1. ROLL CALL

Present: Gary Boren, Newcombe Clark, Russ Collins, Leah Gunn, Jennifer Hall, Roger Hewitt, Joan Lowenstein, Keith Orr, Sandi Smith, John Splitt

Absent: John Hieftje, John Mouat

Staff
Present: Susan Pollay, Executive Director
Joe Morehouse, Deputy Director
Joan Lyke, Management Assistant
Amber Miller, Planning & Research Specialist

Audience: Dave Askins, Ann Arbor Chronicle
Steve Bean, Citizen
Jim Blum, The Christman Company
Dave Cahill, Citizen
Ray Detter, Downtown Area Citizens Advisory Council
Bob Gillett, Citizen
Rene Greff, Citizen
Tony Lupo, Main Street Area Association/Salon VOX
Maura Thomson, Main Street Area Association
Adrian Iraola, Park Avenue Consultants, Inc.
Mark Lyons, Republic Parking System
Mike Ortlieb, Carl Walker, Inc.
Nancy Shore, getDowntown
Ryan Stanton, Ann Arbor.com

2. AUDIENCE PARTICIPATION

Mr. Lupo said that as a downtown business person and Main Street Area Association member he supported the idea of downtown beat police officers, and opposed the DDA transferring $2 million in parking money to the City.

Mr. Hieftje enters.

Ms. Thomson said the mission of the DDA is...“to undertake public improvements that have the greatest impact in strengthening the downtown area, and attracting new private investments.” She said her membership feel that the DDA transferring $2 million to the city without any compensatory benefit to downtown wouldn’t be an action in keeping with the DDA’s mission but rather would equate to a “bailout.” She encouraged the Board to post the Mutually Beneficial meeting dates on the DDA website to improve transparency.

Mr. Mazurek said that he was speaking on behalf of the Ann Arbor /Ypsilanti Chamber of Commerce in opposition to the DDA resolution to give the City $2 million for the following reasons: 1) the fund transfer infringes on the DDA’s independence and impedes its ability to achieve its mission; 2) the City will continue to seek money from the DDA to solve its budget short fall; 3) the transfer will cause the DDA to forego priorities as stated in its mission; 4) the transfer will negatively impact the DDA fund balance; 5) there is no quantifiable return to the DDA district; and 6) the transfer is not consistent with the parking system principles as being self-sustaining, parking users should pay for the system and revenues should be reinvested into the system. [A complete copy of his statement is on file].

Ms. Greff spoke in opposition of the $2 million transfer. She said that board members are stewards of the organization they serve and have a fiduciary duty to exercise the powers of their office for the benefit of the organization and its mission. She said the DDA’s mission is to spend public dollars to spark private reinvestment and this resolution violates the fiduciary duty of DDA members. She said that the DDA is already annually giving the City $1.6 million as grants for the Court/Police building, all net revenues from two downtown parking lots, and funds for streets. If the DDA were to also give the City $2 million this would raise the total to $3.6 million or 21% of the DDA’s total annual revenues – more than double what the DDA captures in city taxes as part of its TIF. She asked the DDA not to try to fix the City’s budget while destroying its own. [A complete copy of her statement is on file].
3. REPORTS FROM CITY BOARDS AND COMMISSIONS

Downtown Area Citizens Advisory Council: Mr. Detter invited everyone to the Annual Downtown Potluck Party at his house on June 10. He reported that after a presentation by a Zaragon 2 representative, CAC members voiced their support for this project. The building design uses the Design Guidelines soon to be approved by the City. Although CAC supports the project, it acknowledged that none of these units will be "affordable" in relation to any standard of low income. The City will have to fulfill its commitment to affordable housing on other downtown sites.

4. STATUS OF TASKFORCE EFFORTS WITH DDA MEMBERSHIP

Library Lot Advisory Committee: Mr. Splitt said there have not been any meetings.

Mutually Beneficial Committee: Mr. Hewitt said he would provide an update during the Operations Committee report.

5. MINUTES

Ms. Lowenstein moved and Ms. Gunn seconded approval of the April 7, 2010 DDA minutes.

