MINUTES
Downtown Development Authority Meeting
Wednesday, July 11, 2001

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

Time:  The Chair, Rob Aldrich, called the meeting to order at 12:06 p.m.

ROLL CALL

1. Present:  Rob Aldrich, Fred Beal, Neal Berlin, Ron Dankert, Dave DeVarti, David Fritz, Rene Greff, Leah Gunn, Lorri Sipes
   Absent:  Bob Gillett, Karl Pohrt, Skip Ungrodt

   Staff  Susan Pollay, Executive Director
   Present: Joe Morehouse, Deputy DDA Director
   Sarah Armstrong

   Audience:  Ray Detter, Citizens Advisory Council
              Dan Forst, Republic Parking
              Howard Frehsee, H&K State Street LLC
              Bob Henderson, Citizens Advisory Council
              Adrian Iraola, City of Ann Arbor/DDA
              Donna Johnson, City of Ann Arbor, Planning Department
              Jim Mogensen, Washtenaw Civil Wage Coalition
              Cathy O’Donnell, Ann Arbor News
              David Reynolds, Washtenaw Living Wage Coalition
              Bob Salomon, First Centrum/Courthouse Square
              Mark Yagerleiner, Farbman Group

APPROVAL OF MINUTES

Upon motion by Mr. Berlin to approve the minutes of June 6 and July 11, 2001, seconded by Ms. Gunn:

A vote on the motion showed:
AYES:  Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Greff, Gunn, Sipes
NAYS:  None
Absent:  Gillett, Pohrt, Ungrodt
The motion carried.

AUDIENCE PARTICIPATION

David Reynolds, a country resident and professor at Wayne State University, spoke in support of a Living Wage resolution, saying he had spent the last four years studying the impact of living wage laws, and that it was his belief that paying the Living Wage is a smart investment as surveys have shown that raising wages lowers the incidence of absenteeism and employee turnover.

CITIZENS ADVISORY COUNCIL

NEW BUSINESS

Mr. Aldrich asked the board if they wished to cancel the August meeting due to vacations. All indicated their desire to do so. Mr. Aldrich reported that the next meeting would be held September 5th at the Kerrytown Concert House.

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

RESOLUTION THANKING KARL POHRT
Wheras, Karl Pohrt has contributed a tremendous amount of time, energy and passion to the Downtown Development Authority since joining the board in 1993;

Wheras, Karl served as DDA Chair in 1997 and was an instrumental participant in the process of shaping the DDA’s Ten Year Parking Structure Repair and Replacement Plan, including acting as the primary catalyst behind the DDA’s public outreach efforts which gave shape to this Plan;

Wheras, Karl’s concern for the viability of unique independent businesses and their importance to the special quality and attractiveness of the downtown has been an important factor in the goals and achievements of the DDA over the past eight years;

Wheras, Through all his efforts, Karl helped raise the positive visibility of the DDA in the downtown business community and in the community at large; and

Wheras, Karl’s thoughtful and considered deliberation on all DDA matters, large and small, was valued by those who had the good fortune to serve with him;

RESOLVED, The Ann Arbor Downtown Development Authority extends its great thanks and best wishes to Karl Pohrt for his abundant contributions to the downtown, and indeed to the community as a whole, through his work on the Downtown Development Authority.

Ms. Gunn said that Mr. Pohrt has done a wonderful job serving on the DDA, and had been both very active and thoughtful. She also wanted to say that she would personally miss him for his insight, participation, and wonderful support shown throughout the years. Mr. Aldrich shared many of the same thoughts, and read a letter from Mr. Pohrt to the DDA, which was included in the packet.

A vote on the motion showed:
AYES: Aldrich, Beal, Berlin, Dankert, Devarti, Fritz, Greff, Gunn, Sipes
NAYS: None
Absent: Gillett, Pohrt, Ungrodt
The motion carried.

