MINUTES
Downtown Development Authority Special Meeting
Thursday, August 26, 1999

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

Time: The Chair Lorri Sipes called the meeting to order at 12:06 p.m.

1. Roll Call

Present: Neal Berlin, Ron Dankert, David Fritz, Bob Gillett, Maria Harshe, Karl Pohrt, Ed Shaffran, Lorri Sipes, and Skip Ungrodt

Absent: Dave DeVarti, Leah Gunn and Deanna Relyea

Staff: Susan Pollay, Executive Director

Present: Joseph Morehouse, Fiscal and Administrative Manager

Audience: Sarah Armstrong, DDA
Ray Detter, Citizens Advisory Council
Bob Frazier, National Garages
Hannah Harshe
Bob Henderson, Citizens Advisory Council
Adrian Iraola, City Engineering
Donna Johnson, City Planning
Cathy O'Donnell, Ann Arbor News
Ingrid Sheldon, Mayor
Andrew Wright, Citizens Advisory Council

2. Subcommittee Reports

Parking Construction
Ms. Harshe moved and Mr. Gillett seconded the following resolution:

Resolution of Support for an Agreement Between the City of Ann Arbor and the University of Michigan for the Construction and Operation of the New Forest Avenue Parking Structure

Whereas, The DDA is committed to constructing a replacement parking structure on Forest Avenue that will provide the maximum benefit for the South University area;

Whereas, DDA, City and University of Michigan representatives have worked for several months to draft an agreement whereby the City and University would share the use of a new parking structure on S. Forest Avenue that will provide optimal benefit for the South University and Central Campus areas;

Whereas, This agreement would provide for a long-term arrangement whereby construction, operation, and maintenance costs are fairly shared proportionate to use; and

Whereas, The DDA has a strong interest in strengthening the connection between the downtown community and the University of Michigan;

RESOLVED, The DDA encourages the City to approve this agreement.

Ms. Pollay explained that the Agreement would be in front of City Council at its next meeting, and it set forward that the City would use approximately 68% and the UM would use 32% of the new Forest structure, and the cost of construction, operations, and maintenance would be shared proportionate to use. Mr. Gillett asked if this resolution was redundant to an earlier resolution, to which Ms. Pollay answered that an earlier DDA resolution had urged the City to begin negotiations with the UM on this structure, the result of which was now an Agreement which was approximately 95% complete.
Mr. DeVarti entered.

Mr. Shaffran stated his belief that it is in the best interest of the City to own and operate the structure and lease spaces to UM. Ms. Pollay said that this was the basic form of the Agreement. Mr. Shaffran expressed concern about a UM request to have a model built at this late date at a cost of $15,000, which would be shared by the City. Ms. Pollay said that this was agreed to by City and DDA representatives as well, as the model will be used in meetings with members of the community, and that other project elements which might better benefit the community, such as the bridge to the Galleria, would be shared by the UM as well.

It was questioned as to whether the DDA has been involved in the development of the Agreement, to which Ms. Pollay said that she had been an active participant. Ms. Harshe asked to add a friendly amendment that this encouragement was “subject to review and approval of the agreement by DDA legal counsel.” Mr. Berlin said he could not support this, as the agreement was between the City and the UM, and did not directly involve the DDA. Ms. Harshe agreed there was no need to have DDA counsel approve the document, but she renewed her interest in having DDA counsel review the document. Ms. Pollay reminded the DDA that Jim Beuche, representing the DDA, had written the first draft of the Agreement which is still the primary framework of the agreement. Mr. Berlin said that it had been subsequently reviewed by a number of attorneys, and that significant concerns about the Agreement should have been raised earlier.

A vote on the amended resolution, adding the phrase “subject to review of the agreement by DDA legal counsel” showed:

AYES: Dankert, DeVarti, Fritz, Gillett, Harshe, Pohrt, Sipes, Ungrodt
NAYS: Shaffran, Berlin
Absent: Gunn, Relyea
The motion carried.

Maynard Parking Structure
Mr. Shaffran reported that the structure will be partially open for 250 permit holders by mid-September. The entire structure would be open to the public by mid- to late-October. There had been construction delays due to a number of unexpected items, including problems with the elevator pit, the need for new drains, the installation of the emergency generator, and engineering problems with a new column. It was anticipated that the project budget would increase from the revised budget of $8.9 million to $9.5 million.