A vote on the motion to approve the minutes showed:

AYES: Boren, Clark, Collins, Gunn, Hewitt, Hietje, Lowenstein, Orr, Smith, Splitt
NAYS: None
Absent: Mouat
Abstain: Hall
The motion carried.

6. OPERATIONS COMMITTEE

Mr. Newcombe moved and Ms. Hall seconded the following resolution:

RESOLUTION TO AUTHORIZE BUDGET ALLOCATION OF FUNDS TO BE USED TO SUPPORT DOWNTOWN DEDICATED POLICE OFFICERS

Whereas, The City resolved to eliminate downtown police officers in its 2009/10 budget, with no current plans or time-line for reinstatement of the service;

Whereas, In July 2007 the DDA approved funding for the Howell to Ann Arbor Commuter Rail in the amount of $250,000/year for three years (FY 2007/08, 2008/09, and 2009/10);

Whereas, A total of $335,000 remains unspent from this grant, and is likely not going to be used before its expiration in thirteen months on June 30, 2011, because rail stations have not been constructed, rail improvements have not been made, and many millions of operational dollars needs to be located before commuter rail service between Howell and Ann Arbor is ready for service;

RESOLVED, The DDA shall allocate $60,000 a month into a contingency fund for the purpose of funding downtown police officers at a to-be-determined level of service and contractual terms. DDA committees and staff shall engage in good faith fact-finding discussion on the specifics of the arrangement with a full contractual agreement brought forth for committee review and board approval as soon as feasible. Funding of contingency will commence immediately and sourced initially from redirection of the remaining $335,000 from its 2007 funding of the Howell/Ann Arbor Commuter Rail project.

RESOLVED, With this resolution the DDA is amending its 2009/10 and 2010/11 budgets.

Mr. Clark said that after discussion at the Operations Committee this resolution was sent to committee members for review. He explained the resolution was not a request for funding but a request to redirect funds from the DDA’s grant for the Howell-Ann Arbor Commuter rail project, with these funds held aside while the DDA investigates options for police services downtown.

Ms. Gunn stated she wouldn’t support this resolution because first she wanted to see data such as crime statistics, to understand if the data reflects a need for designated police officers in the downtown. She suggested referring the item to Partnerships for further discussion and research.
Ms. Hall said she supported earmarking the funds, but was concerned that this would strip funds from a commuter train project that might materialize in the next year; Mr. Clark responded that the monthly set aside would take place over time, thus providing opportunity to respond should the commuter rail project come together.

Ms. Smith said she supported the suggestion to refer the resolution to Partnerships for further discussion, as she too wanted to review data before taking action. Mr. Clark said he would not be opposed to the resolution going to Partnerships for further discussion. Mr. Hieftje said that providing funding for downtown police officers may be premature, as the Police Chief has indicated that designated police officers may not be the most efficient way to police downtown. He said that he too would not support this resolution. Ms. Lowenstein said this resolution may be premature due to the complexities involved.

Ms. Gunn moved and Ms. Smith seconded the motion to table this resolution and refer it to Partnerships for further consideration.

A vote on the motion to table the resolution showed:
AYES: Boren, Clark, Collins, Gunn, Hall, Hewitt, Lowenstein, Orr, Smith, Splitt
NAYS: None
Absent: Mouat
The motion carried.

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

RESOLUTION TO AUTHORIZE PROVIDING THE CITY WITH $2 MILLION IN FISCAL YEAR 2010/11

Whereas, In 1992 the DDA entered into a master agreement with the City to operate and maintain the public parking system for the benefit of the public, and this agreement is set to expire in 2015;

Whereas, This agreement set forward that the DDA was to provide the City with $10 million over the period of 2005 to 2015 as rent for the parking facilities, and the City elected to receive all these funds by 2010;

Whereas, In January 2009 City Council approved a resolution requesting that the DDA “begin discussions for a mutually beneficial financial agreement to extend payments to the City beyond July 1, 2010”;

Whereas, Representatives of City Council and DDA have held informal discussions in an unprecedented spirit of cooperation and have outlined some preliminary terms as a basis for future agreement;

