Introductions and Welcome
DDA Chair Greff opened the meeting. Introductions were made, and Ms. Smith and Mr. Hewitt were welcomed as incoming DDA members.

City Police/Court Addition to City Hall
Ms. Greff welcomed City Administrator Fraser, and thanked him and his staff for making time to meet with the DDA.

Mr. Fraser thanked the DDA for the invitation to attend. He said that the City has been notified that Washtenaw County will not be renewing its lease with the 15th District Court, and that the City must have space available for the Court by 2008. Additionally, the Police have endured inadequate and outmoded space for several years, and several City offices have been housed outside City Hall for lack of space. Given these conditions, the City is contemplating an addition to City Hall that would house the Court and Police in new quarters. This addition brings with it the possibility of centralizing all City offices again at City Hall, and rearranging the City Hall floor plan to support the City’s new organizational structure.

Mr. Fraser said that the current thinking would have the City acquire and redevelop property to the east of City Hall beginning with the Ann Arbor News lot. To begin the process, the City has contracted with Plante Moran for an analysis of City space needs, including the Court and other service areas including CTN. It is anticipated that this analysis will be completed by the third quarter of the year. The goal would have the new construction completed by 2007, which would allow the City to move employees into this space temporarily while renovation of City Hall takes place, and then the Courts would move to this space in 2008.

Mr. Solo asked if the project would include new parking; Mr. Fraser said that a partnership with the DDA was essential to the plan, as parking for the Courts and other needs must be addressed. Mr. Detter asked whether there will be public input into the addition. Mr. Fraser said yes, that public input would be sought on the conceptual plan once it has been developed. Mr. Hewitt asked whether the project would include additional public parking for the area. Mr. Fraser said that the DDA could help determine how much parking should be included. The working idea would have a mixed use building, with public parking on the lower levels and offices above.

Mr. Aldrich asked how the process will move forward; Mr. Fraser said that Plante Moran is looking at space needs. After this study is completed, the City will develop a financial plan. Mr. Aldrich asked if the
City had explored using other city sites for this purpose and relinquish City Hall entirely. Mr. Fraser said that the cost of new construction would make it unaffordable to build entirely new facilities in a different location, and they hoped to maximize the value of the existing building by concentrating more uses within and around it. This would also create a government campus of City and County buildings in the center of the city.

Mr. Dankert asked to what extent security concerns would affect the project. Mr. Fraser said that security concerns were an important element in planning, and that pods might be constructed with separate uses, such as the placement of the Court separate from the parking structure. Mr. Aldrich asked how the project would be financed. Mr. Fraser said that this will need to be determined, but it is anticipated that the project would be bonded, and not paid for with a millage.

Mr. Hewitt asked when the DDA would need to get involved. Mr. Fraser said that he hoped the DDA would be involved perhaps as early as this fall. Mr. Fraser said that it is the city’s obligation to accommodate the courts. Mr. Hewitt asked who would be responsible for land acquisition. Mr. Fraser said that he hoped this could be done in partnership with the DDA.

Ms. Gunn said that about 16 years ago she served on a blue ribbon task force that looked at City Hall space needs, and they found that police facilities were seriously wanting, even then. Mr. Fraser said that the police currently have available about thirty percent of what they need. Moreover, the public’s engagement with City has increased over time, and unfortunately, the only large space available in City Hall for the public is city council chambers, which is awkwardly configured. Mr. Oates offered to take DDA members on a tour of the current police facility.

Ms. Greff asked Mr. Fraser when the DDA would be given a formal proposal setting forward how the DDA would be asked to assist the City. Mr. Fraser said that he hoped to have an informal dialogue before presenting any formal proposal to the DDA. Mr. Beal said it would be useful to have that dialogue sooner rather than later, with an eye toward flexibility.

