Minutes
Downtown Development Authority Meeting
Thursday, May 8, 1997

Place: Guy C. Larcom, Jr. Municipal Building (City Hall)
Council Chambers, Second Floor
100 N. Fifth Avenue
Ann Arbor, MI 48107

Time: The Chair, Karl Pohrt, called the meeting to order at 5:05 p.m.

1. Roll Call

Present: Dave DeVarti, David Fritz, Bob Gates, Leah Gunn, Maria Harshe, Karl Pohrt, Skip Ungrodt
Absent: Neal Berlin, Bob Gillett, Deanna Relyea, Ed Shaffran, Lorri Sipes
Staff Present: Susan Pollay, Executive Director
Audience: Peter Allen, Allen & Kwan
Jerry Billiter, National Garages
Andy Kawlowski, National Garages
Tracy Coates, Celebration Cellars
Ray Detter, Citizens Advisory Council
Joseph Arcure, Citizens Advisory Council
Marlowe Bonner, Citizens Advisory Council
Donna Johnson, Planning Department
Chris Wachutka, DDA Intern

2. Approval of Minutes

Ms. Gunn made a motion and Ms. Harshe seconded, that the Board meeting minutes dated April 10, 1997 be approved.

A vote on the motion showed:

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

The motion carried.
3. DDA Citizen’s Advisory Council

Mr. Detter made the following report:

The Citizen’s Advisory Council is committed to the downtown as a pedestrian and residential environment supportive of a broad spectrum of housing opportunities. We recognize that such pedestrian and residential use of the downtown requires carefully planned investment in well-designed and assured parking. Basing our positions on adopted Downtown Plan action strategies, we are opposed to surface parking, support construction of more underground parking, and resist development of above-ground structured parking unless it is mixed use -- preferably including housing. We intend to advocate and support public programs and private sector development of downtown housing and parking that give the highest priority to these positions and the concept of promoting a pedestrian and resident orientation of the area consistent with the City Master plan.

Members of the Citizens Council attended and participated in every public meeting on the parking issue over the last few months. We were impressed with the range of concerns expressed, and the variety of alternatives and possible solutions suggested. We are pleased to think that there now seems to be a general consensus that the future parking system, unlike that of the past, must be economically self-sufficient and administratively effective, and must provide for maintenance and improvements. We recognize that these meetings were organized to gather citizen input in order to help make more informed decisions about the specific parking options and priorities you intend to propose. The next round of public meetings, as we understand it, will seek to get public reaction to the proposed options and priorities. But the Citizen’s Council believes there is one further step that is necessary before the DDA makes any informed proposals.

The Citizens Advisory Council has asked me to formally request that the Downtown Development Authority widely publicize their desire to consider reasonable proposals from anyone in the local, state, and national private sector who might be interested in the public-private development of mixed-use parking and housing on any public and private lands in the downtown area. We suggest that this announcement be prominently made in the Ann Arbor News and be as widely disseminated as possible.

We have already looked at the Carl Walker Parking Facility Site Studies, which offer us choices of repairs, replacement and additions. Technically they provide us options for ramps, but with no sense of the way in which they might fit into a downtown development strategy. The very fact that the suggestion has been made that they might be built with the “possibility” that housing could be later added on top indicates a lack of informed and careful planning -- a lack of strategy. It’s up to us to develop a long-range downtown vision and strategy and to do so we must be informed of all possible options for ownership, multiple use and downtown impact of whatever we and our partners construct to deal with the parking crisis -- and at the same time build a better downtown that expresses our vision of its future.

We have recently read a proposal for a public-private development of parking and housing in the South University area. It involves extending the DDA border and possibly exercising your power of eminent domain. Are there other or better areas to extend the DDA border to exercise that power?
We are aware that someone might be interested in an agreement to purchase the Fourth & Washington Parking Structure. Are there others who might be interested in purchasing this and other structures? And what would such a sale do to the greater possibility of developing public-private partnerships in the creation of parking and housing at other available sites such as East Huron and South Fifth, the Library Lot, First and William, the Brown Block and even the Klines Lot? This is a great opportunity. The possibilities are enormous.

Whatever options and priorities the DDA finally offers the Ann Arbor area for discussion, they should be informed by the widest possible consideration of alternatives. To do that we have to show-case our eagerness to listen to all creative possibilities for private-public cooperation. We hope you will act immediately to publicize that willingness. We also hope that your decisions will be shaped by a long-range vision that is guided by the goals and strategies adopted in Ann Arbor's Downtown and Central Area Plans.

Mr. Shaffran enters.