Mr. Pohrt asked if the structure could be opened on October 5 to accommodate parking for a homecoming football game. Ms. Pollay said she would work with the Building Department to see if they can get a temporary opening for that day.

Parking Operations
Mr. Dankert moved and Mr. Shaffran seconded the following resolution:

Resolution to Raise Hourly Parking Rates In DDA-Managed Facilities

Whereas, Engineering studies indicate that City parking structures currently under DDA management require significant repairs or replacement over the next several years to remain operational;

Whereas, The DDA has determined that parking revenues will be the primary source of funding for these repairs and replacements, in addition to the costs for on-going parking operations and maintenance;

Whereas, A ten-year schedule of anticipated revenues and expenses has been developed, including a forecast of proposed hourly and monthly rates;

Whereas, The DDA with National Garages estimated the loss of revenue to be $260,000 if parking rates were charged by ½ hour increments;
RESOLVED, That hourly parking rates in all structures except Fourth & Washington, shall be raised from $0.80 to $0.85 per hour;

RESOLVED, That hourly parking rates in the surface parking lots shall be raised from $0.90 to $0.95 per hour for the first three hours and from $1.10 to $1.15 per hour thereafter;

RESOLVED, That the parking rates will continue to be charged in One-hour increments;

RESOLVED, That the City Council shall be notified of this resolution per its Agreement with the DDA, with the expectation that these rates shall go into effect no later than November 1, 1999.

Mr. Dankert said that City Council had rejected the special rate for 4th/Washington and asked that the DDA also consider ways to charge by the half-hour. Mr. Fritz agreed with this suggestion, saying that customers would not feel rushed to get out of the structures. Mr. Dankert said that the Committee had explored this idea and learned that the system would lose about $260,000 if it were to return to charging by the half-hour, and that rates would have to be significantly increased to cover both this loss, as well as generate the necessary revenues. Moreover it is unclear if patrons would be more inclined to hurry out of the structures if charged by the half-hour, as now patrons have the added incentive to spend time downtown to maximize the time they’ve paid for in the decks. Ms. Pollay suggested that DDA members plan a Work Session with City Council to reaffirm the Council’s commitment to the multi-year parking repair plan and the schedule of parking rate increases which are needed to pay for it.

Mr. Pohrt put forward a friendly amendment that added a new Whereas clause: “Whereas the DDA wants to take time to talk to City Council to discuss the community’s needs;” and a new Resolved clause: “RESOLVED, The DDA shall ask to meet with City Council in a special Work Session to review the DDA’s long-term financial needs.”

A vote with the amended motion showed:
AYES: Berlin, Dankert, DeVarti, Gillett, Harshe, Pohrt, Shaffran, Sipes, Ungrodt
NAYS: Fritz
Absent: Gunn, Relyea

Parking Partnerships-Main/Packard
Mr. Gillett moved and Mr. Berlin seconded the following resolution.

Resolution of Support for An Agreement Between Syndeco Realty Corporation and the Ann Arbor Downtown Development Authority for a Development at Main & Packard

Whereas, The City outlined five goals in its RFP for the development of the City-owned land at Main and Packard Streets, including residential use, below-grade parking for the needs of the buildings, taller building elements at the crest of the slope along Main Street with a lower profile along Ashley Street, pedestrian-friendly design on both street frontages, and a sale price consistent with current land values;

Whereas, Syndeco Realty Corporation (Syndeco) has come to agreement with the City of Ann Arbor to purchase the City-owned land at Main and Packard Streets for $400,000;

Whereas, As part of this agreement, Syndeco will provide the City with 8 units of affordable housing to be purchased by the City for an agreed-upon price of $96,000 per unit;

Whereas, Syndeco will build 120 units of underground parking without any financial contribution from the City or the DDA;
Whereas, Syndeco will combine the City land with adjacent parcels to construct 48 residential brownstone units, in addition to a nine story mixed-use commercial/residential/office building, which will bring a at least 100 new downtown residents and 200 office workers to downtown Ann Arbor;

Whereas, The project will also create an attractive public walkway and plaza between S. Ashley and S. Main Street;

Whereas, The DDA has been asked to provide assistance to enable this project to go forward;

RESOLVED; The DDA will make available up to 100 spaces of monthly permit parking to Syndeco at the Fourth and William parking structure at market rate and will encourage the City to contract with Syndeco for these parking permits.

