MINUTES
Downtown Development Authority Meeting
Tuesday, December 21, 1999

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

Time: The Vice Chair, Karl Pohrt, called the meeting to order at 12:09 p.m.

1. Roll Call

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

Staff: Sarah Armstrong, DDA
Present: Joseph Morehouse, Fiscal and Administrative Manager

Audience: Roshanak Ameli, South University Area Association
Bob Henderson, Citizens Advisory Council for DDA
Dena Isley, South University Area Association
Donna Johnson, City Planning Department
Maggie Ladd, South University Area Association
Audrey Libke, Citizens Advisory Council for DDA
Cathy O’Donnell, Ann Arbor News
Dennis Tice, S. University Area Association
Joe Upton, Ann Arbor City Council

1. Approval of Minutes

Mr. Fritz moved, and Mr. Ungrodt seconded, that the minutes of the November 16, 1999 meeting be approved.

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

The motion carried.

2. Citizen Advisory Council

In Mr. Detter’s absence, Audrey Libke and Bob Henderson presented the report.

The Citizens Advisory Council has asked me to reiterate our support for the DDA’s development of a Ten Year Plan that would show the necessity for the city to commit all or a portion of its on-street parking money to pay for parking construction and parking maintenance costs. Recognizing that the DDA is not only a parking authority, we also support your commitment to preparation of a budget that will set aside scarce TIF dollars to use for other planned and special creative downtown improvements. Let me also say that the Citizens Advisory Council is unanimous in our willingness to give active support to your efforts as this plan proceeds.

On another parking related issue, the Citizens Council has asked me to request that the DDA give up the lease on the temporary surface parking lot on the corner of Fifth Avenue and East Huron as soon as it is no longer needed to meet immediate emergency parking needs. Now that the Fourth and Washington parking structure is completed, and apparently is not overcrowded, we no longer have a reason for keeping this temporary lot. It may be a convenience, but it is not a necessity. The Citizens Advisory Council has long opposed surface parking lots in the downtown area. Whether operated in the public sector or the private sector, we believe that surface lots discourage, rather than encourage the kind of mixed use development we want in the downtown. If you park on it, you can’t build on it. The only kind of parking you can build on is underground parking.

Over the last several weeks members of the Citizens Council have devoted a lot of time and effort to the issue of the proposed new shelter on East Huron just west of First Avenue. As you know, we have always expected that an emergency shelter would continue to be located in the downtown area. We expected that shelter would be part of a carefully developed County-wide solution to the County-wide problem of the homeless. That continues to be our position. If possible we would like this to be part of the best County-wide shelter program in the nation.

Over the last several weeks we have attended numerous meetings and spoken to every person we possibly could to get our questions regarding the shelter issue answered. The supporters of the proposal have been very responsive by providing some clarifications and assurances. Hopefully, future meetings will provide more.
Two weeks ago almost 150 people, including most Citizen Council members, signed two petitions to the County Board of Commissioners prior to the Ways and Means Committee meeting that approved purchase of Huron Street property. One of the petitions simply expressed opposition to any fast-track vote on the proposal. The other petition asked that the project move forward only after meeting certain contingencies. At this point that petition continues to express the Citizen Council position.

The petitioners were opposed to a vote on any of the proposed resolutions which would in any way allocate funding, authorize acquisition of property or approve phase II of the three phase plan without first providing the following:

- Site specific mission statements, business, organizational plans for all three phases of the plan including but not limited to an explanation of financing details and operating costs, overflow arrangements and tracking system
- Formation of a neighborhood advisory committee

This should not be construed as approval for the construction of the facility in phase II. No approval for phase II should be given prior to providing the following:

- Results of site survey and analysis of potential environmental impact
- Estimate of building costs based on a design study/provisional plan for cost over-runs
- Input from neighborhood advisory committee
- Social and economic study by an independent agency to measure the impact of all phases of the proposed shelter program on the immediately adjacent neighborhood as well as the community at large in order to develop strategies for mitigating negative impact and capturing positive opportunities.
- Full assurance that transitional and permanent housing adequate to accommodate shelter clients will be available at the phase III Ellsworth Road site or another county site not in the downtown Ann Arbor area.

