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

Time: The Chair, Ed Shaffran, called the meeting to order at 12:05 p.m.

1. Roll Call

Present: Neal Berlin, David Fritz, Maria Harshe, Karl Pohrt, Deanna Relyea, Ed Shaffran

Absent: Dave DeVarti, Leah Gunn, Lorri Sipes

Staff: Susan Pollay, Executive Director

Present: Joseph Morehouse, Fiscal and Administrative Manager

Audience: Bob Beckley, U of M
Paul Daniels, Structural Design, Inc.
Ray Detter, Citizens Advisory Council
Bob Gates, First Martin
Marlowe Greenberg, University of Michigan School of Public Policy
Rene Greff, Arbor Brewing
Karen Hart, City Planning Department
Tom Heywood, State Street Area Association
Bob Henderson, Courthouse Square Apartments
Adrian Iraola, City Engineering Division
Margaret Leary, Ann Arbor City Planning Commission
Richard Mitchell, Mitchell & Mouat Architects
Lawrence Molnar, University of Michigan School of Business Administration
Cathy O'Donnell, Ann Arbor News
George Patak, Ann Arbor Police Department
Donna Tope, Ann Arbor City Planning Commission

2. New Business

Parking Construction Committee

Ms. Gunn enters

A. Fourth and Washington. Mr. Shaffran reported that the City had received six bids for the construction of the new parking structure. The low bidder was Spence Brothers, of Saginaw Michigan, in the amount of $7,170,000 for construction of a seven-floor 277-car structure. The DDA had previously estimated for City Council that construction costs for a 245-car deck would be approximately $5,000,000, for a total project cost of $6,200,000. With current bids, the total project cost would exceed $8,700,000.
In an attempt to reduce construction costs, many meetings had been held between Ms. Pollay, Mr. Iraola, Mitchell & Mouat, Rich and Associates, Mr. Shaffran and Spence Brothers. Various design elements had been identified for possible elimination under schemes A, B and C.

Ms. Sipes enters.

Richard Mitchell of Mitchell & Mouat Architects gave an overview of the impact due to the different versions. Version “A” eliminated many internal items that would not affect the deck’s appearance. Version “B” deletes some brick and modifies the railing design. Version “C” deletes all brick and other design elements, which Mr. Mitchell’s felt would eliminate a great deal of the character of the building.

Ms. Gunn inquired at to the difference in looks between version “A” and version “B”. Mr. Mitchell replied that it mainly concerned the reduction of the brickwork on the arches, and the awnings and railing details are simplified. Mr. Shaffran gave his support for building the seventh story now, for $500,000, rather than add it later. Ms. Sipes inquired about the approximately $800,000 in City fees and engineering costs in the project budget. Mr. Berlin replied that this figure cannot be completely eliminated, as the City will incur some costs associated with this project, but that there was a potential that some fees might be reduced. It was suggested that language should be added to the resolution concerning city costs.

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

RESOLUTION TO RECOMMEND AWARD OF CONSTRUCTION CONTRACT WITH SPENCE BROTHERS FOR THE FOURTH AND WASHINGTON PARKING STRUCTURE

Whereas, Ninety-two sets of plans and specifications were distributed to fifty-seven contractors, subcontractors, and suppliers who had expressed interest in the Fourth and Washington parking structure project and six complete bids were received and opened;

Whereas, The firm of Spence Brothers of Saginaw, Michigan has submitted to the City the low bid for the construction of a seven level parking structure at the corner of Fourth & Washington in the sum of $7,170,000.00;

Whereas, Design modifications could reduce the construction cost for a seven level parking structure to $6,696,050.00 (i.e. architect’s version “B”);

Whereas, Subsequent discussions with the low bidder indicate that other modifications may be feasible leading to further savings, in addition to possible savings due to reductions of City-associated fees and charges and the possible application to the project’s debt service by City revenues from the recent meter rate increase; and

Whereas, It is now necessary to enter into a contract with said firm for said services;

RESOLVED, That the DDA recommend to City Council that a contract be awarded to Spence Brothers for no more than $6,696,050.00 (architect’s version “B”);

RESOLVED, That the DDA recommends construction of a seven level parking structure;

RESOLVED, That the City Administrator, DDA Chair and DDA Executive Director are authorized to negotiate changes to pursue further savings.
RESOLVED, That the DDA shall request that the City waive City fees and charges for this project to the fullest extent possible;

RESOLVED, That the DDA shall request that the City allocate funds to this project generated by the recent parking meter rate increase for the purpose of debt service coverage.

