MINUTES

Downtown Development Authority Special Meeting
Tuesday, February 24, 1998

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

Time: Former Chair, Karl Pohrt, called the meeting to order at 3:09 p.m.

1. Roll Call


Absent: David Fritz, Bob Gillett, Maria Harshe, Skip Ungrodt

Staff Present: Susan Pollay, Executive Director

Audience: Joseph Arcure, Citizen's Advisory Council
Tom Bartlett, Citizen’s Advisory Council
Mark Boris, Mitchell & Mouat Architects
Ray Detter, Citizen’s Advisory Council
Sue Gott, JJR
Adrian Iraola, City Engineering Division
Matt Jobin, Rich & Associates
Michelle Morin, Ann Arbor News
Richard Roberts, City Center Building

2. New Business

Parking Construction Committee Report
Committee Chair Shaffran explained the status of development for the new Fourth & Washington parking structure, and then reintroduced Project Manager, Matt Jobin of Rich & Associates. Mr. Jobin explained that as precast concrete would be the majority of the project cost, he had asked precasters to provide initial estimates which were presented to all present as part of an initial project budget. Mr. Shaffran reported that estimates show the project could be approximately $1 million over what had been initially estimated last summer.

Mr. Ungrodt enters.
Mr. Shaffran explained that although he was not in favor of rebuilding the structure at this site, he felt it would be foolhardy to stop the development process at this point. He felt it necessary to gain site plan approval and then put the project out to bid to determine actual construction costs, and thus the DDA should hold off any discussion of cancelation of the project.

Mr. Gillett enters.

Ms. Sipes and Ms. Gunn expressed gratitude to Mr. Shaffran for his position, and Ms. Sipes said that the DDA had made the best decision possible with the tools at hand. She reported that nearly $495,000 of the project's projected costs were attributable to City charges, including a municipal service charge, building and street closing permits, and reimbursement for City engineering. Ms. Gunn asked the DDA to support a resolution asking City Council to waive all City fees, as the structure would be owned by the City. Mr. DeVarti said that the decision to build at this site had originally been Council's, and that they could waive fees to make this project possible. Mr. Berlin asked that the DDA not make assumptions about City fees, but rather allow Ms. Pollay and himself to look into the matter more closely before the DDA made its decisions. Mr. Gates asked if the policy on fees was comparable on other City projects, to which Mr. Berlin said yes. Mr. Berlin repeated that he and Ms. Pollay would research what portions of the project budget would be a direct cost to the City, and which were not, and would then report back at the next meeting.

Mr. Shaffran stated that he felt that Rich & Associates and Mitchell & Mouat had done an outstanding job to this point. He asked Mr. Jobin to go forward with two designs for the structure, one seven stories (278 spaces) which would be over budget and one five stories (208 spaces) which would be within budget, and then return to the DDA with construction bids. Mr. Jobin said he would be unable to go forward with two designs without significant cost to the DDA. Ms. Gunn said that it had been anticipated that the parking rates in the new structure would be higher than elsewhere in the system to cover the additional construction costs. Mr. Shaffran said that the additional debt and construction costs would have to be absorbed by the entire system for the next twenty years. Mr. Gillett asked Mr. Shaffran if the DDA had decided to go forward with the project, to which Mr. Shaffran said that the DDA should, but it should also reserve the right to examine this question again later.

Mr. Pohrt said that he felt that if any ideas were developing about alternatives, they should be developed as soon as possible. Mr. Shaffran said it was still not too late to reconsider renovating 90 spaces in the old structure before demolition proceeded further, and then the DDA could take its time to consider other options. Mr. Pohrt said that as this was the first project out of the chute, he would like to hear everyone's thoughts.

Mr. DeVarti said that he had mixed feelings about the project. He appreciated Mr. Pohrt's memorandum, but he felt conflicted about which way the DDA should proceed. By ratifying Council's decision last summer, the DDA had asked the community to buy into the decision to rebuild at this site. Over the past several months, more than a dozen public meetings have been held in connection with the design of the new structure and people had given generously of their time and energy. He agreed with Mr. Pohrt's note that if the DDA asked people to participate in the process and the project didn't go forward the message would be delivered that their time was not valued. His fear was that canceling the project would build community opposition to
other DDA projects and programs. He asked that the project designers consider ways to add more than the projected 278 spaces, as the incremental cost would be minimal. He felt it would be necessary to price parking in the new structure to minimize the impact of the additional $1 million on the projected ten-year repair/replacement plan. Mr. DeVarti reminded everyone that at the DDA's public meetings, people continually stated their willingness to pay whatever cost might be necessary to park.