Mr. Gillett enters at 12:14 p.m.

3. Audience Participation

President of the South University Association, Roshanak Ameli, addressed the Board as to their goals and objectives for the upcoming year and the projects they would be able to fund.

Ms. Harshe and Mr. DeVarti enter.

Ms. Maggie Ladd, the Executive Director of the S. University Association, spoke of the upcoming festival they are planning for Fall of 2000. The Association would like the DDA to contribute money for special events. Mr. Pohrt said he would like to talk to them after the meeting and perhaps come back to the Board at their January meeting with a joint request from the State Street Area Association as well as the South University Association. Ms. Harshe asked them to come back to the Board with a list of their priorities so that the Board has an idea as to what projects they believe are most important for funding.

4. New Business

Ms. Harshe suggested they move to the 2012 Committee Issues and then go back to New Business.

Ms. Harshe moved and Mr. Ungrodt seconded the following draft resolution:

RESOLUTION TO DRAFT AMENDED PLAN TO EXTEND THE LIFE OF THE DDA

WHEREAS the DDA is set to expire in the year 2012 under its current plan;

WHEREAS the DDA has successfully achieved many of its objectives and has made significant positive contributions to downtown Ann Arbor, the City of Ann Arbor and the County of Washtenaw;

WHEREAS the DDA has demonstrated a commitment and connection to the stakeholders in downtown Ann Arbor and has been able to work effectively with them to enhance the viability of downtown Ann Arbor;

WHEREAS the DDA is the appropriate body for prioritizing the manner in which increased tax revenue generated from the downtown should be invested;
WHEREAS the DDA is currently undergoing projects and financial commitments that extend beyond the scheduled existence of the DDA;

WHEREAS the current DDA boundaries do not accurately reflect the current commercial centers in downtown Ann Arbor, for example a portion of the Forest structure is excluded from the DDA district;

WHEREAS the current DDA objectives as set forth in the existing DDA plan do not properly encompass and/or prioritize the goals of the DDA;

RESOLVED that the Chair of the DDA, the Chair of the Post 2012 Committee and any Board members who elect to serve on the Post 2012 Committee shall be empowered to draft an Amended Plan to extend the life of the DDA for thirty years and to modify the existing plan to reflect accurately the appropriate boundaries and objectives for the DDA;

RESOLVED that the Post 2012 Committed shall submit the proposed Amended Plan to the Board for final approval;

RESOLVED that subject to the Board’s approval of the Amended Plan, it shall be used as a tool to begin discussions with the proper taxing authorities regarding the extension of the DDA and the modification of its boundaries and objectives.

Mr. Beal enters.

It was decided that the Board is comfortable with the draft resolution and will go ahead and draft a plan which will also include public meetings as well as meetings with City Council.

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

Mr. Dankert moved and Mr. Ungrodt seconded the following resolution:

RESOLUTION TO ASK CITY COUNCIL FOR STREET METER REVENUE, DDA EXTENTION AND AMENDMENT OF THE DDA/CITY CONTRACT

Whereas, Since its inception in 1982, the DDA has revitalized much of Ann Arbor's downtown through a regular series of pivotal programs, including pedestrian improvements, parking repair and replacement, efficient and revenue producing management of the seven structures and three lots, encouragement of downtown housing, and alternative transportation;

Whereas, The DDA took over management of the City's seven parking structures in 1992 because the system was not producing adequate revenue and the structures needed significant repairs to remain operational;

Whereas, The cost for these repairs was estimated to be $6 million;

Whereas, The DDA agreed to oversee these repairs, as well as contribute well over half of its TIF to cover debt service for previous structure repairs;

Whereas, After overseeing these repairs it became clear to the DDA that the structures had deteriorated far more than had been previously recognized in the City/DDA agreement, and that three structures would need to be replaced and four others extensively overhauled;

Whereas, The cost for this construction program was initially estimated to be $25 million, but has since escalated to over $50 million;

Whereas, The DDA/City agreement did not anticipate this tremendous construction program nor the $40 million in new debt the City would incur; and

Whereas, The DDA suffered a twenty five percent (25%) or $9,500,000 loss of income to finance new projects with TIF funds as a result of the passage of Proposal “A”;

...
AND THEREFORE BE IT RESOLVED, The DDA proposes that the current DDA/City agreement be amended to acknowledge the construction and repair program, the new debt service borne by the DDA and the need for the DDA to continue to raise parking rates to pay for the increased expenses it continues to incur.

