MINUTES
Downtown Development Authority Meeting
Wednesday, October 4, 2000

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

Time: The Vice Chair, Rob Aldrich, called the meeting to order at 12:08 p.m.

1. ROLL CALL

Present: Rob Aldrich, Neal Berlin, Bob Gillett, Rene Greff, Leah Gunn, Karl Pohrt, and Lorri Sipes

Absent: Fred Beal, Ron Dankert, Dave DeVarti, David Fritz, and Skip Ungrodt

Staff: Susan Pollay, Executive Director
Present: Sarah Armstrong, DDA
Joe Morehouse, Fiscal and Administrative Manager

Audience: Brian Barrick, Pollack Design Associates
Jerry Billiter, National Garages, Inc.
Herb David, Herb David Guitar Studio
Ray Detter, Citizens Advisory Council
Bob Frazier, National Garages, Inc.
Bob Henderson, Citizens Advisory Council
Adrian Iraola, City of Ann Arbor, Engineering Division
Donna Johnson, City Planning Department
Lisa Klionsky, Ann Arbor News
Susan Lackey, Washtenaw Development Council
Audrey Libke, Citizens Advisory Council
Lara Thomas, Get Downtown, AA Area Chamber

2. APPROVAL OF MINUTES

Mr. Berlin moved and Ms. Gunn seconded the approval of the September 6, 2000 meeting minutes.

Mr. Fritz enters.

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

Mr. DeVarti enters.

A motion was made by Ms. Gunn and seconded by Mr. Fritz to move into an Executive Session to discuss a possible real estate transaction.

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

Mr. Beal enters.

The regular session began again at 12:20 p.m.
3. CITIZEN ADVISORY COUNCIL

Last night the Citizens Council devoted a lot of its meeting time to a discussion of the current status of the Courthouse Square Apartments and ways in which we might be helpful to its residential tenants. We are not opposed to the DDA approving a loan to First Centrum Corporation as a means of improving the physical condition of the building. We hope the loan will help it fill empty units and achieve financial stability. But we should make sure that our actions do not encourage a situation in which low-income residents are squeezed out of the building by future rental increases they are unable to pay. Residents need to be protected and services need to be provided to help those most threatened. When First Centrum was approved to develop Courthouse Square, as a part of the tax credit agreement the Ann Arbor Housing Bureau for Seniors was assigned the responsibility of helping future tenants gain needed assistance. Members of the Citizens Council will try to meet with Housing Bureau representatives and Courthouse Square tenants as soon as possible to make sure that necessary services are getting to the people who need them.

For quite some time the Citizens Council has cooperated with other community groups to try to develop a communication process with the UM that would permit more community involvement in UM land use planning. City Administrator Neal Berlin, other City officials, and members of the DDA have encouraged this dialogue. Many of us were involved in the large community meetings called by the UM to provide input regarding the development of its Master plans and the building of the new Life Sciences buildings on campus. Two smaller meetings between the University and community leaders have recently taken place in an attempt to organize a more regular pattern of discourse. The future of the Lower Town Area of Ann Arbor has been a topic of discussion at several of these meetings.

A week ago we heard that several City officials had just been notified, two days before the Regents meeting at which it was to receive preliminary approval, that the UM now has a plan for a two-story, 50,000 square foot building on Wall Street. We were taken by surprise. This plan had never been announced at any prior public meeting. Community leaders who had been talking with UM officials all along had been given no notification. Many of us were outraged that this single building was not a part of any overall planning vision for the University or for Lower Town. Some of us protested to the Regents and to the University officials.

Last Friday I spoke with UM Vice President Robert Kasdin and he agreed to call a meeting of UM and community leaders to discuss the possibility of our developing a common vision for future development of the historic Lower Town area of Ann Arbor. Vice President Kasdin made clear that he is not interested in talking only about the future of UM-owned land. He wants to talk about ways in which the city and private developers might cooperate in making use of surrounding privately owned land to create a common vision for the area.

