Introduction
Ms. Pollay thanked everyone for attending, and the ROC Committee for shaping the agenda for the day. She said that the midyear retreat was an opportunity to assess progress on work plans set forward at the summer retreat.

Committee Updates
Mr. Dankert said that Ops Committee was following its work plan, reviewing financial information every month, and creating new reports as necessary. The Committee was also monitoring parking operations, and would soon begin work on the 2005/06 budget. Mr. Solo said that once the YMCA RFP had been completed, the Partnerships Committee returned to planning for the redevelopment of the First & Washington and Kline lot sites. It was not clear what if any role the DDA might play in the coming months with regard to the YMCA site redevelopment. Mr. Solo said that the Committee had also reviewed a number of historic façade loan requests in the past months and would soon be asked to review a request for assistance from the Eaton project.

Mr. Boren said that ROC was also staying close to his work plan for the year. Much time had been spent on the Downtown Vitality Index project, and he was heartened to learn from recent questionnaires that the committee’s work was in line with the information requests from fellow DDA members. He said that ROC had recently invited a professor from EMU to meet with them, and that the committee would work to invite planners and others to share information and insights. The committee had developed proposed grant guidelines and a resolution approving these guidelines would be presented for action at the January 2005 DDA meeting. A draft copy of this resolution was presented for comment.

Mr. Beal said that Capital Improvements Committee had working on a number of projects since the summer, including ongoing monitoring of the 1st & Washington structure, sidewalk repairs in the Kerrytown, Ashley Street, Miller, and Chapin Street areas, assisting the Ops Committee with parking structure repairs, overseeing the Huron, Division, and Fifth study, and developing a comprehensive alley repair plan. He said that he hoped that a review of the current Ten Year Plan would lead to a discussion of important pending DDA projects, including the three site plan, Huron/Division/Fifth improvements, the City Hall addition, and the alley repair plan.

Review of the current DDA Ten Year Plan
Mr. Morehouse reviewed assumptions and variables as set forward by the Ops Committee. He said that the Plan was essentially the same as presented this summer. The audited 2003/04 numbers were shown, as was a reserve for repair and replacement in the Parking Fund as determined by the 2002 Carl Walker Inc. report. He responded to questions.

2004/05 DDA Projects
Mr. Beal said that estimated costs for the 1st & William parking structure, Huron/Division/Fifth, alley repair plan, and even city hall were shown in the Ten Year Plan, and if the DDA ultimately resolved to move forward, it could do all of them but very little else. He said that we need to decide where our priorities are. He asked for a general discussion of all four projects.

He shared the status of planning for the three site plan, saying that work to this point has made clear that the projects are technically feasible – whether they are politically supported will need to be tested.
For instance, detractors have promulgated the mistruth that the 1st & William structure is an attempt to significantly add to downtown parking. Rather, it is intended to free up two other properties for higher and better usages. He said that initial planning for the structure has made clear that it isn’t an “either-or” issue of parking vs. a park as there is ample room for both on this site. Mr. Gillett asked how confident Mr. Beal was in the construction estimates for the structure; Mr. Beal said fairly confident. The costs for non-parking improvements to this site will probably come to $2.5 million or more of the total cost, including soil remediation, rail road crossing equipment and Allen Creek Drain improvements.

Mr. Hewitt asked Mr. Hieftje to describe the current state of city finances. Mr. Hieftje said that he is co-chairing a coalition of mayors from the 13 largest Michigan cities. From this vantage point it is clear that the State situation is dismal and every city is in tough shape. For instance, Grand Rapids is hurting because they rely on an income tax and Steelcase has had several layoffs; their $33 million deficit last year will be followed by a $22 million deficit this year. Every city suffers from State cutbacks and escalating health care costs; 72 local units of government are on the verge of bankruptcy. Ann Arbor and Dearborn seem to be doing the best, but have their own problems. The city is rethinking everything from the ground up, as there will be no State relief coming for years to come. The City hasn’t many options to increase revenues, although it could generate an additional $300K if it levied its full millage, and it may receive a grant for $1 million for the ash borer problem.

Ms. Gunn asked how many beat officers were assigned to the downtown; Mr. Hieftje said eight. Mr. Hieftje said that the downtown beat officer assignments were vulnerable because union contracts guaranteed road patrol numbers; thus any cuts in staffing would have to come from the downtown assignments. Mr. Solo asked when the contracts were up for renegotiation; Mr. Hieftje said 2006. Mr. Hewitt said that in 1996, the State Street Area Association paid most of the cost for two beat officers because conditions were so terrible. The situation improved considerably as a result.

