MINUTES
Downtown Development Authority Special Meeting
Thursday, July 2, 1998

Place: DDA Office
301 E. Liberty, Suite 690
Ann Arbor, MI  48104

Time: The Chair, Maria Harshe, called the meeting to order at 11:30 a.m.

1. Roll Call

Present: Neal Berlin, David Fritz, Bob Gates, Leah Gunn, Maria Harshe, Karl Pohrt,
Deanna Relyea, Ed Shaffran, Lorri Sipes

Absent: Dave DeVarti, Bob Gillett, Skip Ungrodt

Staff Present: Susan Pollay, Executive Director

Audience: Ray Detter, Citizens Advisory Council
Adrian Iraola, City Engineering
Marianne Rzepka, Ann Arbor News

2. New Business

Parking Construction Committee

A. Elevators. Mr. Shaffran recommended that the Board reject the elevator repair bids
received in June because the majority of the repairs could be included under a new ten-year service
agreement with Otis Elevator Company. The base contract price would be approximately $3,500 per
month, and the DDA would receive a 3% discount for agreeing to an advanced annual payment, and an
additional 3% discount for agreeing to a ten-year contract. Prices would be capped for the first five
years of the contract at a maximum increase of 5% in any one year. Separate from the repairs, the
DDA would also modernize the two elevators at Ann Ashley, as well as one elevator at Fourth &
William, with new control panels. This equipment includes remote sensing devices, which remotely
monitor elevator usage and performance of every controlled elevator function. This service is unique
to Otis, and will allow calls for service before any shut down. Moreover, Otis Elevators maintains
several service technicians here in Ann Arbor, the greatest concentration of technical support offered
by any company, which will provide faster response time if needed.

Mr. Gates asked if there was a cancellation clause in the proposed agreement for poor service, to
which Mr. Shaffran said there was a clause permitting cancellation for reasonable cause.

A vote on the motion showed:

AYES: Berlin, Fritz, Gates, Gunn, Harshe, Pohrt, Relyea, Shaffran, Sipes
NAYS: None

Absent: DeVarti, Gillett, Ungrodt

The motion carried.

Mr. Gillett enters.

B. **Forest.** Ms. Pollay reported that project goals had developed from a series of community meetings on the design of the Forest street structure, including maximizing the number of parking spaces, maximizing flexibility for future uses, improving the aesthetic design, and improving circulation and access to the site. Two design schemes continually received the greatest favor, design scheme "H" and "F": both would require the acquisition of three adjacent properties, and both created the potential for the development of a through-service alley. "F" would utilize all available land for parking; "H" would utilize two-thirds of available land for parking and one-third for an "opportunity zone" on which future development or the expansion of the parking structure could take place. If "H" were selected, construction of the structure could go forward, allowing for more discussion of the potential uses for this "opportunity zone."

After several months of discussion, Ms. Pollay said the project design team needed a determination made of the structure footprint so design could begin. The Forest Design Advisory Committee had put forward a recommendation that the DDA pursue a modified "H", i.e. "H-2", which would also include two levels of underground parking.

Upon motion by Mr. Shaffran, with support from Ms. Sipes, the following resolution was put forward:

**Resolution Selecting A Preferred Footprint for the New Forest Avenue Parking Structure**

**Whereas,** A 1997 parking demand study demonstrated that parking usage in the South University area exceeded 100% of available parking spaces at peak period;

**Whereas,** The DDA and City have explored a variety of schemes to expand the number of public parking spaces with the development of the new parking structure at Forest Avenue and Willard Streets;

**Whereas,** A series of public meetings have been held to address the design of the new structure, including several Stakeholder Sessions, a Community Workshop, Planning Commission Worksessions and a City Council Worksession;

**Whereas,** Several project goals have been developed from these meetings, including the following: 1) to maximize the number of parking spaces to enhance the economic viability and character of the S. University commercial and adjacent residential districts, 2) to maximize flexibility for future retail or residential uses, 3) to improve the aesthetic nature of the structure design and its relationship to the adjacent neighborhood, and 4) to improve circulation and access to the site without compromising the service needs of the adjacent properties;
Whereas, A variety of design schemes have been discussed and their benefits weighed relative to the project goals;

Whereas, It has been determined that acquiring three properties and shifting the position of the parking structure would provide significant advantages to the community, including increasing the number of public parking spaces and creating a through-alley behind the Galleria;