Ms. Sipes said that the DDA plan included the addition of a new parking structure in the year 2002. She would like the DDA to consider not building this new structure in the Main Street Area, but rather put this $7.5 million toward encouraging use of mass transit. She felt downtown real estate should be used for commercial or residential uses, not parking.

Ms. Relyea agreed with Mr. DeVarti's thoughts on the Fourth & Washington structure, stating that everyone knew it would be expensive. She stated her belief that the structure was vital to that area, and that many companies spend over $1 million to rebuild public good will, which is what the DDA would need if the project did not go forward. She would vote to go ahead with the structure.

Mr. DeVarti agreed, saying that even the perception that the DDA was wavering was worrisome to many in the community.

Mr. Gillett said that he felt he must have been on the DDA too long, as he had come to find himself agreeing with Mr. Shaffran (all laughed). He expressed concern about the project overall, knew that the DDA had to keep moving forward, but wished for another option.

Ms. Gunn said that she felt the DDA should stick together on this. With all the public meetings that had been held, so many people had said this structure was what they wanted. In addition to this project, she would also strongly support the development of Fifth & Huron, as well as the use of City meter revenues to subsidize free bus passes for downtown employees, as had been described in Boulder, CO.

Mr. Gates said that as Chair of the Finance Committee, he and Ms. Pollay had revised the ten-year projections. As a caveat, he stated that these projections are only reliable for one-year; the rest could be questionable. However, looking at these numbers, if $7.2 million was spent on the structure, it would not prevent the DDA from going forward with other parts of the repair and replacement plan. This assessment could be proved wrong; for instance, interest rates or construction costs could go up, and he asked the DDA to be wary of going off-budget now, as we could face additional financial pressures later. He agreed we needed to go forward until final construction numbers were known, otherwise it could promote public cynicism.

Mr. Ungrotz stated that he could only support the project if it contained as many parking spaces as possible. He felt we needed to go forward, as we had gone too far down this road already. He asked that the architects consider ways to make it eight floors with 317 parking spaces, if possible.

Mr. Berlin agreed that a larger, 317-car structure would maximize revenues. He felt the DDA had made a commitment to the community, and unplugging the project now would create real
problems in the Central Business District. He felt it was a question of faith and trust. Further, he did not want to continually have special meetings every month to discuss this project.

Mr. Pohrt stated his belief that to vote no on the project at this point "was a first class ticket to policy hell." He respected the ideas about other locations, but the DDA had something concrete in front of it right now.

Mr. Shaffran said that he "suffered from knowing the numbers." Whether this was the right location or not, many people had said that without parking, many businesses would fail. This was debatable, as businesses fail every day regardless of parking. Further, credibility in the eyes of the community comes and goes no matter what the decision. Finally, he said "just because 40 million people believe in a dumb idea, it is still a dumb idea."

Mr. Pohrt asked how to proceed, as he agreed with Mr. Berlin that he did not look forward to special monthly meetings to discuss the project.

Ms. Gott said that with the DDA's support the design team would submit a site plan showing seven stories. She reminded everyone that the Mayor had indicated at the initial Design Committee meeting that the schedule could be compressed by asking City staff to expedite their work. At this time there was only a two-week window before the March 17th Planning Commission meeting. Mr. Iraola added that he did not anticipate any problems, but that often offers of assistance were not genuine. Mr. Berlin said he would convey this message.

Mr. Pohrt made a motion, seconded by Ms. Gunn, that the DDA resolve to proceed with the development of a seven-story structure, whose initial project cost was estimated at $7.2 million, and direct the project designers to receive costs for a six-level, 243-car structure, as well as an eight-level, 317-car structure, and to direct the City Administrator to ensure that City staff gave this project the highest priority so that it could be included on the March 17th Planning Commission meeting agenda.

Mr. Jobin said considering six-levels as an alternative was not difficult. Ms. Gott asked if the DDA was seeking a completely new design for a six-story structure, as Mitchell & Mouat would have to charge the DDA for extra work. Mr. Shaffran said no, the DDA did not need another design, rather it needed to know the cost for such an alternative.

