Denali Development, provided an update on their E. Liberty Street project. It will have four levels and will include parking for each of the 21 units; retail will not be included. Mr. Wilson said that reservations have been strong and units are listed at $350,000-$390,000 with the penthouse listed at $700,000. Mr. Wilson said that the financial feasibility of the project has been impacted by several unanticipated expenses including the cost of Ann Arbor water connection fees which are astronomical compared to those in Royal Oak. He asked to meet with the Partnership Committee regarding a funding request to help offset the high cost of building in the city.

Mr. Aldrich enters.

Ms. Ellie Moore, Ms. Dana Gould and Ms. Carl Mull of the Kempf House Museum provided an update regarding the DDA grant. A portion of the funds were released immediately upon approval and were used for a new kitchen, sign and temperature controls. The DDA resolution required a sustainability
report from the organization before the remaining $75,000 funds would be released. They reported that a physical assessment determined that additional funds would be needed to address unanticipated repairs and they requested these funds from the DDA. They said that the new kitchen was installed first to encourage more special events as a critical piece in their fund raising efforts but these efforts are negatively affected because the building structurally cannot handle larger crowds. The request for whether to release the remaining funds and any additional funding will be considered by the Operations Committee at its meeting later in the month.

Mr. Solo enters.

3. DOWNTOWN AREA CITIZENS ADVISORY COUNCIL

At last night’s CAC meeting members were pleased about several things going on in the downtown.

1. First, the YMCA: We had two great responses to the RFP—both of which, with some adjustment, could handle the need to deal with the transient population on the site. Our members are eager to participate in the public process that will be initiated as the selected development moves forward. For instance, Dick Shackson and Sam Breck are very concerned that we handle disability issues properly. The downtown Shelter Advisory group, which has CAC members, looks forward to examining the way in which the YMCA low income programs will relate to programs at the Delonis Center as well as the programs that Dawn Farms has provided for the alcohol and drug addicted.

2. The CAC is very pleased with the selection of the Peter Calthorpe group to move the city forward in its plans to rezone the downtown for higher density. We are particularly impressed with their openness and willingness to consider all points of view and alternatives as we move forward with needed zoning changes.

3. We are pleased with City Council’s decision to have a public forum on June 13 to discuss the DDA’S three-site plan and the possibility of a greenway. CAC members plan to be there to state our position. We are long-time supporters of the 1988 Downtown Plan and its greenway concept. We believe that the DDA three-site plan is the best way to take the first step toward greenway development. The DDA plan will also provide low income and mixed income market rate housing, retail, a park, contamination cleanup, storm water improvement and the elimination of two undesirable surface parking lots as a part of the package.

4. The CAC is planning our annual downtown party along with the Old Fourth Ward Association and the North Central Property Owner’s Association. The party will be on Thursday, June 16, 6:30 p.m. at my house, 120 North Division, rain or shine. Please plan to join us. It’s a great downtown event. The new residents of Liberty Lofts, Kingsley Lane and the Denali project on Liberty will also be invited.

5. CAC members were pleased to have Kate Fraser join us at last nights’ meeting. Kate is newly arrived from Traverse City and lives on High St. Unfortunately, she can’t become a member of the CAC, but we encouraged her to provide input at our meetings— as we do all those who are interested in downtown residential interests. During our meeting Roger Fraser’s name was mentioned and Kate said: “That’s my uncle! What does he do in town?” We informed her that he runs it. Kate’s presence brought up the issue of CAC membership as we have room for four new members and we will encourage new downtown residents to join. We are also looking for a student member.

6. The only potentially negative direction in the downtown is the issue of the unmet need to hire a trained Historic Preservation Coordinator. Twelve people spoke on this issue at the Council meeting that the current temporary system is not working and will never work. The CAC will make every effort to find a compromise solution before the adoption of the City budget. We fear the kind of polarization that may occur between pro development and pro preservation supporters in this city. We think we
can have both development and preservation, but it will require the hiring of a trained preservation coordinator to protect what is important in our built environment. Along with a few other citizens, I will be meeting with the Mayor on Friday. We hope that a satisfactory solution can be worked out.

4. **APPROVAL OF MINUTES**

   Mr. Dankert moved and Mr. Hieftje seconded approval of the April 6, 2005 Minutes.

   A vote on the motion showed:

   **AYES:** Aldrich, Beal, Boren, Dankert, Greff, Gunn, Hewitt, Hieftje, Smith, Solo

   **NAYS:** None

   **Absent:** DeVarti, Gillett

   The motion carried.

5. **NEW BUSINESS**

   None.

6. **OLD BUSINESS**

   None.