6. OLD BUSINESS
None.

7. SUBCOMMITTEE REPORTS

PARTNERSHIPS COMMITTEE
In Mr. Gillett’s absence, Mr. Dankert presented the following resolution. Ms. Gunn moved and Ms. Sipes seconded the resolution:

RESOLUTION OF SUPPORT FOR A PARKING CONTRACT BETWEEN THE STATE STREET LOFTS PROJECT AND THE CITY OF ANN ARBOR

Wheras, The DDA has as its mission the goal of strengthening the downtown area and attracting new private investments, which includes participation in efforts to stimulate new, converted and renovated housing in the downtown;

Wheras, The State Street Lofts project will redevelop a blighted site at the corner of S. State and E. Washington Streets with an attractive eight-story building containing 42 apartments, including three affordable units;

Wheras, The DDA Partnerships Committee recommends to the DDA that the following elements be put forward to the City as recommendations for its development agreement with State Street Lofts:
• A minimum of 29 and a maximum of 76 monthly parking permits shall be made available at a date mutually agreeable to the Developer and the DDA.
• These permits shall be provided for twenty years, with one or more renewals offered.
• A maximum of six permits may be utilized by the retail occupants of the development, with the majority of permits intended to be utilized by the residential tenants.
• During the year after immediately following occupancy, the Developer may elect to utilize a minimum of 29 and a maximum of 76 monthly permits at any given time, with the goal of determining the number of permits that will best benefit this project.
• During the term of the agreement, the Developer, may at any time reduce the number of permits from this agreed-upon number; however, unless otherwise agreed to by the DDA, any such reduction will be permanent, and shall at no time be a quantity fewer than 29 monthly parking permits.
• If the number of permits is to be reduced from an agree-upon quantity, that the DDA be provided with 30-day notice.
• The permits issued to the Developer by the DDA shall only be available for use only by individuals who are residential or business occupants of State Street Lofts.
• The Developer shall pay to the DDA the following fees for each permit issued under this agreement: (a) an initial fee for the issuance of a permit card (estimated at this time to be $15 each) (b) monthly fees as follows, which shall be adjusted annually as the DDA sets forward new parking rates:
  50 permits at a cost of $30/month over the cost of a standard monthly parking permit (the cost at this time would be $135/month per permit)
  26 permits at a cost of $30/month over the cost of a premium monthly parking permit (the cost at this time would be $165/month per permit)

RESOLVED, The DDA approves the recommendations as set forward by the DDA Partnerships Committee;

RESOLVED, The DDA recommends to the City that these terms and conditions be included in its development agreement with State Street Lofts, and asks that its Chair, Executive Director, and attorney be provided an opportunity to review the development agreement to ensure that the interests of the DDA are met.

A vote on the motion showed:
AYES:  Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Greff, Gunn, Sipes
NAYS:  None
Absent:  Gillett, Pohrt, Ungrodt
The motion carried.

Mr. Dankert presented the following resolution with Mr. Berlin’s support and Ms. Gunn’s second:

RESOLUTION TO PROVIDE AN EXTENSION TO FIRST CENTRUM CORPORATION FOR ITS REHABILITATION PROJECT AT 100 S. FOURTH AVENUE (COURTHOUSE SQUARE APARTMENTS)

Whereas, The Ann Arbor DDA Plan seeks to address problems of urban decline, with a specific objective to participate in programs that stimulate new, converted, or renovated housing;

Whereas, The DDA established a DDA Housing Fund in hopes of leveraging additional support for residential developments in the DDA district;

Whereas, In 1999 the DDA agreed to partner with Courthouse Square in its efforts to provide housing in the DDA district by contributing $150,000 as support for leasehold improvements costs including labor and materials;
Whereas, An application was received in June, 2000 from First Centrum for financial assistance to be used for the rehabilitation of Courthouse Square Apartments including roof replacement, exterior moisture protection, electrical improvements, and elevator replacements;

Whereas, The total estimated project cost of repairs was $450,000, including $200,000 to replace two elevators;

Whereas, The City of Ann Arbor Housing Policy Board recommended to City Council approval of $200,000 of City funds for this project with $136,500 immediately available to First Centrum and the $63,500 contingent upon First Centrum securing the remaining funding to complete the cost of elevator replacements within six months;

Whereas, The DDA Partnerships Committee met with First Centrum representative Bob Salomon to discuss specific aspects of the project, and on September 25, 2000 formulated a recommendation that the DDA provide $100,000 toward the cost of these elevator replacements;

Whereas, On October 4, 2001 the DDA provided funding assistance to First Centrum for its Courthouse Square Apartment Building in the amount of $100,000 of DDA Housing Funds in the form of a 6% interest loan with annual payments to be determined from the cash flow from the project with a balloon payment in 2018 for rehabilitation improvements