This is a great opportunity. When this meeting is called it may open up the possibility of a creative University/City/Private development of the Lower Town area that will be of great benefit to all parties involved. It could be of great importance to the downtown and the entire Ann Arbor community. Instead of low-rise university buildings with nearby parking structures built to satisfy immediate emergency needs, we could have more dense, higher-rise, cooperative development that includes housing and other mixed uses as a part of a carefully planned urban vision for the Lower Town area. The new Broadway Bridge, the planned railroad line to Lansing, increased pedestrian traffic, public transportation, parks, sewer and storm water issues could all be factored in with new high-rise housing in a plan that would positively impact our built and natural environment at the same time that it returned more tax revenues to the City.

Instead of wasting valuable land on two story, single-use structures with adjoining parking decks, we might have six to ten story mixed-use buildings that include a large component of housing. Residents who work nearby—perhaps in University facilities, will lessen the need for more parking, reduce the traffic on our streets and create a pedestrian relationship with nearby parks, bridges and downtown neighborhoods that will stimulate the vitality of our town at the same time that it reduces urban sprawl.

This is a great opportunity. It is also a challenge. We will be asked to put up or shut up. When Vice President Kasdin calls this promised meeting we hope that City officials, DDA members, community leaders, UM
representatives and private developers will all participate in creating a shared vision for this important area of our town.

4. **AUDIENCE PARTICIPATION**

Mr. Bob Henderson, Courthouse Square resident, told the board that while he appreciated the DDA’s efforts, that he was concerned that the DDA would seek matching funds from First Centrum, as he didn’t want to see any rent increases. Courthouse Square was intended as affordable housing but rents were increased $20 in the past year or so, and if the rents were increased further, it would drive out many current residents.

Ms. Susan Lackey, WDC, explained that she and many others were in the process of submitting an application to the MEDC for a tax increment capture for the SmartZone. The application asks that a public body submit the application, and they would like the DDA to officially submit the application. **Mr. Gillette moved and Ms. Gunn seconded the motion, authorizing Susan Pollay to sign the application on behalf of the project.**

A vote on the motion showed:

**AYES:** Aldrich, Beal, Berlin, DeVarti, Fritz, Gillett, Greff, Gunn, Pohrt, Sipes

**NAYS:** None

**Absent:** Dankert, Ungrodt

The motion carried

5. **NEW BUSINESS**

Mr. Aldrich welcomed the newest board member, Rene Greff. All welcomed Ms. Greff.

The following resolution was moved by Ms. Gunn and seconded by Ms. Sipes:

**A RESOLUTION TO SUPPORT THE NATURAL AREAS MILLAGE, PROPOSAL B**

WHEREAS the Washtenaw County Board of Commissioners has placed on the ballot a .25 10-year millage request to preserve natural area such as valuable wetlands and other water resources, land which serves as important wildlife habitat and land which provides a buffer to these properties; and

WHEREAS a coalition of the environmental community, the Home Builders and the Greater Ann Arbor Chamber of Commerce have come together to support Proposal B; and

WHEREAS this program would be administered by the Washtenaw County Parks and Recreation Commission, which has an outstanding track record in acquiring and preserving land for recreation; and

WHEREAS land preservation will help sustain the quality of life in Ann Arbor, and encourage the redevelopment and infill in the more urban areas; and

Whereas, It is the mission of the Ann Arbor Downtown Development Authority to promote redevelopment and infill in the core central downtown business district;

**THEREFORE BE IT RESIGNED** that the Ann Arbor Downtown Development Authority supports the goals of this millage.

**BE IT FURTHER RESOLVED,** That the Ann Arbor Downtown Development Authority will actively participate with the Washtenaw County Board and other units of local government in county-wide efforts to maintain the diversity of urban and rural lands in Washtenaw County.

A vote on the motion showed:

**AYES:** Aldrich, Berlin, DeVarti, Fritz, Gillett, Greff, Gunn, Pohrt, Sipes

**NAYS:** Beal

**Absent:** Dankert, Ungrodt

The motion carried
Mr. Pohrt said that he and Mr. DeVarti had attended the International Downtown Association Annual Conference and thought it was very worthwhile. Mr. DeVarti said that there were many useful sessions, providing information that could be applied in Ann Arbor in addition to opportunities to meet people from across the country. Mr. Pohrt said he urged other DDA members to attend next year's conference in Pittsburgh.