4. Audience Participation

Peter Allen reported that he was present to follow up on his suggestion made at the last Community Meeting, that the DDA and City consider selling all parking structures and lots. He read from a letter distributed to all DDA members as follows:

The City of Ann Arbor should research the merits of selling all the parking decks and lots at their fair market value and have the private sector repair, design and rebuild these strategic sites. City Hall should focus its energies on the skills and responsibilities with which they are uniquely endowed, i.e., zoning, site planning, master planning, and perhaps, financing. I believe City Hall, the merchants and the taxpayers would benefit. No losers come to mind, except perhaps the current bondholders.

What's Wrong:

Our downtown, the healthiest in the State of Michigan, is reacting almost too late to the impending crisis - at the most recent meeting, reported to be over $30,000,000 worth of parking structure repairs and replacements. Our retailers are about to suffer severely from City indecision, delay and missteps, especially those retailers near doomed decks like Forest and Fourth and Washington.

To solve this problem, City Hall must act like a developer - design, build and own - millions of dollars worth of downtown anchor developments. Not a City Hall strength! The City must find $30 million to correct problems caused by too much deferred maintenance. No win/win here. The City has also been responsible for setting parking rates, already significantly under the true cost of “doing business.” City Hall must decide whether to continue such gross subsidies and to interfere with market place realities. Picking winners and losers is hardly a comfortable role for City Council.

I believe City government is missing an opportunity to get out of an impossible responsibility and to play to its strengths. Furthermore, if done skillfully, the city can significantly improve downtown real estate values to solve both the parking crisis and to fund City government's essential other services.
The City could engineer a win/win opportunity by selling all or most of the parking decks to buyers with plans consistent with City zoning, site planning, and master plans. Indeed, this might hasten the implementation of the Master Plans. This process might also put the properties on the tax roles. Therefore, I believe each City deck and lot should be quickly evaluated for its unique value against criteria such as the following:

- Ability to provide convenient customer parking for all merchants without subsidies
- Ability to maximize net sales proceeds to the DDA & City. To do this, parking rates may have to go to $100/month, and the City may not determine what these rates will be.
- Ability to stimulate appropriate adjacent development

Who are the winners and losers if these facilities are sold?

City Hall is a big, big winner because it avoids having to make “market” decisions, such as what is the right amount to charge for parking, what is the best design for a new deck, what is the right mix of uses in each of these locations. For example, should there be underground parking in spite of the higher cost, etc.? Under this plan, City Hall doesn’t have to be the contractor and builder of the new structures. The City has only to debate public policy and planning, approve zoning and site planning, approve building permits and inspect work, and since the property now goes on the tax roles, collect property taxes -- all responsibilities the City is well-equipped to handle. The City could also receive a windfall of several million dollars, the fair market value of all those decks and land in enormously valuable strategic locations around downtown, less the current debt and deferred maintenance costs.

I believe the Merchants would be winners. They suddenly have a real stake in each of the decks/lots and can take charge to implement the best solutions. They can form partnerships to buy them, fix them up and provide their own parking for their customers. They can expand them to complement their business, adding more retail space, or they can create their own “subsidy,” by putting residential condos on top to allow lower parking rates below.

The City Taxpayers should also come out ahead. This process will use market forces to unleash significant value, creativity, and market force discipline to help quickly solve a horrible crisis about to get even worse.

Parking customers will certainly pay more for parking, but they will pay more regardless. Privatizing parking will remove a “middleman” between retailers and their customers, which is now the City trying to pick winners and losers. I believe successful retailers will step up and take at least part ownership to insure happy customers. For obvious reasons, they won’t charge a customer any more than the market will allow.

National Garages will be a loser, but I believe that the growth of many new privately-owned decks will give them many opportunities to professionally manage. They have done a fantastic job proving that privatizing management was good for the City and shoppers/diners.

Current bondholders may be losers, since they might get paid off early and rates are lower today than when the bonds were issued.
In closing, I have been evaluating the downtown parking situation for many years in my classes at UM, and with other stakeholders in downtown, I honestly believe that the City needs to focus on its unique strengths and rely on the market to bring out creative exciting uses and forms of ownership. I would enjoy analyzing this more fully with City Hall, the Merchant Associations, and any other interested party.

Mr. Berlin enters.

Ms. Gunn expressed concern that organizing an effort to sell off the structures might distract the DDA from the task at hand, which is to make these structures fully operational, as quickly as possible. Mr. Gates agreed that the efforts Mr. Allen described might delay the task of replacing lost parking spaces. Mr. Allen reported that efforts to sell-off and repair the structures could go on simultaneously. Mr. Shaffran reminded everyone that the structures belong to the City, the DDA only manages them. Thus the decision and responsibility are ultimately the City’s. Ms. Harshe reported that, in the community meetings, members of the public repeatedly urged that the DDA’s goal should be to maintain the same number of spaces, no matter what it does. After additional discussion, it was agreed that the matter would be referred to the DDA Public Relations Committee, for future recommendation to the Board.