Ms. McCormick said that it was hoped that at least one DDA member might participate on the City “space needs assessment committee”. Mr. Solo asked when this committee would complete its task; Ms. McCormick said by the end of October. Mr. Beal said that he thought that an efficiency analysis would be important. Mr. Fraser and Ms. McCormick agreed, saying that this was important given the changes in technology. Mr. Oates stated that land acquisition was an important element. Mr. Fraser said that it might be possible to pay for the Ann Arbor News lot by providing parking. Mr. Dankert asked whether Mr. Fraser knew what the parking needs of the Ann Arbor News might be; Mr. Fraser said that this had not been set yet.

Ms. Greff thanked Mr. Fraser for making the time to come speak with the DDA. Mr. Fraser thanked the DDA, as well.

First & William Parking Structure Proposed Floor Plan – Status Report
Ms. Greff introduced Jeff Harshe, saying that Mr. Harshe has been working on behalf of the DDA to contact property owners along S. Ashley regarding the potential to acquire options on the back slopes of their property, which would allow the proposed parking structure to “hug” the slope thus meeting the request of the Old West Side to push the structure away from the First/William corner.

Mr. Harshe gave a report on responses from various property owners, with some owners still needing additional time to consider what their own parking and other needs might be. Mr. Harshe was asked if he needed any direction from the board at this point. Mr. Harshe said that he would appreciate input on draft language for an agreement should property options be acquired. Ms. Pollay said that she would
also enlist input from the DDA attorney on this document. Mr. Detter stated that he thought that additional public parking increased the value of the Ashley Street properties, and that this should be a motivation for property owners. Mr. Harshe said that while this might be so, some property owners are not motivated by money.

**2003/2004 Committee Work Plans**

Given that Mr. Hewitt and Ms. Smith would soon be joining the DDA, Ms. Greff asked Committee Chairs to describe the focus of the various committees and their work this past year.

**Operations Committee**

Mr. Dankert summarized the Committee’s responsibilities over the previous year as managing the DDA budget and finances, overseeing the DDA’s parking operator, overseeing parking facility maintenance, updating the DDA Ten Year Plan, and overseeing the accounting transition from the City to the DDA. Ms. Gunn added that she felt that this was the “nuts and bolts” committee of the DDA and would benefit from additional participation from other DDA members.

**Capital Improvements Committee**

Mr. Beal said that the Committee has taken responsibility managing the DDA’s construction projects. Major projects over the last year included First and Washington repairs, State Street Phase III, downtown sidewalk repair projects, the Huron, Division and Fifth Urban Design study, First and William, and the alley study. Mr. Beal said that the Committee will continue to work with the Ops committee to determine how to proceed with repair projects.

**Research and Opportunity Committee**

Mr. Aldrich said that this used to be the DDA’s Planning Committee, but now all committees are undertaking elements of planning. Major projects this year included work on the downtown vitality index, sponsoring the DDA’s “Planning 101” session, and updating the DDA web site.

**Partnerships Committee**

Mr. Solo said that the Committee had undertaken an ambitious program this year, including an examination of the potential redevelopment at First and Washington, spearheading the redevelopment planning for the YMCA site, assessing DDA involvement in the Kingsley Lane development, determining DDA support for several façade improvement loans, and meeting with developers about their proposed projects, such as at the Eaton plant and N. Main Street.

**Ten Year Plan Update**

Mr. Morehouse said that Ops Committee members had recently met to update the Ten Year Plan. Using a computer and projector, he reviewed for the board the variables, assumptions, and projects that are a part of the current plan, given what is known or assumed at this time. For instance, there are “place holder” dollar amounts shown for projects that have been discussed but not approved, and the Plan anticipates that many future large projects would be bonded, rather than paid for out of cash reserves. All of these elements are subject to further discussion.

Ms. Sipes expressed concern that the current Ten Year Plan shows depleted fund balances in ten years. Mr. Gillett said that he has grown accustomed to the Plan showing small fund balances ten years out due to conservative assumptions, but that he appreciates how the Plan helps the DDA to consider just how many major projects it can afford to undertake. Mr. Solo said that the Plan also points out that the DDA can affect future revenues by increasing parking rates. Mr. Beal asked whether revenues were shown coming from future parking facilities; Mr. Morehouse said yes, costs to construct a new center city parking structure and a First & William parking structure have been estimated, as well
as revenues these facilities might generate. At the same time, Kline lot and First & Washington revenues are shown disappearing at future dates, as well.