Whereas, These funds were provided contingent upon First Centrum providing a contract for the repairs and a commitment of all funds necessary for the completion of the repairs in a form acceptable to the DDA before these funds are disbursed on or before April 1, 2001, or the authorization for these funds would expire;

Whereas, First Centrum was also told that these funds were being provided contingent upon First Centrum providing a written plan to the DDA acceptable to the DDA addressing improvements to the exterior of its Courthouse Square Apartment Building on or before December 1, 2000;

Whereas, In its October 4, 2001 resolution, the DDA authorized its Partnerships Committee Chair, Executive Director and Attorney to complete the documents necessary to implement this arrangement with First Centrum;

Whereas, On June 19, 2001 First Centrum provided the DDA with contracts for the necessary repairs as well as a “Needs Assessment” dated March 22, 2001 provided by the District Manager and Maintenance Supervisor for Courthouse Square Apartments;

Whereas, The Partnerships Committee Chair, Executive Director, and Attorney will need time to review these documents and frame the necessary documents to implement an arrangement with First Centrum;

RESOLVED, The DDA agrees to provide an extension to its resolution dated October 4, 2000 providing $100,000 to First Centrum Corporation for Rehabilitation to 100 S. Fourth Avenue (Courthouse Square Apartments) to no later than September 30, 2001.

Ms. Sipes pointed out that in two places the dates of October 4, 2001 should be October 4, 2000. The balloon payment is beyond the DDA’s charter so Mr. Aldrich asked Ms. Pollay what would happen. Ms. Pollay said the City would inherit this repayment.

A vote on the motion showed:
AYES: Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Greff, Gunn, Sipes
NAYS: None
Absent: Gillett, Pohrt, Ungrodt
The motion carried.
Mr. Dankert presented the following resolution and Ms. Gunn seconded:

RESOLUTION IN SUPPORT OF THE DEVELOPMENT OF AFFORDABLE HOUSING AT THE NICKELS/MAYNARD BUILDING

Whereas, The goals of the DDA include participation in efforts to stimulate new, converted or renovated housing in the downtown;

Whereas, The Collegian (Nickels Maynard Building) will redevelop a blighted site which has been an eyesore and concern to police and the neighborhood for several years;

Whereas, The project will create an attractive seven-story building in the heart of the State Street district with nine residential units of mixed affordability, including eight market rate condominiums and one affordable condominium;

Whereas, The annual TIF contribution from this project is anticipated to be significant;

Whereas, The project will provide eight parking spaces on site and will include a number of improvements to the adjacent alley, including providing for a communal trash compactor for area businesses;

Whereas, This development is within the State Street pedestrian improvement area and whereas the developer is cooperating with the DDA to coordinate work on those improvements and to achieve the goals of the DDA project;

Whereas, The developer, Spoon Equities, has asked the DDA for a $15,000 contribution to defray the extra costs associated with incorporating so many DDA goals into this project;

Whereas, The request to the DDA represents a small fraction of the actual cost to meet these DDA goals and an even smaller fraction of the annual TIF revenues the DDA will receive as a result of this development;

Whereas, The DDA Partnerships Committee has reviewed this request in depth and has voted to recommend its approval, subject to the following contingencies: (a) the developer will provide the Committee with documents demonstrating that the affordable unit will be affordable at or below 80% of median income and will remain permanently affordable; (b) the developer will provide the Committee with final floor plans for the units;

RESOLVED, The DDA approves a request from Spoon Equities to provide $15,000 from its Housing Fund toward the cost of this project;

RESOLVED, The DDA Director, Chair, Partnerships Committee Chair, and attorney have the authority to review and approve any documents necessary to implement this resolution.

After much discussion, it was moved by Mr. Berlin and seconded by Ms. Gunn to table the resolution.

A vote on the motion to table showed:
AYES: Aldrich, Berlin, DeVarti, Fritz, Greff, Gunn, Sipes
NAYS: None
Abstained: Beal, Dankert
Absent: Gillett, Pohrt, Ungrodt
The motion to table carried.