---

5. New Business

None.

6. Subcommittee Reports

Executive Director Report

Ms. Pollay informed the Board that Christian Wachutka, will be serving as an intern in the DDA office from May 1-July 30, 1997. Chris recently completed a practical training period with the City of Friedrichshafen, Germany, and will use his time with the DDA as a basis for his thesis. Chris was warmly welcomed by all.

DDA members were notified that she and Mr. Shaffran will be participating in a call-in program on parking-related matters on CTN, June 18, from 7:00 to 8:00 p.m. CTN has suggested that potential callers be asked ahead of time to prepare questions, to ensure that the program is as informative and interesting to viewers as possible. The Parking Committee has provided extensive information to Mr. Richard Nau of BRW, and a completed parking demand study is expected by mid-June. Pollay also reported that the DDA Parking Committee meeting scheduled for May 21 will begin at 11:00 a.m., not 3:00 p.m., as previously reported.

Mr. Ungrodt asked why traffic membranes and sealants couldn’t be applied as quickly as possible to Ann & Ashley and Liberty Square, as these repairs were non-controversial and could be paid for out of the 1996/97 budget. Pollay was asked to determine how expenses were attributed to one fiscal year or another, and if these repairs could be paid for before funds are transferred out on June 30.
Mr. Ungrodt also asked about Board reappointments, and was informed that Karl Pohrt was the only Board member whose term expires this year. Mr. Ungrodt asked that the Board support writing a letter to the Mayor, and requesting that Karl Pohrt be renewed as a member of the DDA.

Upon motion by DeVarti, with support from Shaffran, a vote to support sending a letter of support for Karl Pohrt to the Mayor was taken.

A vote on this resolution showed:

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

The motion carried.

Mr. Pohrt thanked everyone for their support. He then asked that DDA members make a note that he is hosting the First Annual DDA Bar-B-Q, Thursday, June 19 beginning at 6:00 p.m. at his house. All DDA members were urged to attend.

Mr. DeVarti passed around parking rate information gathered in Chattanooga, TN, and asked DDA members to consider parking rate increases.

Pedestrian Improvements Committee Report

Mr. Fritz reported that the light poles previously selected by the DDA will arrive in Ann Arbor within a few weeks. Two contracting firms submitted bids in response to the RFP to install the lights. The firm with the lowest bid was Corby Energy Services, and it was the recommendation of the Pedestrian Improvements Committee that this firm be selected to install the Kerrytown lights.

Ms. Gunn made a motion, and Ms. Harshe supported the following resolution:

**RESOLUTION TO ACCEPT BID TO INSTALL LIGHTS AT KERRYTOWN**

WHEREAS The Kerrytown Historic Market District is an important commercial and residential area within the downtown; and

WHEREAS The Downtown Development Authority demonstrated its commitment to developing this area in 1996 by resolving to appropriate $175,000 toward the installation of thirty-three light poles; and

WHEREAS, the DDA Pedestrian Improvements Committee recommends hiring Corby Energy Services, as an established firm presenting the DDA with the low bid of $85,370.

RESOLVED that the DDA approve hiring Corby Energy Services as the firm responsible for installing light poles in the Kerrytown Area this summer.
A vote on this resolution showed:

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

The motion carried.

Mr. Fritz reported that the bid from Corby Energy Services is greater than had been anticipated, and additional funds need to be appropriated to complete the project. Also, an additional sum of up to $5,000 is needed to pay for consulting services to inspect the installation of these light poles. The Pedestrian Improvements Committee plans to retain Peter Pollack Design, Inc. for this inspection. Mr. Shaffran asked if a member of the City Engineering Department could manage this inspection. Ms. Pollay suggested that Peter Pollack Designs has overseen the rest of the project, and will be fully accountable if they oversee the entire endeavor.

Mr. Fritz made a motion, and Ms. Harshe supported the following resolution:

RESOLUTION TO APPROPRIATE $24,000 TOWARD THE INSTALLATION OF LIGHT POLES IN THE KERRYTOWN HISTORIC MARKET DISTRICT

WHEREAS, The Kerrytown Historic Market District is an important commercial and residential area within the downtown; and

WHEREAS, The Downtown Development Authority demonstrated its commitment to developing this area in 1996 by resolving to appropriate $175,000 toward the installation of thirty-three light poles; and

WHEREAS, Only two contracting firms presented bids to install these light poles; and

WHEREAS, The DDA Pedestrian Improvements Committee recommends hiring Corby Energy Services whose bid was $19,000 more than budgeted; and

WHEREAS, Consulting services are also needed to inspect the installation of these poles; and

WHEREAS, The DDA retained Peter Pollack Design, Inc. to design this project; and

WHEREAS, It is anticipated that up to $5,000 may be needed to compensate Peter Pollack Design, Inc. to inspect said installation.