Whereas, The DDA Operations Committee has met to discuss the preliminary terms and recommends that the DDA authorize providing the City with $2 million for fiscal year 2010/11 in anticipation that a new contract between the City and DDA will be completed by October 31, 2010, and certainly no later than within fiscal year 2010/11;

Whereas, To develop the final agreement it is generally understood that much research, dialogue and public discussion are necessary to craft the agreement’s final form;

Whereas, The City will approve its 2010/11 budget on May 17, 2010 and must have notice of DDA funding that would be included in that budget;

RESOLVED, The DDA authorizes providing the City with $2 million in fiscal year 2010/11 with the following expectations:

· The DDA and City representatives who have developed the preliminary terms will continue to meet at least once a month to complete work on an agreement that will go to the DDA and City Council for approval, and these meetings will be open to the public.

· The DDA and City representatives will aim to conclude their work by October 31, 2010, but certainly no later than the end of the fiscal year 2010/11.

· The DDA will provide the City with $2 million by providing half on July 1, 2010 and the second half no later than January 1, 2011.

RESOLVED, With this resolution the DDA is amending its 2010/11 budget so that the $2 million shown as a contingency item in its 063 Parking Fund will now be an approved expense.
Mr. Hewitt explained that Operations had reviewed the term sheet provided by the Mutually Beneficial working group, which provided a framework for discussions. The goal was an approved agreement by October 31, 2010. In anticipation of an approved agreement, the DDA was asked to approve providing the City with $2 million in 2010/11.

Ms. Hall raised a point of order on a potential “conflict of interest” regarding the resolution. She stated that Mr. Hieftje and Ms. Smith are both paid by the organization that would be receiving a DDA grant and according to DDA bylaws and practices, they should recuse themselves. The DDA Attorney was asked about this. Mr. Lax said that State law provided that City Council and Mayor could vote on contracts between public bodies. Ms. Hall said that the resolution speaks to a “future agreement,” meaning there wasn’t a contract to vote on. Ms. Lowenstein asked to make three amendments to the resolution, these amendments were accepted as friendly:

RESOLUTION TO AUTHORIZE PROVIDING THE CITY WITH $2 MILLION IN FISCAL YEAR 2010/11

Whereas, In 1992 the DDA entered into a master agreement with the City to operate and maintain the public parking system for the benefit of the public, and this agreement is set to expire in 2015;

Whereas, This agreement set forward that the DDA was to provide the City with $10 million over the period of 2005 to 2015 as rent for the parking facilities, and the City elected to receive all these funds by 2010;

Whereas, In January 2009 City Council approved a resolution requesting that the DDA “begin discussions for a mutually beneficial financial agreement to extend payments to the City beyond July 1, 2010”;

Whereas, Representatives of City Council and DDA have held informal discussions in an unprecedented spirit of cooperation and have outlined some preliminary terms as a basis for future to amend the current agreement;

Whereas, The DDA Operations Committee has met to discuss the preliminary terms and recommends that the DDA authorize providing the City with $2 million for fiscal year 2010/11 in anticipation that a new contract between the City and DDA will be completed by October 31, 2010, and certainly no later than within fiscal year 2010/11;

Whereas, To develop the final agreement it is generally understood that much research, dialogue and public discussion are necessary to craft the agreement’s final form;

Whereas, The City will approve its 2010/11 budget on May 17, 2010 and must have notice of DDA funding that would be included in that budget;

RESOLVED, The DDA authorizes providing the City with an additional $2 million in fiscal year 2010/11 with the following expectations:

- The DDA and City representatives who have developed the preliminary terms will continue to meet at least once a month to complete work on an agreement that will go to the DDA and City Council for approval, and these meetings will be open to the public.
- The DDA and City representatives will aim to conclude their work by October 31, 2010, but certainly no later than the end of the fiscal year 2010/11.
- The DDA will provide the City with this additional $2 million by providing half on July 1, 2010 and the second half no later than January 1, 2011.

RESOLVED, With this resolution the DDA is amending its 2010/11 budget so that the $2 million shown as a contingency item in its 063 Parking Fund will now be an approved expense.