Mr. Dankert presented the following resolution, moved by Ms. Gunn and seconded by Mr. DeVarti:
RESOLUTION TO EXTEND APPROVAL OF DDA “PRINCIPLES GUIDING PARTNERSHIP DECISIONS” GUIDELINES TO JANUARY 31, 2002

Whereas, On December 21, 1999 the DDA approved interim guidelines to enable its Partnerships Committee to consider ways that the Authority could work with private developers to encourage new development in the downtown area, particularly those that would include parking on-site as part of their projects;

Whereas, These principles were to be considered as guidelines and not as fixed rules requiring DDA action in support of or in opposition to any specific development proposal;

Whereas, These guidelines were to be reviewed or revised no later than July 1, 2001;

RESOLVED, The DDA shall extend the applicability of its “Principles Guiding Partnership Guidelines” to allow for additional review, and shall approve or revise these guidelines no later than January 31, 2002.

Principles Guiding Partnership Decisions:

The overriding premise is that DDA should only expend public resources to further specific DDA goals-- a "public purpose". Our partnership ventures must be seen as furthering downtown development goals, building the tax base, furthering our parking program, etc. This program must not be seen as an entitlement to developers or as a give away program.

In our discussions to date, this general rule was articulated through several more specific statements.

1. The project must make a significant net financial contribution to the DDA. Specifically, a new development must make a significant ongoing annual contribution to the TIF fund, after any DDA assistance is deducted. The payments to the developer should, in general, be timed so that the development is never in a "negative TIF" situation. If a developer is seeking DDA assistance to build parking, the DDA contribution to that parking must be considerably less than what it would cost the DDA to build that parking.

2. In general, we expect the DDA contribution to be directly related to some specific benefit from the project. "Directly related to" means that the DDA assistance supports the specific benefit and that the amount of assistance is related to the value of the benefit. In considering the impacts and benefits of a project, we need to consider not only the site but also the downtown neighborhood surrounding the site.

3. If a developer seeks DDA assistance to build parking, the DDA assistance should only go to "extra" parking-- parking beyond that which the developer would otherwise build into the development. By "otherwise build into" a project, we mean the parking that is required by ordinance (e.g., one space per residential unit) plus the parking that would normally be built as part of a project (e.g., one level of underground parking in the lower level of an office/commercial development).

4. The DDA should only provide assistance to build parking if the parking will meet a DDA-identified parking need. By a "DDA-identified parking need", we mean a parking need in a given area based on a formal or informal DDA parking needs study. We acknowledge the need to update these needs studies periodically (e.g., bi-annually) and, in considering parking needs, to consider the impact of the proposed development and other nearby new or planned developments on the parking needs as reflected in the studies.

5. The DDA should only provide assistance to build parking if the parking is "public". At the same time, there is some recognition that the creation of "extra" parking by a developer may lessen the demands on the overall downtown system even if the parking is not public.

6. The DDA should only provide assistance to a development if the development is consistent with the downtown plan and furthers identified DDA goals.
7. In considering how it may assist new developments, the DDA must think of the variety of ways it might provide assistance—e.g., parking partnerships, the housing fund, pedestrian improvements, etc.

8. In considering whether and how to assist developments, the DDA shouldn't use public funds to support what should or would happen privately without governmental assistance. Nor should the DDA be seen as providing gap funding to otherwise unfeasible developments. DDA assistance should be limited to what is necessary to make a project happen and should be targeted to achieving specific DDA goals ("public purpose").

9. The DDA has negotiated parking permit deals with new developments for many years. In general, this practice should continue as a way to support new development. The determination as to whether to support developer-created parking versus to allocate permits within a DDA structure (or to build a new DDA-owned structure in a given area) should be made in light of parking needs studies. (See # 4.)

10. As a working guideline, so that developers will have a better idea of what to expect in terms of DDA support, the committee recommends that the DDA support projects that generally meet downtown planning goals and that either provide "extra" parking; or underground parking; or needed downtown housing; or significant architectural benefit to the downtown, so long as the overall DDA assistance to the developer doesn't exceed 25% of the projected ten year TIF revenue from the project. The degree of DDA support will vary between 0 and 25% of the ten year TIF depending on the public benefits as defined in this policy.

11. Since the purpose of this policy is to foster new development (and new TIF revenue), the committee recommends that the DDA not consider any requests for "retroactive assistance".