Mr. Shaffran suggested that the DDA might pay for the increased cost of the structure by borrowing more funds to keep available cash on hand, or by charging a higher rate for parking in the new structure.

Mr. DeVarti enters.

Mr. Pohrt asked Mr. Shaffran his opinion of which version he would like to see built, since he has been most involved in the project. Mr. Shaffran replied that he would suggest version “B” since it is only $600,000 more than the “stripped down version “C”, saying that the added cost would be minimal when amortized over an expected fifty year life span. Ms. Gunn agreed with Mr. Shaffran, and added that she felt that using TIF funds for parking repairs was unavoidable. Another factor mentioned by Ms. Gunn was the low bond interest rates currently being offered. Ms. Harshe recommended asking the City to use the increased parking meter revenue to help pay for the structure. She also raised concerns about the total project cost, and how much future projects would cost when built to the Fourth & Washington level of architectural detail. Mr. Shaffran replied that Ms. Pollay had updated a previous schedule with higher costs for future projects and that there appears to be a parking revenue shortfall in the years 2002 through 2005. Ms. Harshe commented on how the $450,000 of City meter revenue would help the financial outlook greatly. She supported asking the city for the parking meter revenue in the resolution. The discussion then focussed on the specific language to put in the resolution and how many years to request the parking meter revenues.

Mr. DeVarti stated that the total cost of the project for version “C” could be calculated as $31,600 per parking space, which translated into debt service of $190.00 per month per space. He related this cost to the current monthly permit fee of $80 per month, pointing out the great subsidy provided to patrons using the parking system. Mr. DeVarti recommended building the structure with smallest cost per space possible. Mr. Shaffran commented that currently it was thought that this structure would be for hourly parking only and if the hourly rate was $1.25, each space might generate over $200 per month. Ms. Gunn commented on how the location of the new structure would lend itself to the increased rate.

Mr. Shaffran called the question.

A vote on the motion showed:

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

Upon motion by Ms. Harshe, with support from Ms. Gunn, the following resolution was put forward:

AUTHORIZE AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH RICH AND ASSOCIATES, INC. FOR CONSTRUCTION RELATED SERVICES FOR THE PARKING STRUCTURE AT WASHINGTON STREET AND FOURTH AVENUE
Whereas, One of the first phases of the DDA’s multi-year repair and replacement plan will be replacement of the parking structure at E. Washington St. and S. Fourth Ave;

Whereas, The DDA board authorized, at its October 14, 1997 meeting, a Professional Services Agreement (PSA) with Rich and Associates, Inc. in the amount of $250,000 for the design and preparation of bid documents for the construction of a replacement parking structure at Washington and Fourth;

Whereas, Said firm submitted a proposal to amend their PSA to provide construction related services in the sum of $68,000, in addition to design changes and reimbursables in the sum of $10,500;

Whereas, It is now necessary to have a consulting firm perform construction engineering for the parking structure;

Whereas, Rich and Associates, Inc., has submitted to the City a proposal which sets forth the services to be performed by the firm, and the payments to be made by the City, all of which are agreeable to the City;

RESOLVED, That the DDA board authorize an amendment to the professional services agreement with Rich and Associates, Inc. for no more than $78,500;

Mr. Shaffran asked the Executive Director to try and negotiate some cost saving from this contract. He then called the question.