Mr. Clark asked where the framework came from; Mr. Hewitt said it was produced by an informal work group and was being brought forward by Operations. Ms. Hall read aloud from a prepared statement, and said she objected to the resolution due to the process that produced it, and because giving $2 million for nothing in return violated the DDA’s responsibility to downtown. She said that process lacked openness which resulted in distrust for the proposal it produced. [A complete copy of her statement is on file].

Mr. Boren gave a brief overview of the discussion process by Mutually Beneficial participants, saying that from his perspective everyone’s intentions had been genuine but the devil is always in the details. He said that all his interactions with Council members have been honest and cordial, but history told him to be wary, as Council members may have genuine intentions but
the very nature of electoral concerns come into play and he isn’t convinced that the City can live up to the intent of the items as outlined in the term sheet. He said he could support tabling the item but he would not support the resolution. **Mr. Clark made a motion that was seconded by Mr. Boren to table the resolution.**

A vote on the motion to table the resolution showed:

**AYES:** Boren, Clark, Hall

**NAYS:** Collins, Gunn, Hewitt, Lowenstein, Orr, Smith, Splitt

**Absent:** Mouat

The motion failed.

Ms. Gunn said that the City authorized the DDA to oversee the meters years ago with no strings because the DDA could do a better job, but the meters belong to the City. **Ms. Gunn called the question, seconded by Mr. Collins. The motion to call the question failed.**

Mr. Collins echoed Mr. Boren’s comments about the nature, history and tenor of the Mutually Beneficial work group. He said that the group invited Mr. Fraser and Ms. Pollay to a meeting in an attempt to see if there was any fatal flaw before pursuing the ideas more fully, and it didn’t appear that there was. He said he believed that members of the group had been meeting in good will and he would support the resolution.

Ms. Smith said the DDA began to discuss the possibility of a $2 million dollar transfer to the city more than 15 months ago as this figure had been written into the City’s 2010/11 budget last year. The work group wanted to get to the point of a productive dialogue. There were verbal promises made in the past regarding beat cops, development sites and structures, however only the parking agreement was in writing. She said that the term sheet enables the Mutually Beneficial group to have meaningful dialogue from this point on. She said she would support the resolution.

Mr. Orr said he thought the Mutually Beneficial work group would have been better named the “Mutual Sacrifice” work group, as this is what will be necessary. A healthy city and vibrant downtown need the politics of cooperation not politics of blame. But that being said he didn’t believe that an attorney would encourage him to sign a contract like this, as there really isn’t an agreement. He recommended instead that the DDA consider agreeing to an amendment of the original resolution that would make it a “temporary Ann Arbor Relief Payment” (TARP) to the City as follows. **His substitute amendments were moved by Mr. Orr and seconded by Ms. Gunn.**

**RESOLUTION TO AUTHORIZE PROVIDING THE CITY WITH $2 MILLION IN FISCAL YEAR 2010/11**

**Whereas,** In 1992 the DDA entered into a master agreement with the City to operate and maintain the public parking system for the benefit of the public, and this agreement is set to expire in 2015;

**Whereas,** This agreement set forward that the DDA was to provide the City with $10 million over the period of 2005 to 2015 as rent for the parking facilities, and the City elected to receive all these funds by 2010;

**Whereas,** In January 2009 City Council approved a resolution requesting that the DDA “begin discussions for a mutually beneficial financial agreement to extend payments to the City beyond July 1, 2010”;

**Whereas,** Representatives of the City of Ann Arbor and the Ann Arbor Downtown Development Authority have held informal discussions to craft an agreement to address the City’s budget shortfall in a manner that will also strengthen the A2DDA’s ability to undertake public improvements that have the greatest impact in strengthening the downtown area and attracting new private investments;

**Whereas,** Representatives of City Council and DDA have held informal discussions in an unprecedented spirit of cooperation and have outlined some preliminary terms as a basis for future agreement;

**Whereas,** The DDA Operations Committee has met to discuss the preliminary terms and recommends that the DDA authorize providing the City with $2 million for fiscal year 2010/11 in anticipation that a new contract between the City and DDA will be completed by October 31, 2010, and certainly no later than within fiscal year 2010/11;

**Whereas,** To develop the final agreement it is generally understood that much research, dialogue and public discussion are necessary to craft the agreement’s final form;
Whereas, The City will approve its 2010/11 budget on May 17, 2010 and must have notice of DDA funding that would be included in that budget;

RESOLVED, The DDA authorizes providing the City with a Temporary Ann Arbor Relief Payment (TARP) $2 of $1 million in fiscal year 2010/11, with the following expectations: TARP funds will be provided on July 1, 2010.