Mr. Hewitt said that if the DDA is planning to spend $60 million over the next decade, then the DDA should expect to attract new private investments at a rate greater than the 2.2% TIF growth shown in the Plan. Mr. Solo said that the Committee had discussed this. TIF increases over the past decade was 3%, but they were leery of assuming a higher rate of future growth than 2.2%, as this was the average over the past twenty years. Mr. Morehouse was asked to show the impact of a higher TIF generation; Mr. Morehouse modeled the numbers accordingly. Mr. Hewitt said that the DDA should ensure that its projects leverage new private investments per its mission. Mr. Aldrich pointed out that the $60 million in anticipated expenses over the next decade would come from both TIF and parking; TIF revenues accounted for only about $20 million of the DDA’s anticipated revenues, with considerably more revenues coming from parking. However, Mr. Aldrich said that he agreed with Mr. Hewitt, and that the DDA should use its funds to leverage private reinvestment.

Mr. Gillett said that bringing in new private investment is important, but not the only measure of success; the DDA is also concerned with downtown vitality. Ms. Greff asked if grants were included in the Plan; Mr. Morehouse said that grants to the associations were shown, as was an annual transfer to the DDA’s Housing Fund. Ms. Smith asked whether the YMCA is the DDA’s only housing investment in the Plan. Mr. Solo said that the Y is the only project that the DDA currently knows about, and that the DDA has typically provided housing-related grants as projects come up. Ms. Gunn agreed, saying that in addition to its Housing Fund, the DDA can also direct other funds as needed. Ms. Pollay reported that in its Renewal Plan the DDA made a commitment to spend 15% of its TIF expenses over the next 30 years on “housing-related” projects and programs. Ms Smith said she thought that housing expenditures were important considering that downtown vitality is partially based on residential growth. Mr. Hieftje said that TIF assumptions may be conservative if Downtown Residential Taskforce recommendations are implemented, as significant new residential development may take place. Mr. Hieftje said that during some of the city’s budget discussions within the Wards, people wondered why city staff and services were being cut when the DDA has significant fund balances. In comparison to many cities around the state, Ann Arbor is in good shape and it is appropriate to spend the money we have.

2004/2005 Committee Work Plans

Mr. Beal said that he felt that the Downtown Residential Taskforce recommendations would affect DDA priorities over the next year. For instance, it recommended that the DDA fund a planner to help draft zoning changes and work with the Planning Commission to see them implemented. Mr. Beal summarized the Taskforce’s findings for the board. Mr. Hewitt asked if it would take a year to draft the changes since the Task force had already shaped a detailed list; Mr. Beal said that additional feedback and coordination with the Planning Commission was needed. Mr. Solo asked to what extent the recommendations apply to the South University area; Mr. Beal said that they overlap to a large extent with the petition efforts of the South University Area Association.

Mr. Beal shared a proposed resolution, saying that the concept had been discussed in the Capital Improvements Committee. Mr. Gillett suggested that the DDA wait to provide funds until after Council accepts the report. Mr. Beal said that he thought DDA funding would give the report some momentum. Mr. Hieftje agreed, saying that it would be valuable for Council to know whether there would be funding.

Mr. Dankert asked whether the four main barriers to downtown residential development identified by the Taskforce were ranked in terms of importance; Mr. Beal said that they were all important and somewhat interrelated. For example, zoning barriers can increase the cost of a development.

It was agreed to table further discussion of the proposed resolution until the DDA Annual Meeting.
Mr. Beal said that the Capital Improvement Committee would take on new projects in 2004/05, including:

- Prioritizing projects recommended in the Huron, Division, Fifth Avenue Study, including possibly finding alternative funding sources and working with stakeholders.
- Finding ways to improve follow up repairs by the various utility companies
- Prioritizing and implementing recommendations of the alley study

Mr. Solo said that the Partnerships Committee will continue to focus a great deal of attention on the Y redevelopment. It is hoped that some committee work might be shifted to ROC given the large number of projects on the Partnerships Committee plate this year.