7. **SUBCOMMITTEE REPORTS**

   **OPERATIONS COMMITTEE**

   Mr. Hewitt reported on the March 2005 financial statements, saying that in March the reserve funds were separated from general operating expenses. TIF income is as anticipated. Overall expenses appear lower than anticipated because the bond for the Fifth/Division/Huron project was never secured. Parking revenue is higher than anticipated due to an increase in use against last year.

   Ms. Gunn moved and Mr. Hieftje seconded the following resolution.

   **RESOLUTION TO APPROVE A GRANT TO THE CITY FOR ITS PROFESSIONAL SERVICES AGREEMENT WITH CALTHORPE ASSOCIATES FOR THE DOWNTOWN DEVELOPMENT STRATEGIES PROJECT ($175,000)**

   Whereas, In December 2003, City Council voted to create the Downtown Residential Task Force, with the goal of exploring “possible barriers to development of residential units in the downtown and provide recommendations for addressing those barriers;”

   Whereas, A final report was accepted by City Council on July 19, 2004;

   Whereas, The Taskforce report determined that there were four major categories of obstacles hindering the development of appropriate, reasonably priced downtown housing in sufficient quantities to support housing for downtown workers, improve transportation options, and to maintain a lively 24 hour downtown full of locally based businesses, including economic, city policy, downtown livability and zoning barriers;

   Whereas, The Taskforce determined that changes to downtown zoning are necessary if substantial new residential development is to be encouraged, and to accomplish this, the Taskforce recommended that the DDA fund a planning position for twelve months to review and modify the zoning code of the City of Ann Arbor to reflect these recommendations;
Whereas, In July 2004 the DDA voted to approve a grant to the City in the amount of $50,000 to fund a planning position for a twelve month period to make recommended modifications to the City Zoning code to reflect Downtown Residential Taskforce zoning recommendations;

Whereas, In February 2005, City Council established an ad-hoc Steering Committee to expedite specific action to revise the City’s zoning regulations and other policies to encourage downtown residential and commercial development;

Whereas, The Steering Committee is charged with overseeing this project, including making a recommendation to City Council regarding the hiring of an outside consultant;

Whereas, the Steering Committee interviewed two nationally recognized land planning and urban design firms and unanimously recommends the hiring of Calthorpe Associates;

Whereas, The scope of work for this consultant is estimated to cost $200,000, including a 10% contingency amount;

Whereas, The City will be contributing $25,000 toward the cost of this project;

Whereas, The DDA has been asked by the City to increase its earlier grant from $50,000 to enable this project to move forward;

Whereas, the DDA Operations Committee has discussed this project and recommends DDA approval;

RESOLVED, The DDA will increase its grant to the City from $50,000 to a not-to-exceed amount of $175,000 to enable the City to hire Calthorpe Associates to provide land planning, urban design and implementation strategies for the downtown development strategies project.

Mr. Hewitt said that Calthorpe is already underway creating maps and that it appears that one of their strengths is their ability to create consensus. Ms. Greff asked Mr. Hieftje if there would be problems if the DDA were the primary funder for their services; Mr. Hieftje said that he didn’t think so. Ms. Miller was asked where additional funds would come from if the project was over budget; Ms. Miller said that they can accomplish their task in six months. Mr. Beal asked that the team meet with members of the Downtown Residential Taskforce to understand its zoning recommendations.

A vote on the motion showed:
AYES: Aldrich, Beal, Boren, Dankert, Greff, Gunn, Hewitt, Hieftje, Smith, Solo
NAYS: None
Absent: DeVarti, Gillett
The motion carried.

Parking Rates: The committee is reviewing various parking rate scenarios. The goal will be to encourage more turnover at the meters, increase long-term off-street while remaining value neutral.

CAPITAL IMPROVEMENTS
Miscellaneous. Mr. Beal reported that the Kerrytown sidewalk project was completed and the State Street tree replacements were underway. The Ann Street light poles were delivered and are being assembled with installation scheduled for next week. Alley repairs are on schedule.

Huron and Fifth/Division design projects; Mr. Beal said the design advisory committees have been meeting regularly. Traffic analysis for feasibility of modifications at intersections has begun. The
Huron Street DAC is scheduled to meet, May 16, 1 PM, at the DDA office; the Fifth and Division DAC is scheduled to meet May 17, 1 PM at the Performance Network.

Mr. Solo moved and Ms. Gunn seconded the following amended resolution.