BE IT FURTHER RESOLVED, The DDA proposes that all revenues generated by City parking meters not previously committed to debt service or staff salaries (estimated net revenues of $1,200,000 in 1999/2000) be directed to cover City debt service for construction of its new Fourth & Washington, Forest, and any other approved parking structures.

BE IT FURTHER RESOLVED, The DDA proposes that revenues generated by DDA-managed facilities be directed to cover City debt service for maintenance and repairs of Maynard, Fourth & William, and other City structures.

BE IT FURTHER RESOLVED, The DDA proposes that City Council initiate and approve a resolution of support no later than its February 14, 2000 meeting to extend the duration of the Ann Arbor Downtown Development Authority beyond its anticipated expiration June 30, 2012 to facilitate the work of the agency toward the continuing improvements of Ann Arbor's downtown.

After discussion it was decided that the 10-Year Plan was still unclear and it is not known how much of the TIF funds should be spent for parking, etc. Ms. Harshe moved to table the resolution until such time as the Board gets more information as to funding and to continue meeting with the Mayor and Chris Kolb to see what direction they are heading in. Then perhaps the Board will be in a better position to know what to ask the City for. Mr. Aldrich seconded the motion.

A vote on the motion to table the resolution showed:

AYES: Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Gillett, Harshe, Pohrt, Ungrodt
NAYS: None
Absent: Sipes
The motion was approved.

It was reported that Mr. David Wojcik wrote a letter to the Mayor asking what could be done to ease his business’ parking shortage while the Forest Parking Structure is being demolished and rebuilt. Although the City is overseeing this project, the DDA had been asked if it could assist businesses in the South University Area while the parking structure is closed. DDA members discussed the question, and resolved that while the DDA is sympathetic, there appeared to little the Board could do beyond the actions already taken to install more parking meters, provide permit parking in Maynard, assist with AATA transit options, and rent some vacant lots. Members of the board expressed their willingness to entertain additional suggestions. Mr. Berlin said a letter from the City would be written to Mr. Wojcik in response to his concerns.

5. Subcommittee Reports

FINANCE COMMITTEE/ BUDGET COMMITTEE
Mr. Dankert reviewed the October statements that were included in the Board packet. He pointed out that there has been no information from the City on the summer property taxes collected. This delay is probably due to the work load caused by the audit. Now that the Finance Department has completed the audit the Board should know what the DDA’s tax revenue was from the summer tax collection on next months financial statements.

PARKING OPERATIONS COMMITTEE
Mr. Dankert presented and Mr. Aldrich seconded the following resolution:

RESOLUTION TO CHANGE LIBERTY SQUARE TO A PERMIT-ONLY STRUCTURE

Whereas, The Maynard Parking Structure provides much-needed customer parking for the State Street area and is more visible and more centrally-located than the Liberty Square Parking Structure;

Whereas, The DDA’s repairs to the Maynard Structure are intended to make it more user-friendly and attractive;

Whereas, The State Street Area Association has encouraged the transfer of monthly permit parking from the Maynard structure to the Liberty Square structure with the goal of creating more hourly parking spaces in Maynard and transforming Liberty Square into an all-permit deck;
Whereas, The Tower Plaza permits will continue to park in the Maynard Structure;

Whereas, Thirty public parking spaces must be set aside in the Liberty Square parking structure per its Master Deed for use by National City bank customers;

Whereas, The total cost of converting Liberty Square to a permit-only facility is estimated to be $65,652.91;

Whereas, The DDA four-year parking equipment upgrade plan had previously set aside $41,372.00 for new equipment at the facility that would no longer be needed, reducing the cost for the conversion to permit-only to $29,280.91; and

Whereas, The cost saving from the decreased need for cashiering personnel and ticket stock is estimated to be $48,000.00 per year;

RESOLVED, The DDA approves to have permit parking only in the Liberty Square parking structure Monday through Friday 8am to 3pm, and shall institute a $2.00 entry fee after 3pm Monday through Friday and all day Saturday.