RESOLVED that the DDA approve the additional appropriation of up to $24,000 to complete the project of installing light poles in the Kerrytown Historic Market District in 1997.

RESOLVED that the DDA approve an amendment to its earlier contract with Peter Pollack Design, Inc. to provide for construction inspection services.
A vote on this resolution showed:

**AYE:** Berlin, DeVarti, Fritz, Gates, Gunn, Harshe, Pohrt, Ungrodt

**NAYS:** Shaffran

**Absent:** Gillett, Relyea, Sipes

The motion carried.

Parking Committee Report

Mr. Shaffran stated that a draft report on the conditional status of the Maynard, Ann & Ashley, Liberty Square, Forest, and Fourth & William parking structures has been completed and distributed to all Board members. These reports will be finalized soon. All Board members are asked to take time to read through these reports before May 21, as representatives of the Carl Walker company and City Engineering Division will join DDA members in a special Parking Committee meeting to shape repair recommendations. Although this is intended as a Parking Committee meeting, all DDA members are urged to attend to provide input into decisions. In a preliminary review, Mr. Shaffran reported that Maynard appears to be in far worse condition than had previously been anticipated, and the concrete repairs done to Forest two years ago seem to be in good shape, but deterioration is continuing around these repairs.

Ms. Gunn exits.

Mr. Shaffran reports that the Parking Committee met briefly before the Board meeting to discuss the creation of a temporary surface parking lot on the corner bounded by S. Fifth Avenue and E. Huron, across from City Hall. It is their recommendation that the DDA resolve to support the establishment and operation of this 57-car surface lot. Mr. DeVarti asked that the DDA ensure that parking rates be priced so the site pays for itself. Mr. Ungrodt asked that patrons parking for more than four hours pay more per hour, to discourage all-day parking.

Mr. Shaffran made a motion and Mr. Berlin supported that the following resolution:

**Resolution To Approve the Establishment of a Surface Parking Lot on the Site Bordered by E. Huron Street and S. Fifth Avenue**

WHEREAS, Recent engineering studies indicate that the parking structure at Fourth & Washington will be closed sometime in 1997, and perhaps as early as Spring, 1997; and

WHEREAS, This facility is used extensively by the public, and contributes significantly to the economic and residential vitality of the area; and

WHEREAS, The removal of this structure will eliminate the availability of 245 hourly parking spaces in an area of considerable parking demand; and

WHEREAS, Adjacent property owned by City Hall L.L.C. located at the corner of E. Huron Street and S. Fifth Avenue, is available for lease as a temporary public parking lot from the time a significant portion of the Fourth & Washington parking structure is taken out of service until replacement parking in the area is put into place; and
WHEREAS, This property owned by City Hall L.L.C. has been offered for lease to the DDA for twenty-four months with a single twelve-month option to renew, and grants both parties the option to cancel after eighteen months; and

WHEREAS, This site can be affordably rented and adapted for said use by the DDA, and can be managed under the current direction of National Garages.

RESOLVED, That the DDA authorize the establishment of this surface lot for use for twenty-four months, with one one-year option to renew.

RESOLVED, That the DDA Parking Committee Chair and Executive Director be authorized to oversee details and execute legal documents related to the establishment and development of this surface parking lot.

RESOLVED, That the DDA Parking Committee is authorized to spend up to $100,000 (One Hundred Thousand Dollars) to complete construction on this project.

A vote on this resolution showed:

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

The motion carried.

Finance Committee Report

Mr. Gates reported that the City was completing its quarterly bookkeeping, and the financial statements for April 1997 has not been compiled, but will be distributed subsequent to this meeting. He then noted that there were negative variances between March 1997 and March 1996 for the Washington & First and Ann & Ashley parking structures, with marked increases in revenues from surface parking lots.

Housing Committee Report

Mr. DeVarti reported that the Housing Committee met twice since the previous Board meeting to discuss possible criteria for the proposed Housing Fund, and although there has been a lot of discussion, much work remains to be done. At the last Committee Meeting, Ulrich Stoll presented in-depth information regarding the 1991 Library Lot Plan, with particular emphasis on the housing component. Jack Stegeman has been invited to the May 19 Housing Committee meeting to discuss his proposed development at Willard and Church Streets.
Public Relations Committee Report

No report.

7. Other DDA Business

None.

8. Adjournment

There being no further business, upon motion by Harshe, with support from Ungrodt, the meeting was unanimously adjourned at 7:05 p.m.

Respectfully submitted by:

Susan Pollay
Recording Secretary