RESOLVED, The DDA will provide Syndeco with a contribution from its Housing Fund to support the housing aspects of this development in the amount of $75,000.

RESOLVED, The DDA will provide Syndeco with $589,800 for the construction of the pedestrian improvements associated with this project, including streetscape improvements along S. Ashley and S. Main Streets, as well as on the Mews and on the Pedestrian Plaza.

RESOLVED, The DDA Chair, Main/Packard Committee Chair, Executive Director, and legal counsel are authorized to pursue discussions with Syndeco to bring an Agreement between Syndeco and the DDA to conclusion.

Mr. Shaffran said he couldn’t support this resolution, as he felt the DDA and City contributions to the affordable housing aspects of the project could be better spent by contributing the funds to LISC which would double their value. He said the DDA Finance Committee had not determined if the DDA could afford the payments to Syndeco, and that the payments should be assigned by completion points, not specific dates. Ms. Harshe said she could support using DDA Housing Funds for this project, and could support the improvements along Ashley and Main, but had concerns about funding improvements within the development as they would not be publicly owned. Moreover she had reservations about providing 100 permits with hundreds of people on the DDA wait list.

Ms. Sipes affirmed her support for not providing any DDA funds until Syndeco tax payments had been received. Mr. DeVarti said that he felt the amount paid toward providing affordable housing was relatively little, to which Mr. Pohrt asked that the DDA efforts toward financially supporting affordable housing should not be disparaged in any way. Members said that valuable aspects of the project included the integration of income levels, underground parking and the creative partnership between private and public funding.

Mr. Pohrt moved and Ms. Harshe seconded a motion to table this resolution and bring it to the next meeting, so that additional information could be gathered.

The Finance Committee was asked to review the payments to Syndeco and their impact to the DDA. The Housing Committee was asked to consider how the eight affordable housing units could be kept affordable once sold. The Parking Committee was asked to consider the impact of providing 100 parking permits given the 400 people already on the permit wait list. Ms. Pollay was asked to follow up with Detroit Edison about their permits in the Fourth & William structure. Ms. Pollay was also asked to find out the terms of the public easement along the Mews and Plaza, to determine the uses that would be permitted and the extent to which public dollars would be needed to maintain the facilities.

A vote on the motion to table showed:
AYES: Dankert, DeVarti, Gillett, Harshe, Pohrt, Sipes, Ungrodt, Berlin, and Fritz
NAYS: Shaffran
Absent: Gunn, Relyea
The motion passed.

Finance/Budget Committee
Mr. Dankert reported the committee is looking at financial statements from the City and will have a year-end report possibly by the October meeting.

Allen Creek Committee
Mr. Gillett reported that a draft RFP for a study was being developed and there is a meeting next Monday to which all DDA members were invited. There is a broad range of people involved in this study project, including staff and Council from the City, the County Drain Commissioner, the University, the Chamber of Commerce, the Huron Watershed Council, and many others.

Information Technology Zone
Ms. Pollay reported that DDA members had met with Susan Lackey of the Washtenaw Development Council to discuss this project, and that there will be another meeting on September 1 at noon at the DDA office, to which all DDA members were invited.

Transportation Committee
Ms. Sipes reported the City/DDA/AATA/Chamber project has hired a transportation coordinator, and her office will be at the Chamber of Commerce. Free temporary bus passes will be distributed during October. There will be no cost to downtown employers and employees over the next two years.

State Street Project
Ms. Pollay reported that there will be a meeting at noon on September 23 at the Michigan Theater to present the latest findings.

Other DDA Business:
Ms. Sipes reminded everyone that the next regular meeting of the DDA is scheduled for September 9th.

As a new business item, Mr. Fritz asked that the DDA look at other ways to generate funds, such as asking City Council to begin charging at the street meters after 6:00 p.m. and directing these new funds to the DDA. Mr. Ungrodt asked that the DDA revisit the idea of charging for parking on Sundays.

Ms. Harshe asked to hold a brown bag meeting to plan for the next six months and to revisit the ten-year plan. Ms. Pollay asked the Board to consider a retreat in September or October before she takes her leave of absence, and that she would contact them after the meeting to determine a date convenient to all.

3. Adjournment

The meeting was adjourned at 1:55 p.m.

Respectfully submitted,

Susan Pollay, Executive Director
Secretary