6. OLD BUSINESS

Ms. Pollay said that the DDA had received a letter from Mr. Peter Bilakos that day restating his request for assistance with his sidewalk, and that she had called seeking more specific information. Any follow-up will be referred to the Capital Improvements Committee.

7. SUBCOMMITTEE REPORTS

OPERATIONS COMMITTEE

Mr. Aldrich reported on the August financial statements, including fund balances. He said that the DDA had received a proposal from First Martin to re-lease the Fifth/Huron lot for two years, and that the committee is considering it. The proposal was included in the packet for informational purposes only. Mr. Aldrich reported that the committee had denied the request from the Michigan Theater for façade improvements to their neighbor's building. Mr. Aldrich also said that the DDA had received seven proposals for its parking operator contract, and that references were being checked and interviews will be scheduled. The committee planned to have a recommendation by the next meeting.

PARTNERSHIPS COMMITTEE

Mr. Gillett reported they have not received a counter-proposal from Mr. Jon Carlson concerning a lease for the commercial area of the Ann/Ashley structure. He said that a committee member had heard indirectly from Jack Stegeman who indicated he was waiting to hear back from the DDA about his William/Thompson proposal, but that the committee had made clear the need for Mr. Stegeman to modify his proposal before the Committee could take action. Ms. Pollay will be calling Mr. Stegeman to clarify the situation.

Mr. Fritz exits.

Mr. Gillett moved and Ms. Gunn supported the following resolution:

Resolution to Provide $100,000 to First Centrum Corporation for Rehabilitation 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 which 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 1998 the DDA received a request from First Centrum LLC to provide support for leasehold improvements in its vacant first floor space in the Courthouse Square Apartment Building, located at 100 S. Fourth, as a means of encouraging the apartment building's success as a residential center providing affordable housing for low income, elderly persons;

Whereas, 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 is $450,000, including $200,000 to replace two elevators;

Whereas, The City of Ann Arbor Housing Policy Board has recommended to City Council approval of $200,000 of City funds for this project with $63,500 contingent upon First Centrum securing the remaining $136,500 toward the cost of elevator replacements;

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

RESOLVED, That the DDA provide funding assistance to First Centrum for its Courthouse Square Apartment Building in the amount of $100,000 of DDA Housing Funds for rehabilitation improvements;

RESOLVED, That these funds are provided contingent upon First Centrum locating or matching $36,500 of their own funds toward the balance of the cost of elevator replacements;

RESOLVED, That these funds are provided contingent upon First Centrum making improvements to the exterior of its Courthouse Square Apartment Building, including painting;

RESOLVED, That these funds will be provided in the form of a 6% interest loan with a balloon payment in 2018;

RESOLVED, That the DDA authorize its Partnerships Committee Chair, Executive Director and Attorney to complete the documents necessary to implement this arrangement with First Centrum.

Mr. Gillett said that the terms would be similar to the City loan. Ms. Gunn indicated her support for tying financial support to exterior repairs. There was a great deal of discussion by DDA members who felt that they must support the project to protect the vulnerable elderly tenants but that they had concerns about the economic viability of the project's underlying concept.

Mr. Berlin leaves.

Concerns were raised that this was the second time in two years that the property owners had come to the DDA seeking financial assistance, and that there were likely other conditional elements that would need repairs in the near future given that the initial request was dramatically reduced. A friendly amendment was offered which stated:

"Whereas, The DDA seeks assurances that they will not be asked again for additional financial support within the next five years or more."

Mr. Aldrich requested that an assessment be made to determine the current condition of the building. To this end, Mr. Gillett suggested an additional friendly amendment appending the final resolved clause:

RESOLVED, That the DDA authorize its Partnerships Committee Chair, Executive Director and Attorney to complete the documents necessary to implement this arrangement with First Centrum contingent upon an engineering study of the building which is satisfactory to the DDA or other evidence of repairs to be undertaken by December 1, 2000.