Mr. Aldrich said he understood that the Detroit Public Schools were so bad off that they were using debt to cover their costs. He asked if the City was examining options to borrow money against assets as interest rates were still very low. Mr. Hieftje said no; the City wants to keep its bond rating high. Mr. Hieftje said that there have been discussions about selling city properties, and as many as 70 city parcels are being looked at to determine the impact to the community by selling them. Mr. Aldrich said that the DDA couldn’t sit back and do nothing as the City struggled. He suggested that the DDA consider opening up the parking agreement with the city and increase the rent amount paid to the City as these dollars are used in the General Fund. The DDA would regain future contract renewals and the City would benefit from a significant infusion of funds to its General Fund.

Ms. Gunn said that she felt the City should determine the best uses for these funds based on its priorities and resources, which may or may not be police. Mr. Hieftje said that Council was pretty united in their hope to keep police and fire at their current levels of staffing. Ms. Greff asked Mr. Hewitt if he was comfortable that in time that the increased parking rent transfer from the DDA might not safeguard the number of downtown beat officers, as memories are short and the original impetus for the increased transfer would be lost. Mr. Hewitt asked that he would want some sort of agreement so the downtown beat officer staffing levels would be safeguarded.

Mr. Detter said that he saw a connection between increased density and safety services. Mr. Hieftje said that there appears to be good support for more downtown density among Council and Planning Commissioners. Mr. Beal said that the DDA must set aside reserves for future capital repairs and replacements lest we experience the problems of the past, and with that safeguard in place, he would support the ideas as proposed in exchange for future parking agreement renewals. Ms. Gunn asked if a parking rate increase would be needed to generate funds for the City; Mr. Hewitt said it wouldn’t be if the DDA didn’t fund the City Hall addition nor 1st & William. Mr. Hieftje said that this wasn’t a City Hall addition; rather Council was looking to provide new facilities for police and the courts. They had directed the City Administrator to explore options that would cost no more than $30 million.
Ms. Smith said that she also wanted to support the city, but was leery of heading in a direction whereby the DDA would be paying for city services. Mr. Gillett said that he agreed with Ms. Gunn, that the DDA shouldn’t decide where the funds should be spent, and that he also agreed that the city did not have many options to increase its revenues. He said that the DDA should think about ways to provide economic incentives to the City to encourage greater density downtown. For instance, why put a parking structure at 1st & William and not a park. Perhaps as downtown development increases, there could be a stepped increase in the amount of parking revenues transferred to the City as TIF would be increasing.

Ms. DeVarti suggested that since the City would be incurring a 5% cut this year, that the DDA transfer an amount to the City equal to 5% of its budget, or $600,000. This amount seemed acceptable. Mr. Gillett said that future increases could be tied to development targets.

Mr. Solo shifted the discussing by asking about the proposed police/court facility, and if the District and Circuit Courts were getting a divorce; Ms. Gunn said that the 15th District Court could remain in the County Court Building if the City were willing to help pay to rehab the building. Mr. Hieftje agreed, and said that two other ideas include constructing a parking structure with police and court facilities on the Ann Arbor News lot behind City Hall or purchasing the Liberty Square building and rehabbing it. In these latter scenarios the City could cease making rent payments.

Mr. Beal shifted the discussion to Huron/Division/Fifth. He distributed copies of the goal statement he’d written a year ago after a previous DDA retreat. The DDA approved a resolution in June 2003 based on this that set forward the goal of improving access to downtown on the major north/south streets and Huron, and by building outskirt parking. The DDA has received its Huron/Division/Fifth study from Peter Pollack, and had just received responses to its design RFP. As expected, these proposals set forward an estimated cost to design improvements at around $1 million if all the work was done. He said that design recommendations could help improve the Frieze and City Hall projects. Moreover, Pollack had suggested adding about 100 new parking spaces on Fifth and Division, which would generate additional meter revenues that would help to pay for the pedestrian and bicycle improvements, and moving forward with design would enable the DDA to apply for grants to supplement its own funds.

Mr. Gillett said that he appreciated the recommendations regarding alternative transportation, but he was less keen on simply beautifying sidewalks. For instance, he said DDA improvements made the State Street area look different, but he didn’t feel it had transformed the neighborhood. Mr. Dankert asked if there was a way to quantify the benefit from such a project. Mr. Beal said that communities everywhere take on these sorts of projects, and there are examples that help trigger redevelopment efforts and activities and others that have less effect.