Mr. Dankert said that Liberty Square is not highly visible to customers parking downtown and therefore it would be better to have all the monthly parkers from the Maynard Structure moved to Liberty Square and make the Maynard structure hourly parking. The State Street Area Association has endorsed the transfer of monthly permit parking from the Maynard structure to the Liberty Square structure. This change will save money in that there will be almost no cashiering staff required at the Liberty Square structure, however there will be a cashier supervisor’s office in the structure to answer any questions or handle any problems that might arise.

A vote on the motion showed:
AYES: Aldrich, Beal, Berlin, Dankert, DeVarti, Gillett, Harshe, Pohrt,
NAYS: Fritz, Ungrodt
Absent: Sipes
The motion was approved.

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

RESOLUTION AWARDING AN ANNUAL BONUS TO NATIONAL GARAGES, INC.

Whereas, The current Agreement between DDA and National Garages, Inc., dated February 1, 1999, provides in paragraph 4(b) and 4(c) that the DDA may pay to National Garages, Inc., two bonuses, one for the benefit of the employees and the other for the benefit of the management company, National Garages;

Whereas, The employee bonus can be up to $20,000;

Whereas, The management company bonus can be up to three and one-half tenths of one percent of the net revenue (~$15,000);

Whereas, Both bonuses are based on three criteria: customer satisfaction surveys, facility inspections and general satisfaction with the performance of the contract;

Whereas, The DDA approved bonuses for National Garages in the amount of $20,000.00 in 1998, 1997 and 1996;

Whereas, The DDA Parking Operations Committee has reviewed National Garages’ performance during the past year and has agreed to pay the $20,000 employee bonus; and

Whereas, The DDA has seen some improvement, but are still not satisfied with the level of service provided by the management of National Garages, Inc.;

RESOLVED, The DDA authorizes a payment in December 1999 of $20,000 to the employees of National Garages, Inc., as provided for in the agreement between the DDA and National Garages; and

RESOLVED, That prior to the distribution of the employee bonus, National Garages must furnish the DDA with a list of recipients and the amounts they shall receive as a result of this DDA bonus.
Mr. Dankert said that this resolution recommends paying the employee bonus of $20,000 and that no bonus be paid to National Garages because it was felt that the level of service provided by the management of National Garages needs improvement and a letter will be sent to them highlighting where we’d like to see progress, specifically relying on the DDA to come up with solutions to maintenance or operational problems, and not providing the financial reports that are needed.

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

Ms. Harshe left the meeting.

PARKING CONSTRUCTION COMMITTEE

Status of Fifth/Huron Lease
Mr. Morehouse reports that the lease expires on July 31, 2000 and we are required to give them a six-month notice of our intentions. After discussion, it was decided that with the opening of the Fourth/Washington structure the surface lot is not needed because of the need to concentrate our parking customers at one location. Since we break even on our revenues and expenses at Fifth/Huron it would be better to close it and save the cost of operating it. Mr. Beal moved that we notify them of our intent to allow the lease to expire as currently scheduled but are open to discuss other options with them. Mr. DeVarti seconded. Mr. Ungrodt said he would talk to the two principals involved and see what their intent is.

A vote on the motion showed:
AYES: Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Gillett, Pohrt,
NAYS: Ungrodt
Absent: Sipes, Harshe
The motion was approved.

Forest Status
Mr. Beal reported that bids were received and Rudolph Libke, Inc. of Ohio was the lowest bidder in the amount of $11.5M, which is within budget. They were approved by City Council. The schedule is 15 months to complete.

Status Fourth/Washington
Mr. Beal reports the structure is open and running and they are working out the bugs. The railings are still wrong. The contractor is waiting for notice of payment before they change the railings. It will be in the form of a change order. The architect, the engineer and the DDA are to pay for this.