Mr. Aldrich said that the ROC Committee will continue to oversee the vitality index. Ms. Greff said that ROC would also take on new projects, including assembling a needs assessment to help delineate the skill sets that are most needed in incoming DDA board members, as well as a guideline/framework for evaluating grant requests, including possibly establishing a funding cycle. Ms. Smith said that a funding framework could be a public relations tool.

Ms. Greff asked whether anyone would like to serve on the City “space needs assessment” committee. Mr. Aldrich volunteered to assist the City, representing the DDA.

Ms. Greff called for a break. Following the break, the DDA’s Annual Meeting was held.

Following the Annual Meeting, the 2004 Summer Retreat was resumed.

**DDA Executive Director Evaluation**

Ms. Greff said that during the break that the DDA Executive Committee had met to discuss Ms. Pollay’s annual review. She had received excellent board evaluations. Ms. Pollay thanked the board for their support.

**DDA Priorities 2004/05 (continuation)**

Ms. Greff said that regarding a process for establishing DDA priorities, that it may not be appropriate for ROC to tackle this on its own. Mr. Gillett said that because the DDA has been successful with past projects, it is being asked to take on more and more assignments. This is a compliment, yet the board
needs to figure out how to prioritize projects so it doesn’t become overwhelmed and ineffective. This may mean that the Board may need to determine when to say no to projects, as well as yes. Mr. Hieftje asked Mr. Gillett to give an example of a project that the DDA might have considered declining. Mr. Gillett said that the DDA didn’t necessarily need to be involved in the transportation planning committee discussing AATA’s future services or in the City’s space needs assessment committee.

Mr. Gillett said that the relationship between the DDA and the city is important and valued, but it isn’t fully defined. The more this relationship can be defined, the more comfortable and productive it can be. Ms. Gunn said that she agreed that a close relationship between the Council and the DDA should continue. Mr. Solo said that more responsibilities for the DDA might become taxing, and deter from the DDA’s ability to live up to its basic mission. Mr. Hieftje said that some citizens have the perception that the DDA contributes only to downtown growth. Ms. Greff that the goal of the State enabling act that the City used to create a DDA was to foster downtown growth. That was the DDA mission, but there was no question that the DDA spends money in the interest of the entire community. Ms. Greff said that there can be differences of approach. For instance, the City often responds from an immediate perspective while the DDA takes a long term perspective. Mr. Beal said that there is also a necessary difference, as the Council must look at the city as a whole and the DDA must remain focused on the downtown.

Mr. Detter said that, based Mr. Fraser’s earlier presentation that the City Hall expansion must be completed by 2007, which may make it a DDA priority. Ms. Greff said that the DDA board must decide how it will address the City Hall project. Mr. Hieftje asked that the project be referred to as the “courthouse/ police station.” He said that the City should have addressed space needs in the 1980s and 1990s, but did not. He said that the DDA role in the project could get as big as the board wants. Ms. Smith said that DDA involvement in the project would give it a voice in the design. Mr. Hewitt said that the project should move to the top of DDA work plans. Mr. Dankert said that he thought the project was consistent with the DDA charter, however there needs to be consideration of the spin-off effects. Ms. Pollay suggested that the DDA consider this as a center city parking addition – could this be shaped to act as a catalyst for the development of the Fifth/Huron lot and other sites in the area? Could it help stabilize the occupancy and mix of businesses at City Center Building and other nearby buildings? What are the opportunities to encourage additional residential in the area as a result of this new parking facility? Mr. Detter said that the expansion would need to take into account the design guidelines discussed in the Huron, Division, Fifth Study as well as the Downtown Residential Task Force recommendations.

**Audience Participation**

None.

**Adjournment**

All were thanked for their time and efforts. Ms. Greff adjourned the meeting at 4:40 pm.

Minutes respectfully submitted,
Susan Pollay, Executive Director