A vote on the motion showed:

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

B. Maynard Structure.

Mr. Shaffran explained that due to deterioration of areas of concrete in the Maynard parking structure Carl Walker, Inc. had been asked to prepare construction specifications for some immediate repairs to ensure public safety. Several dozen steel rods providing structural support would be installed throughout the structure over the next week or so. He commented that the plan for full slab replacement had been originally slated to take place in 2001/02, and that work was to have been phased over several summers, but delay was no longer advisable. Mr. Shaffran requested that the DDA utilize Carl Walker, Inc. to prepare construction documents, and that construction should begin as early as January 1999.

Ms. Harshe leaves.

Mr. Shaffran said that portions of Maynard would be closed January through April, and then the entire structure would need to be closed from May to September of 1999. During these months the only way up and down would be the express ramp, which would be too hazardous for use by the public, thus the recommendation that the structure be completely closed. Mr. Shaffran suggested that the DDA use a construction management system for this project, rather than a traditional bid system. Mr. Pohrt voiced concern over the impact of this project on the neighborhood and asked that construction information be communicated as early as possible. Mr. DeVarti raised the question of possible use of University structures while the Maynard facility is closed.
Ms. Sipes moved and Ms. Gunn seconded a motion to recommend to City Council the hiring of Carl Walker Inc to do the construction drawings for the “Full Slab Replacement” at the Maynard Parking Facility and investigate the possibility of the use of a construction manager for the implementation. The construction would start as early in 1999 as possible and that the facility will be completely closed for approximately four months (May-September) during an approximately twelve month construction period.

A vote on the motion showed:

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

Mr. Shaffran commented that there would be an update on the First & Washington parking structure in September.

**Spaces in Between Building Committee**

Upon motion by Mr. Pohrt, with support from Mr. Fritz, the following resolution was put forward:

**Resolution to Accept a Proposal from the University of Michigan for the Study of the State Street Area**

Whereas, The DDA has committed itself to a streetscape improvement project in the State Street Area;

Whereas, The DDA has an interest in understanding the basis upon which future streetscape design decisions might be based;

Whereas, The DDA has received a proposal from four departments at the University of Michigan for $115,331 to undertake an analysis of the State Street Area, including an assessment of its current and potential customer base, its urban design strengths and weaknesses, and the public policy issues that affect the area;

Whereas, The DDA has an added interest in developing a stronger connection to the University of Michigan;

Whereas, The University of Michigan has offered to provide $15,043 toward the cost of the project;

Whereas, The State Street Area Association has offered to provide $10,000 toward the cost of the project; and

Whereas, The project would provide for a partnership between the DDA, the University of Michigan, and the State Street Area Association and the DDA is interested in developing strategic partnerships;

RESOLVED, That the DDA shall agree to accept a proposal from the University of Michigan to conduct a study of the State Street Area;

RESOLVED, That the DDA shall commit up to $90,300 for a study of the State Street Area from the University of Michigan; and

RESOLVED, That the DDA Executive Director and members of the DDA State Street Area Improvements Committee shall be authorized to negotiate specific terms of this agreement.

Mr. Pohrt introduced Larry Molnar of the University of Michigan Business School who will act as the project manager for the proposed project; Bob Beckley of the University of Michigan School of Architecture who will handle the urban
design work and Tom Heywood of the State Street Area Association (SSAA). Mr. Pohrt stated he had proposed a State Street Study a couple months ago, stressing its importance for three reasons. First, it would reflect the DDA’s commitment to a streetscape improvement project in the area. Second, it would reflect an alliance with the SSAA and the University of Michigan. And third, it would reflect the DDA’s commitment to strategic planning. Mr. DeVarti stated he was enthused about the project especially since all the parties would help fund it. Ms. Gunn also stated her support for the project and the alliance needed between the three parties. Mr. Berlin also introduced Marlowe Greenburg of the University’s School of Public Policy who will also be involved in the project.

Mr. Shaffran called the question.

A vote on the motion showed:

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

5. Adjournment

There being no other business, upon motion, the meeting was adjourned at 1:35 p.m.

Respectfully submitted,

Susan Pollay, Executive Director
Secretary