Mr. Shaffran asked again if the resolution indicated the DDA's commitment to this location and would the DDA revisit this decision. Mr. Gates said he felt the DDA must revisit the decision when construction bids were received. Mr. Berlin agreed, stating that based on the evidence presented today, the ultimate decision will have to do with actual costs.

Ms. Gott reminded the DDA that it had received a letter from Rich & Associates suggesting that one way to remain on schedule would be to hire a construction manager. The longer the DDA waited, the less likely the DDA would make its completion date. Mr. Jobin added that given the enormous amount of construction taking place in the area, the precasters had reported that projects were already pushed back one and a half months. There was no way the parking structure could be completed by the end of the year. Mr. Iraola said that on the bright side, he had received calls from contractors interested in working on the project. Mr. Jobin added that if
the DDA chose to spend even more, it could find a contractor who would accelerate the schedule to meet the year-end deadline. Mr. Shaffran asked Mr. Iraola to begin looking for a general manager or a construction manager.

A vote on the motion showed:

AYES: Berlin, DeVarti, Gates, Gunn, Pohrt, Relyea, Sipes, Ungrodt
NAYS: Gillett, Shaffran
Absent: Fritz, Harshe

The motion carried.

Mr. Shaffran leaves.

Spaces Between Buildings Report
Ms. Gunn reported for Ms. Harshe that over the past weeks, job descriptions for a Fiscal & Administrative Manager and a DDA Project Manager had been drafted. She said that hiring additional staff would enable the DDA to meet its parking and non-parking related goals, as set forward at the October 30th retreat.

The Fiscal & Administrative Manager was intended to perform financial and analytical work, including monitoring and reporting on all financial information for the DDA funds. This individual would also take primary responsibility for overseeing the parking system, including supervising the parking system management company, and responding to parking patron concerns and questions.

Ms. Gunn made a motion, seconded by Mr. Pohrt and Ms. Sipes, that the DDA resolve to create the position of Fiscal & Administrative Manager and to act to fill the position as swiftly as possible.

Mr. Gates asked that hiring this individual be made a high priority. Ms. Gunn said that she felt this was such a high priority that the DDA could further resolve to hold off unessential committee meetings until this position was filled. Mr. Ungrodt said he felt that adding this position would create another level of bureaucracy, and that the $40,000 a year salary it would require was an unnecessary drain on the DDA's resources. Mr. Pohrt disagreed, saying that he felt it was a capital idea, to which Mr. Ungrodt joked, "capital-intensive!" Mr. Pohrt said that joking aside, posting the position and getting underway with interviews should take place as quickly as possible. Ms. Gunn said that the DDA had an annual budget of over $8 million, yet it had only one staff member. Her concern was that Ms. Pollay was already overextended with projects and commitments, and the Spaces Between Buildings program could not go forward without additional staff support.

A vote on the motion showed:

AYES: Berlin, DeVarti, Gates, Gillett, Gunn, Pohrt, Relyea, Sipes, Ungrodt
NAYS: none
Absent: Fritz, Harshe, Shaffran

The motion carried.

Ms. Relyea leaves.

Ms. Gunn reminded everyone that the DDA had resolved to create the position of DDA Project Manager at its August 1997 meeting. To this end, a job description had been developed for DDA input. She asked for a DDA resolution to indicate its support.

Mr. Ungrodt again stated his objections to spending money on additional staff, expressing concern that the DDA would be tripling the size of its staff in one year. His objection was primarily financial. Mr. DeVarti said that the Fiscal & Administrative Manager should be hired first, and if down the road it was clear that a DDA Project Manager was needed, this second new position could also be filled. Mr. Gates asked that the DDA table action on this position until Mr. Shaffran could be present at the discussion, as Mr. Shaffran would work most closely with this person. Mr. Pohrt said he would be comfortable tabling action, which would give Mr. Berlin and Ms. Pollay additional time to consider if it would be possible for Adrian Iraola to serve in this capacity, but as a member of the City Engineering Division.

Ms. Sipes leaves.

3. Other DDA Business Matters

Mr. Berlin reported that City Council would discuss possible increases to City parking meter rates and fines at a special work session Monday, March 2 at 6:30 p.m. just prior to its regular meeting at 7:30 p.m. Copies of the City report would be made available to all DDA members.

4. Adjournment

There being no other business, upon motion by Pohrt, the meeting was adjourned at 4:55 p.m.

Respectfully submitted,

Susan Pollay, Recording Secretary