A vote on the motion showed:
AYES: Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Greff, Gunn, Sipes
NAYS: None
Absent: Gillett, Pohrt, Ungrodt
The motion carried.

Mr. Dankert presented the DDA Partnership Committee’s Work Plan for 2000-2001.

Ms. Sipes exits.
Mr. Berlin exits.

OPERATIONS COMMITTEE
Mr. Dankert reported that eleven months into the fiscal year everything looks reasonably good. Mr. Morehouse was asked about the City’s delay transferring winter taxes to the DDA, to which Mr. Morehouse said that he believed that a transfer would have taken place at this point, including the interest earned in the intervening months. Mr. Dankert reported that the other reason TIF funds are down is due to some unbudgeted but approved payments including to Syndeco. Parking revenue is up 18% while expenses are 10% under budget. Fourth/Washington is doing much better than was budgeted. Mr. Dankert said that the most recent report provided to the Committee by Mr. Stein included a number of very positive patron comments. It was also reported that the spring structure wash downs were completed by Republic this year for $29,000 versus $100,000 paid to a contractor last year. Most of this $29,000 was employee bonuses. Mr. Dankert announced that Mr. Forst, Ann Arbor System Manager for Republic Parking, will be leaving in August to accept a position with another firm in Pittsburgh. Everyone wished him well.

Mr. Dankert reported that the Committee’s 2001/2002 Work Plan was included in the packet.

CAPITAL IMPROVEMENTS COMMITTEE
Forest Parking Structure Construction. Mr. Beal reported that the Forest structure opened July 1st. Mr. Iraola said that the contractor is still working on a rather extensive punch list that will take at least a month
or more to complete. The bridge to the Galleria does not meet guidelines and may need a variance, which they also hope to resolve in the next month or so. At this point they’ve spent 30% of the construction contingency amount. Mr. Dankert asked if there was any more information on the vandalism to the elevator. Mr. Iraola said that the damage was covered under the builder’s insurance.

Fourth/William Parking Structure Repairs. Ms. Pollay reported that work is underway. Floors 6 and 7 have been completed and Western Waterproofing is now working on the 5th floor. As soon as Art Fair is over, work on the first floor at the William Street entrance/exit will begin. For about 6 weeks everyone will enter/exit off Fourth Avenue. Some monthly parking patrons were moved to adjacent decks. Although there is a lot of work ahead, currently the project is slightly ahead of schedule.

State Street Area Pedestrian Improvement Project. Mr. Beal reported that the drawings are almost done. No bid date has been set yet. Ms. Pollay said that she and Mr. Peter Pollack attended a recent Planning Commission work session and received numerous compliments on the design.

Work Plan. Mr. Beal submitted the Committee’s 2001/2002 Work Plan. The Committee will look to expand maintenance efforts and parking repair planning.

**PLANNING COMMITTEE**

Ms. Pollay said that the committee discussed the request to fund a study of the Allen Creek, but opted not to pursue funding. However, the Committee decided that they would like to stay involved with whatever efforts are undertaken by the City, County or citizen’s group.

The Committee’s Work Plan is included in the packet. Much of the focus will be on the 2031 Plan. The Committee will work to formulate a schedule of public meetings to elicit community feedback. Upcoming Committee meetings are scheduled for July 26, August 9, and August 23 at 9:00 at the DDA office.

### 8. Other Business

Ms. Pollay reported that a Planning Commission subcommittee would like to meet with DDA members to discuss a possible ordinance amendment dealing with building heights. The meeting is tentatively scheduled for the third week in August, and she would work with Planning staff to confirm this date.

Mr. Dankert asked the status of the First/Washington project. Ms. Pollay said that a meeting was held last week with DDA and Freed representatives to begin the process of outlining a development agreement. Information is being gathered, and the group will meet again next week.

Mr. Aldrich reminded everyone of the dinner that evening with City Council members at Argiero’s.

Mr. DeVarti said that he had drafted a resolution regarding a Living Wage Ordinance that he distributed to all present, and said that he would submit it to the Operations Committee for action.

### 9. Other Audience Participation

Mr. Jim Mogensen expressed concern about the Living Wage.

### 10. Adjournment

As there was no further discussion, upon motion, the meeting was adjourned at 1:27 p.m.

Respectfully submitted,
Susan Pollay, Executive Director