Whereas, A Forest Structure Design Advisory Committee, comprised of representatives of South University-area businesses, property owners, residents, religious community, the University of Michigan administration and students, the DDA, City staff, the City Planning Commission, and City Council, has formulated a recommendation that design scheme "H" would create the greatest opportunities with the development of the new structure;

Whereas, This footprint would provide for a parking structure with as many as 750 parking spaces, 575 of which would be paid for with project dollars set aside by the DDA;

RESOLVED, That the DDA concurs with the Forest Structure Design Advisory Committee recommendations that the footprint of the new Forest parking structure should be expanded to include three adjacent properties;

RESOLVED, That the DDA concurs with the Forest Structure Design Advisory Committee to pursue development of Design Scheme "H" and encourages the design team to proceed with site plan submittal to stay on the schedule set forward by the DDA;

RESOLVED, That the DDA will continue to work with the City to facilitate the purchase of these adjacent properties;

RESOLVED, That having made every effort to purchase the three adjacent rental properties, the DDA would encourage the City to pursue condemnation action if a voluntary sale is not possible.

Ms. Sipes pointed to the matrix and said that 570 spaces could be built at this time with either design, but the H-2 recommendation suggested that the Design Advisory Committee anticipated 750 or more spaces were to be built. She asked where the additional project dollars would come from. Mr. Shaffran answered that a partner for further development had not been identified yet. Asked if there was an additional construction cost to build below-grade parking, Mr. Shaffran said that the cost was 50-100% more expensive than above-grade. Ms. Harshe commented that design "H" left open the opportunity for a partner to add more spaces either by adding levels to the top or by expanding into the opportunity zone on the side. Mr. Gates asked whether the question before the Board was which plan to proceed with. Mr. Shaffran stated that it might all be for nothing if the land could not be acquired for a reasonable price. Ms. Gunn inquired what the cost would be to add a third parking bay. Ms. Pollay replied that per Carl Walker, adding spaces laterally at a later date would cost about the same as adding spaces vertically. Mr. Gillette asked the additional costs of proceeding
with two designs. Mr. Shaffran estimated $100,000 to $200,000 depending whether blue prints were drawn up. Ms. Sipes stated it would be about 75% of the total cost.

Questions were raised about the cost and process of acquiring the land need for constructing the Forest Structure. Mr. Shaffran explained that at this point a fair market price had to be established, to make an offer to the owners of the property. Only if this offer was rejected would we have to consider other means of acquiring the property, such as condemnation.

Mr. Pohrt asked what the thoughts of the South University Association was concerning the Forest Structure. Ms. Harshe said that it was to maximize the number of parking spaces.

Ms. Harshe inquired as to how many more parking spaces could be added using the opportunity zone, and Ms. Pollay was directed to contact Carl Walker for details.

In defining the motion before the Board, Ms. Harshe asked if the Board could decide between plans "F" or "H" at the present meeting and consider the question of building spaces below grade at the next board meeting. Adrian Iraola stated that he would be comfortable at this time with a decision between the two plans so that the architect could begin design work.

Mr. Shaffran said he favored maximizing the parking potential, plus he did not think a high-quality residential development could take place in the opportunity zone, as it would be only 50 feet deep, with only 10 feet separating apartments from the parking structure. Mr. Gillett asked if the parking design committee looked at plan "F" with some below grade parking as offering a maximum number of parking spaces. Ms. Harshe stated that the design committee focused on plan "H" as the way to maximize the number of parking spaces. Mr. Shaffran expanded on his view that this location is the only site in the area in which public parking is offered, and for this reason the greatest number of spaces should be built at this time. Ms. Pollay suggested that the DDA consider the impact of greatly expanding the number of parking spaces in an area already experiencing traffic congestion.

Mr. Gates informed the Board of his opposition to the resolution as stated due to the lack of flexibility it offered. Mr. Berlin asked if the Forest Structure Design Committee recommended "H". Ms. Harshe commented that she felt it was a qualified recommendation, tied to such suppositions as the kind of residences that might be built in the opportunity zone, as well as the kind of residents that might live there. The recommendation had also been framed before complete cost analyses had been prepared and presented to the Committee.

Ms. Sipes asked why there was not the opportunity for two rows of parking in the opportunity zone area since the plans showed the area to be sixty feet wide. Mr. Iraola answered that on one plan the area was listed as forty feet wide and that it could be made to work.