Status Maynard Parking Structure
Mr. Beal reports that there are a lot of spaces still closed around the elevator and stairway due to the egress requirements as these areas are still being worked on, in addition to the elevator. The elevator should be completed by mid to late January.

PUBLIC/PRIVATE PARTNERSHIPS
The following resolution was moved by Mr. Berlin and seconded by Ms. Gunn:

RESOLUTION TO APPROVE
“PRINCIPLES GUIDING PARTNERSHIP DECISIONS”

WHEREAS, The DDA created a committee to explore ways that the Authority could work with private developers to encourage new development in the downtown area and work with developers to encourage private developers to add parking to their developments;

WHEREAS, This committee has met with the Ashley Mews developers for much of the past year and has reached agreements with that developer regarding DDA support of that project;

WHEREAS, The DDA expects to begin discussions with other developers in the near future;
WHEREAS, The DDA wishes to have policies in place outlining the Authority's goals and expectations in working with developers before initiating further discussions;

BE IT RESOLVED THAT:

1. The attached "Principles Guiding Partnership Decisions" are hereby adopted by the DDA as its interim guidelines for partnership discussions with private developers;

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

3. New proposals requesting DDA support for new developments in the DDA area shall be referred to the Parking Partnerships Committee for evaluation and a recommendation to the full Board;

4. Since the DDA expects to learn from future developer discussions and to revise its guidelines in light of this additional experience, these guidelines shall be reviewed by the DDA Board on or before July 1, 2001.

I. 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".

Mr. Pohrt recommended passing the resolution and then discussing it at length at the next meeting.

**A vote on the motion showed:**

**AYES:**  Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Gillett, Pohrt, Ungrodt

**NAYS:**  None

Absent:  Sipes, Harshe

**The motion was approved.**

Mr. Gillett reported that the final DDA documents for the Syndeco agreement are done and under review by the City Attorney. The documents have been signed off by the DDA’s attorney, Ms. Pollay, and Mr. Gillett and do not have to be brought back to the DDA.

**STATE STREET PROJECT**

No report.

**HOUSING ISSUES**

Mr. DeVarti said there will be a January meeting to develop a housing policy to bring to the Board in February.

**FOURTH AVENUE**

Mr. Fritz reported they had a couple of walk arounds and hoping to get together with groups of people.

**DOWNTOWN MAINTENANCE**

Mr. Fritz reported the committee decided against the request for money to improve the vaults under downtown sidewalks and he had called Mr. Jim Curtis to notify him of this.

**CONSTRUCTION MANAGER**

This is to be removed from the agenda.

**AREA ASSOCIATIONS**

No report.

**6. Other DDA business matters**

It was decided that an Executive Session to discuss the evaluation of the Executive Director was not necessary. Ms. Gunn presented and Mr. Dankert seconded the following resolution:

**Resolution to Raise Executive Directors Compensation**
WHEREAS, Susan Pollay has served the Ann Arbor Downtown Development Authority with commitment and hard work the past year; and

WHEREAS, The DDA Board members have found her to be outstanding in her execution and administration of policy, her communication and interpersonal relations, her representation of the DDA to the media, citizens and other units of government, her resourcefulness and flexibility in problem solving and decision making, and her overall management of the affairs of the DDA;

RESOLVED, That the Board of the Ann Arbor Downtown Development Authority increase her salary by $10,000;

RESOLVED, That the Board of the Ann Arbor Downtown Development Authority grants her compensatory leave during the time she will be away, to cover the hundreds and hundreds of hours she has spent on our behalf, so that she will not miss any salary; and

RESOLVED, That this change in Susan Pollay's compensation shall be retroactive to September 3, 1999.

Ms. Pollay will be using her vacation time and then the difference between her vacation time and the time she returns will be comp time (this amounts to seven weeks).

A vote on the motion showed:

AVES:    Aldrich, Beal, Berlin, Dankert, DeVarti, Fritz, Gillett, Pohrt, Sipes, Ungrodt
NAYS:    None
Absent:  Sipes, Harshe

The motion was approved.

7. Adjournment

As there was no further discussion, upon motion, the meeting was adjourned at 2:07 p.m.

Respectfully submitted,

Joseph Morehouse, Secretary