RESOLVED; The DDA and City representatives who have developed the preliminary terms will continue to meet at least once a month to complete work on an agreement that will go to the DDA and City Council for approval, and these meetings will be open to the public.

RESOLVED; The DDA and City representatives will aim to conclude their work by October 31, 2010, with the goal of completing an agreement which will provide the City with an additional $1 million in revenue in fiscal year 2010/11, and enhance the DDA’s ability to perform its mission. but certainly no later than the end of the fiscal year 2010/11.

RESOLVED, With this resolution the DDA is amending its 2010/11 budget so that the $2 $1 million shown as a contingency item in its 063 Parking Fund will now be an approved expense.

Ms. Hall reiterated her previous point-of-order comments about Mr. Hieftje’s and Ms. Smith’s ineligibility to vote on a grant to their organization. Both agreed to the recusal. Ms. Hall stated she appreciated Mr. Orr’s efforts to make the resolution more transparent; however, she said she didn’t feel it was the DDA’s job to plug a hole in the City budget, and further, the DDA had never actually received a written request for funds. Ms. Lowenstein called the question.

A vote to approve the resolution with the TARP amendments showed:
AYES: Boren, Collins, Lowenstein, Orr
NAYS: Clark, Gunn, Hall, Hewitt, Splitt
Abstain: Hieftje, Smith
Absent: Mouat
The motion failed.

Ms. Lowenstein said the DDA is part of the city. Mr. Hieftje said that it would help the City Administrator to know if the dollars would be available. He said the DDA is not autonomous and the City Council had the ability to create the DDA as well as the ability to terminate the DDA with only six votes. Mr. Boren said he had concerns about the $2 million being used for leaf pick-ups rather than police officers; Mr. Hieftje said that these dollars came from another fund. Mr. Boren said that the DDA’s 30 year Renewal Plan had been approved by City Council, and his interpretation of the State DDA enabling language was that only when the DDA’s Development Plan had been completed would the City Council take action to dissolve the DDA. He said that he was uncomfortable that some might interpret the earlier statement as perhaps a “veiled threat.” Mr. Hieftje responded that this had not been the intent of his statement, rather he meant to say that there are some people in the community who have spoken about getting rid of the DDA, but he and others on City Council work to support the DDA’s efforts. Mr. Clark asked if the Mutually Beneficial group would be treated as a standing committee; Mr. Hewitt said it would be. Ms. Hall asked why the meetings had not been made public. Mr. Collins noted that the resolution stated the meetings will be made public going forward. Mr. Boren asked to clarify his previous statement, saying that he had spoken harshly, and he had never meant to imply that Mr. Hieftje’s statement was a threat, and he apologized if his statement had been unartful.

A vote on the motion to approve the original resolution as amended earlier by Ms. Lowenstein:
AYES: Collins, Gunn, Hewitt, Hieftje, Lowenstein, Smith, Splitt
NAYS: Boren, Clark, Hall, Orr
Absent: Mouat
The motion passes.

Financials: Mr. Hewitt said parking revenues continue to increase as indicated in the gross revenue parking report. He also noted the parking facility collection policy included in the packet. Ms. Hall asked if Republic Parking was noticing problems with delinquent accounts. Mr. Hewitt said policy was intended to clarify late fee and collection operations procedures for the record.