RESOLUTION APPROVING MISCELLANEOUS IMPROVEMENT PROJECTS IN THE STATE STREET AREA ($15,000)

Whereas, The DDA Development Plan strategies include undertaking improvements that make the downtown more pedestrian-friendly and that are geared towards increasing the commercial viability of downtown;

Whereas, The DDA set aside $200,000 in its 2004/05 budget for miscellaneous TIF improvements and approximately $45,000 remains unspent;

Whereas, The DDA has received several requests for improvements in the State Street area, including:
   · Purchase and placement of additional sidewalk trash cans plus repainting four existing cans. Estimated costs $10,000.
   · Removal and relocation of bike hoops near St. Mary’s, and installation of remaining SSA bike hoops throughout the area. Estimated cost $5,000 on a time/material basis.

Whereas, Doan Construction has indicated a willingness to hold it’s 2003/2004 prices for these improvements and to eliminate a general conditions cost for the project;

Whereas, The DDA Capital Improvements Committee recommends approval of $15,000 to undertake these improvements during the summer of 2005 and selection of Doan Construction as contractors for these projects;

RESOLVED, The DDA authorizes the DDA Capital Improvements Committee to move forward with improvements in the State Street area, including the purchase and placement of new trash cans and the installation of remaining SSA bike hoops in the area.

A vote on the motion showed:
AYES: Aldrich, Beal, Boren, Dankert, Greff, Gunn, Hewitt, Hieftje, Smith, Solo
NAYS: None
Absent: DeVarti, Gillett
The motion carried.

PARTNERSHIP COMMITTEE
Mr. Solo moved and Ms. Gunn seconded the following resolution.

RESOLUTION APPROVING A $97,000 LOW-INTEREST LOAN TO THE BUILDING LOCATED AT 110-112 S. MAIN STREET IN SUPPORT OF ITS HISTORIC FAÇADE RENOVATION

Whereas, In December 2004 the DDA approved a resolution extending the duration of its revolving loan fund from which it would assist private developers in city-approved historic restorations of important downtown buildings within the DDA District;

Whereas, The DDA received a façade loan request for the building located at 110-112 S. Main Street, a building formerly known as the Mayer Shairer building, which is located in the Main Street Historic District, and which is part of a project that has received Historic District Commission approval and which meets the U.S. Secretary of the Interior standards for historic restorations;
Whereas, The DDA has been asked to provide a low-interest loan for $97,000 at 2% interest, with the loan provided interest only for three years;

Whereas, The building façade is a prominent feature of this building and represents only a portion of the total cost of the restoration, including façade work in excess of $200,000;

Whereas, The DDA Partnerships Committee met with the City Historic Preservation Coordinator to discuss the merits of this project and heard support for moving forward;

Whereas, The DDA Partnerships Committee discussed this request and has resolved to recommend its approval;

RESOLVED, The DDA approves a low-interest loan to the owners of the building located at 110-112 S. Main Street in the amount of $97,000 under the terms requested above;

RESOLVED, The DDA Executive Director is authorized to sign the necessary documents for this action.

A vote on the motion showed:
AYES: Aldrich, Boren, Dankert, Greff, Gunn, Hewitt, Hieftje, Smith, Solo
NAYS: None
Absent: DeVarti, Gillett
Abstain: Beal
The motion carried.

RESEARCH AND OPPORTUNITY COMMITTEE:
Communication. Mr. Boren reported that the Committee continues to review the current web site and may decide to interview a new web manager in the near future. The Committee approved payment of the MSAA grant and approved the SSAA and the SUAA grants conditioned on receiving additional information. He reported that the Committee will review a formal request for funding from the Living Economy Network (LEN), at its next meeting. The committee will schedule the DDA retreat based on board member availability, and items for discussion may include public relations, city projects and city funding as topics for discussion at the July retreat.

8. OTHER DDA BUSINESS MATTERS
None.

9. AUDIENCE PARTICIPATION
Mayor Hieftje:
· Encouraged everyone to participate in the Curb Your Car Month activities.
· Invited everyone to let the Council know their feelings about allowing local musicians to play for money downtown. Some people feel that is a form of panhandling; others feel it adds to a lively downtown. One idea would be to issue the musicians a license or permit.
· Reported the Council is reviewing the proposed City Budget. Three issues actively discussed in the community are the elimination of the full time historic preservation coordinator position, decrease in funding for Mack Pool, and the decrease in the City’s yard waste pick up service. He expects the Council to take action on the City Budget May 16, 2005.
· Reported that Friday the State Senate voted to cut funding to cities by $22 million. By Statutory Law state funding to cities will end in 2007. The city needs to prepare for the possibility that funding may not be renewed.
10. ADJOURNMENT

As there was no further discussion the meeting was adjourned at 1:08 P.M.

Respectfully submitted,
Susan Pollay, Executive Director