Mr. Gillett offered his view that he was inclined to go with plan "H" but would like to go ahead with both plans for a couple of months in the hope of getting more concrete answers about the future disposition of the opportunity zone and future partnerships offering expansion of the structure. Mr. Pohrt agreed with this view. Ms. Pollay informed the Board that they could go forward with two designs, but that they were currently on the outer limit of their proposed schedule if the demolition
was to take place as planned this winter. Mr. Gillett said he would feel better about making this decision if all the details could be assembled, such as would any proceeds from the sale of the opportunity zone land would go towards the project, etc.

Ms. Harshe offered a motion to table the resolution, and Mr. Gillett seconded the motion.

A vote on the motion to table showed:

**AYES:** Berlin, Fritz, Gates, Gillett, Gunn, Harshe, Pohrt, Relyea, Shaffran, Sipes

**NAYS:** None

Absent: DeVarti, Ungrodt

The motion carried.

Ms. Harshe said she would entertain a motion to support the acquisition of the three properties needed under both plan "F" and plan "H". It was moved by Mr. Shaffran and seconded by Ms. Gunn.

A vote on the motion showed:

**AYES:** Berlin, Fritz, Gates, Gillett, Gunn, Harshe, Pohrt, Relyea, Shaffran, Sipes

**NAYS:** None

Absent: DeVarti, Ungrodt

The motion carried.

Mr. Berlin asked if additional cost data could be provided by the next meeting, including the cost of options such as adding the third bay at a later date and the cost for below ground levels.

C. Fourth & Washington. Mr. Shaffran reported that six construction bids for the Fourth & Washington parking structure had been received on June 29, 1998. The lowest bid was $7,120,000 from the Spence Company of Saginaw, Michigan. Ellis-Don was only $20,000 higher than the low bid. All six bids were $2.0-$2.5 million over the DDA project budget.

The bids showed that it would cost an additional $700,000 to add an eighth level or conversely, it would save $500,000 to reduce the structure to six levels. After an initial consultation with the design team, Mr. Shaffran said $400,000 to $500,000 might be saved through design changes. Mr. Shaffran said that the cost of the pre-cast concrete is approximately fifty percent of the structure's cost, and the difference between the estimate received earlier this spring and the actual concrete bids received was $1.2 million.

Mr. Shaffran asked what procedure could be used to negotiate with one or all of the bidders on lowering the cost of the project, to which Adrian Iraola reported that City staff was in the process of rejecting all bids. Mr. Berlin asked that the rejection be stopped to allow time for the Board to explore cost reductions with the bidders. Mr. Shaffran asked for Board approval to negotiate with
the two low bidders to decrease the cost as much as possible, which might include reducing the number of spaces.

Mr. Shaffran moved a resolution to allow him, the Executive Director and proper authorities within the city to continue to negotiate with the two low bidders. The goal would be to reconvene within the next few weeks with the architect, engineer and the two low-bid contractors to come up with a realistic project cost. Mr. Berlin seconded the motion.

Mr. Shaffran inquired as to the possibility of increasing the funds to be borrowed and about possible sources of funds to repay that debt. Examples of which could include more aggressive increases in parking fees, asking the City of Ann Arbor for their $.20 increase in parking rates or borrowing the funds needed for the Liberty Square/Ann Ashley repairs, instead of using the DDA fund balance. He also proposed setting up an account to hold these funds for the exclusive use on debt service. Ms. Harshe spoke of the need for a decision by the Board as to whether the Board is going forward on the project. Mr. Gillette questioned the need for the motion since we have just opened the bids and the Board needs to find out what its options are. Mr. Shaffran withdrew his motion. Mr. Berlin withdrew his second and stated they would have discussions with the two low bidders as to what was going on.

3. Subcommittee Reports

Ms. Sipes commented that the Downtown Urban Design Center Committee had not met within the past three months and under the rules recently agreed to by the Board, the Committee would need to be reinstituted at a later date. Mr. Gillett asked Ms. Pollay to be added to the Spaces Between Buildings Steering Committee.

4. Other Business

Mr. Shaffran asked that the Personnel Committee investigate hiring a parking construction project manager position in light of the amount of time he has been putting into DDA parking projects. Mr. Berlin said that he would be meeting with Mr. Shaffran and Ms. Pollay later in the afternoon, and they would explore this topic more fully at that time.

5. Adjournment

There being no other business, upon motion, the meeting was adjourned at 1:10 p.m.

Respectfully submitted,

Susan Pollay, Executive Director
Secretary