Regarding the DDA resolution about outskirt parking, Ms. Pollay reported that AATA had recently hired a consultant to determine where future park and ride lots should be located. AATA representatives had expressed gratitude to the DDA for offering to help pay for this study, but they had secured a grant for this purpose. Mr. Beal said that the work to expand the residential permit areas would likely impel many employees and UM students to look for paid parking downtown as their free parking would be eliminated. He said that he would like to continue work to locate long term car storage outside the downtown to meet the needs of many students and other downtown residents.

Regarding the YMCA site redevelopment Mr. Beal asked if the DDA members felt that the DDA has spent all that the DDA will be spending on this project. Mr. Gillett said that the RFP was out the door and would be due back in early March, with a mandatory meeting with prospective bidders during the first week of January. Assuming that more than one bid was received, a selection committee would be needed and it was anticipated that perhaps two DDA members might serve on this committee. Mr. Solo asked about Fuller Road and Mr. Hieftje said that it was possible that an alternate location for the 100 units could be considered but not at that location.
Mr. Boren asked to talk about DDA grants. Mr. Gillett reviewed a list of recent DDA grants and suggested that the downtown association and GoPass grants should not be separated out. Mr. Hewitt suggested that the DDA set an annual budget for grants, and that all requests be reviewed by one committee. Mr. Boren suggested that ROC could serve as that committee. Ms. Gunn said that foundations establish a calendar indicating when they will accept requests, and perhaps the DDA could do this, as well. It was agreed that once a year wouldn’t work; Mr. DeVarti suggested a quarterly application date. Mr. Hewitt asked if the DDA would allow for requests to be resubmitted following an earlier rejection. Mr. Aldrich said that he would support DDA guidelines, but he wouldn’t support a fixed budget amount, as there would be the temptation to spend to the limit each year. Mr. Gillett said that a budget limit might enable the DDA to say no to marginal requests, but then it also might exclude good projects, thus it should be seen only as a target. Ms. Smith asked for a general sense of what the cap might be, e.g. $500K which would include the GoPass. Mr. DeVarti asked to hold the GoPass separate, as it is associated with a parking system.

Regarding the Downtown Residential Taskforce recommendation to modify downtown zoning, Ms. Pollay said that a “Rezoning 101” session would be organized by Development Services Director Mark Lloyd to explain the various means available to accomplish this task. Members of the DDA, City Council and Planning Commission would be invited to attend. Regarding the DRTF recommendation that the DDA provide a discount to residents who can move their cars by 8am Mr. Detter said that he thought this would encourage more downtown residents to use cars.

Regarding the Farmers Market Master Plan, Mr. Aldrich said that his tenants at the Marketplace Building were concerned about the proposal to close Detroit St. between Catherine and 5th. Mr. Hieftje said that concern was shared by others, and this idea would likely be dropped. He said that the Market was due for an overhaul and the plan would provide many benefits, including 24 to 29 new vendor stalls. Mr. Beal said that he understood that the Market had nearly $500K in reserve for these improvements. Mr. Detter said that he hoped the DDA would create more storm water detention on this site than needed and sell it to nearby developers to help them alleviate the need to capture storm water on their own sites. Ms. Pollay said that this idea had also been set forward by the DRTF who asked the City Environmental Commission to study the idea to see if it had advantages.

Other
Mr. Detter reported that the UM would hold a public forum on January 13th at 7pm in the Michigan League to hear community comments about the proposed dorm on the site of the Frieze Building.

Mr. Hieftje said that an important continuing goal was to develop a complete bike network similar to the one in Boulder, CO, which had 6 times more bike ridership than Ann Arbor. Also he suggested that the DDA consider longer term what kind of vehicles people will be using to transport themselves when gasoline prices soar in the future.

Mr. Dankert asked if anyone had a rough schedule for how the three site plan would move forward. Mr. Beal suggested that the Partnerships Committee would aim to conclude their planning for the Kline lot and 1st & Washington at their January meeting, and that a recommendation would go to the board in February and a resolution might go to Council in February or March.

Adjournment
All were thanked for their hard work and good efforts. As there was no further discussion the meeting was adjourned at 5:00 p.m.

Respectfully submitted,
Susan Pollay, Executive Director