Mr. Aldrich indicated that he needed additional assurance that the quality of this asset was being safeguarded, and that he did not feel comfortable supporting this resolution, even as amended.

A vote on the motion as amended showed:
AYES: Beal, DeVarti, Gillett, Greff, Gunn, Pohrt, Sipes
NAYS: Aldrich
Absent: Berlin, Dankert, Fritz, Ungrodt
The motion carried

Mr. Gillett moved and Ms. Sipes supported the following resolution:

Resolution Recommending City Council Authorization of the Request for Qualifications Soliciting Proposals for a Public/Private Partnership in a Mixed Use Development at First & Washington

Whereas, The DDA Plan sets forward several important DDA objectives, including the construction of parking facilities to support existing and new developments and DDA participation in efforts to encourage mixed-use developments in conjunction with public improvements;

Whereas, The DDA has received a conditional appraisal of the First & Washington parking structure that indicates the deck is in very poor condition and should be closed by June 30, 2001 and the DDA has determined that parking demand warrants construction of replacement public parking on this site;

Whereas, The DDA has recommended to City Council that any public parking facility built on this site shall be constructed as part of a mixed use project, rather than a free-standing parking structure;

Whereas, This project will require the issuance of an Request for Qualifications (RFQ) to implement the selection of a private partner to develop this site;

Whereas, The DDA approved criteria for this RFQ at its June 20, 2000 meeting;

Whereas, DDA members have consulted with the City Council and Planning Commission on the project criteria and language for the RFQ, and have incorporated their recommendations into the attached document;

RESOLVED, The DDA approves the attached RFQ and recommends that City Council authorize its use to implement the selection of a private partner with which to develop this site.;

RESOLVED, If after this DDA action, City Council opts to recommend additional revisions to this RFQ, the DDA Chair and Executive Director are authorized to determine if this RFQ should be directed back to the DDA for additional discussion or if it can be released for general distribution.

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

CAPITAL IMPROVEMENTS COMMITTEE
State Street Area Improvements Project Status
Mr. Beal reported that City Council needs to make a decision on the two-way vs. one-way traffic so design for this project can proceed. Ms. Pollay said that she will work with the Public Services Department to determine when a resolution will go before Council. Mr. Beal said he and Mr. Pohrt will work with the SSAIP Design Advisory Committee to draft a resolution urging Council to support this change.

Status of Interim Repairs at Fourth/William
Mr. Iraola reported that bids will be opened October 5. There was a prebid meeting and twelve sets of plans have been issued.

Status of Fourth Avenue Improvements Project
Ms. Pollay reported that after many weeks of discussion the contract has been signed and work will begin next week.

First/William Information Gathering Regarding Possible Development
Mr. Beal reported that there have been meetings with the Washtenaw County Drain Commissioner’s Office and the City’s Land Development Coordinator which have resulted in a better understanding of the construction obstacles existing at this site. He and Ms. Pollay would continue their investigations over the coming weeks.

PLANNING COMMITTEE
Ms. Sipes reported that at 3:00 p.m. today there will be a presentation by Mr. Walter Kulash at the Michigan Theater. He is the person the board talked about bringing to Ann Arbor three years ago to discuss two-way streets and traffic calming. This presentation is co-sponsored by the UM and the DDA.

The fall retreat is scheduled for December 6. The committee will develop the agenda for this meeting and will inform the board of the program by the next meeting.

Ms. Lara Thomas, Go!Pass Coordinator, presented a report with preliminary data of AATA’s annual onboard survey of existing riders. There’s a 12% increase in ridership over the past year, and much of this increase is likely due to the impact of the Go!Pass.

8. Other DDA Business
Ms. Pollay reported that the Planning Meeting has been scheduled for October 18th and will include discussion on future funding of the Go Pass Program.

9. Adjournment
As there was no further discussion, upon motion, the meeting was adjourned at 2:20 p.m.

Respectfully submitted,
Susan Pollay, Executive Director