E-Park Prepaid cash card: Mr. Hewitt announced the roll-out of a pre-paid card for use at the E-park machines.
8. PARTNERSHIPS COMMITTEE

Energy Saving Grant Program update: Ms. Collins reported energy audits had been approved for a total of 649,841sf. Approximately 15 buildings have installed $138,000 worth of improvements representing a savings of $25,174/yr. He said the City has initiated a revolving energy loan program using the DDA plan as a model. The DDA can be proud of its energy grant program!

Local Currency Feasibility Study: Ms. Smith said Ms. Ault presented a power point of the results of the feasibility study regarding local currency which was commissioned by the DDA as follows: there is interest, the topic is very complicated – many have opinions but may not know about the details, and there are experts in our community who have done this elsewhere. Models in use already: 1) bartering (“DexMills” in Dexter), 2) coupons (throughout Canada), and 3) currency (“Baybucks” in Traverse City). Next steps: more work to determine level of interest & type of currency program. Think Local First may bring a film about the Bershares program in Berkshire MA “Coming Home” to the library or Michigan Theater. Audience may help determine how strong the interest is to move forward.

2010 anti-graffiti grant: Mr. Collins said the Committee decided to redirect $5,000 from our 2010/11 budget “sidewalk repairs” line item into sponsoring free paint & graffiti removal as we did last year.

Create a communication subcommittee: Ms. Collins said Ms. Pollay will contact committee members to schedule a subcommittee meeting to frame how we want to develop new communication tools & strategies.

9. TRANSPORTATION COMMITTEE

Bicycles: Ms. Lowenstein acknowledged Ms. Miller’s excellent work on the new DDA Downtown Bike map. The content is also available on the DDA website. The on-street bike racks have been placed on N. U., State Street and Main Street. There are plans to install a rack on N. 4th upon approval from the City.

getDowntown: Ms. Lowenstein said the committee discussed the future location and organizational structure for the program, including: 1) housing it at AATA as part of their Community Relations Dept; 2) housing it at DDA and overseen by the Transportation Committee; 3) creating it as a nonprofit/independent organization. Further discussion will include the following issues: alignment of mission/values of host organization, organization, autonomy and ability to retain “brand”, administrative/accounting needs. Ms. Lowenstein said that DDA members expressed strong interest in hosting getDowntown as part of DDA. AATA board will be given the same opportunity to consider getDowntown as part of AATA at their June retreat. A decision is anticipated later this year.

Demand Management Plan. Ms. Lowenstein said the committee discussed which projects to take on next. Some ideas include exploring if some first floor structure parking could be given over to more bike parking; and working with AATA to develop enhanced Ypsi/Ann Arbor Service, including evenings, weekends, and express bus service.

10. CAPITAL IMPROVEMENTS COMMITTEE

S. Fifth Avenue Structure: Mr. Splitt said drilling for the first phase of the earth retention system is 90% complete. Excavation there now is 60 foot deep at the panhandle, which is at the bottom elevation. Construction of the footings at the east end of the garage will begin early June. Relocation of electrical service to the Federal Building is scheduled for Saturday, May 8; this relocation will conclude all utility relocations from the site.

Fifth/Division Improvements: Mr. Splitt reported construction re-started at North Fifth at Beakes and will continue towards the south with sidewalk replacements and planter installations.

11. OTHER DDA BUSINESS MATTERS

None.

12. OTHER AUDIENCE PARTICIPATION

Ms. Greff thanked Mr. Boren, Mr. Clark, Ms. Hall and Mr. Orr for voting against transferring the $2 million to the City without a mutually beneficial agreement in hand. She said she thought it was unfortunate the City called the Mutually Beneficial Committee a “working group,” and thus didn’t post these meetings. She said she strongly encouraged the DDA board members to speak out against closed meetings and to leave meetings that do not comply with the Open Meetings Act.
Mr. Mikus asked several questions regarding the financial reports that were in the packet. Mr. Hewitt asked Mr. Mikus to meet with Mr. Morehouse or perhaps submit his questions in an e-mail to him so all his questions could be thoughtfully responded to.

13. ADJOURNMENT

Mr. Hewitt moved and Ms. Gunn seconded adjournment of the meeting at 2:20 PM.

Respectfully submitted,
Susan Pollay, Executive Director