ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY - SUMMER 2006 RETREAT
MINUTES
July 10, 2006  Michigan League, University of Michigan Central Campus

Attending

Absent:   Dave DeVarti
Staff:    Susan Pollay, Joe Morehouse, Joan Lyke, Lindsay Hard
Audience: Ray Detter, Ethel Potts
Facilitator: Francine Alexander, Alexander Resources Consulting, LLC

Welcome, Background

DDA Chair Gunn welcomed the Board and thanked them for their commitment of time to the DDA attending this all-day retreat.

Ms. Alexander reviewed a summary of interviews conducted with board members previous to the retreat and explained how the interviews guided the development of the agenda.

DDA members then shared the following comments based on their review of the interviews:
- There may be much more agreement on what we want downtown to become than how to make that real.
- Learning from the past is useful, though focus should be on the future.
- This group must think through the City and DDA relationship and help decide how we focus the resources of the DDA.
- Downtown is made up of many interdependent entities. It is easy to get pulled off track. Focus is critical.

DDA History and Relevant Trends

Ms. Pollay shared highlights of the history of the DDA since its inception in 1982, its significant accomplishments and current issues affecting downtown development.

History:
- DDA Board has had different approaches to its work: a passive, ‘rubber stamp’ style board and now a very active, engaged, diverse board.
- Early projects including construction of the Tally Hall and Ann Ashley structures and minor streetscape repairs and improvements
- Active board role began in the mid-1990’s, due in part to the sudden loss of the DDA Director and the realization of the depth of the crisis surrounding the parking structures
- Based on extensive public involvement to address this crisis, the DDA shaped philosophies that it still uses today, including 1) The parking system can/should pay for itself, 2) Parking is part of a larger transportation system, 3) Design is important, 4) Maximize the use of existing parking, 4) Customer parking should be most convenient, and 5) Parking is a means to an end – not the end in itself.
The DDA took on significant projects in the 1990’s and 2000’s, included the restoration of 2-way traffic in the State St. area, new streetscapes in S.U. and Washington Street, and a new commitment to ongoing sidewalk repairs and alley repairs.

Current Concerns:
- Economy in Southeastern Michigan is struggling and is not expected to recover quickly.
- There has been a loss of office tenants and bank employees downtown and this has had a negative affect on lunchtime business and daytime activity overall.
- The DDA area lost most of its anchor retail tenants that have historically helped bring people downtown which in turn supported the small, independent retailers. Other retail issues include loss of diversity and increasing competition.
- The cool-one-of-a-kind businesses are not exclusively locating downtown any longer.

Opportunities:
- Economic drivers of the state are in Ann Arbor: life sciences, technology, knowledge workers. Downtown attracts knowledge-workers/knowledge workers support downtown.
- The increasing price of gas could support downtown residential density.
- The numbers of people living in nuclear families is decreasing, leading to more singles and unique family arrangements, many may find a downtown residential experience appealing.
- Retail can be entertainment. Stores can create a retail experience that pulls people to the store.
- City Council has shown itself willing to support development and smart growth. Council’s attention to downtown is much higher than before.
- The University expects to increase its employee numbers over the next five years.

Needs:
- Making our major corridors more pedestrian-friendly with enhanced crosswalks and traffic calming efforts. We can’t afford to surrender any streets for “vehicular use only.”
- Downtown’s infrastructure is aging and insufficiently sized to meet the demands of new development.

Ms. Pollay noted that the vitality and sustainability of a downtown requires many organizations taking an active role to create the needed system supports. She identified some of the many agencies/organizations with “skin in the game”:
- The four downtown Area Associations
- Chamber of Commerce
- Visitors Bureau
- City
- Developers and building owners
- Business owners
- Residents

Thriving, Vital Downtown

DDA members shared their ideas for what defines a thriving and vital downtown for Ann Arbor:
Downtown AA:
- Is the ‘capital’ of our state
- Has a statewide and regional draw
- Appeals to many: youthful, funky…to upscale and more mature
• Is a mixed-use, 24 hour community
• Is human scale
• Has a wide spectrum of residential, commercial and service offerings
  • Attractive to the broader region
  • Meets daily needs of residents, and draws from beyond downtown residents
• Reflects our social and economic diversity
• Offers multiple and diverse opportunities for social gathering
• Is an asset to our natural environment
• Has efficient density
• Supports future economic and environmental sustainability
• Acts as the centre, the heart of our community

Areas that raised different points of view include:

Focus on parking ←--→ Focus on alternative transit
Clean and safe initiatives ←--→ ‘messier’ urban center/safety through activity

Wholly market-driven retail & housing ←--→ Supports & incentives for low income housing,
  independent businesses and the arts to support unique
  Ann Arbor experiences and overall downtown diversity

The group talked about the community issue of green space downtown:

Large downtown green space ←--→ Urban density, with small pocket parks

DDA members conveyed a shared perspective that the urban core should be dense, active and
with a diversity of use. They acknowledged that some members of the community do not share
this perspective, and believe that large green parks are inherently valuable and thus needed in
downtown. This merits community education and engagement. The fragility of a downtown
system also would be a helpful topic for community education.

DDA Board members acknowledged that there is not one simple answer to these sometimes
competing values. Most Board members saw the best answers as residing somewhere between
these more polarized expressions of the values. Dialogue regarding specific projects helps
define the most appropriate investment for the downtown.

**Guidelines for Decision Making**

Board members reviewed and added to the following list of proposed decision-making guidelines:
• Sparks private development and or re-investment
• Supports a significant part of the vision for a thriving downtown
• Is a viable organization or project
• Offers a unique contribution to the downtown vision
• DDA is the best resource for this need
• Sets a sustainable precedent

Members agreed that an analysis of investment options can be informed and guided by the use of
the matrix used in past decision making, but that should not be the sole driver of decisions.
Grants

Board members discussed how to best manage grants. Many expressed that the amount of time spent relative to the amount of investment and impact is unbalanced. Simplifying and ‘outsourcing’ the process was proposed.

Board members shared the following ideas relative to granting:
- Gather good information to see if this really does take a lot of time at either the Committee or Board level. Also, identify the amount of money granted in the last five years to help decide what an annual budget might be.
- Some suggested handing the task to another organization, cited the need for simplification and the benefits of having the Board focus on larger efforts.
- Some wanted to retain granting in the DDA, preferring to stay connected to the deliberation on how DDA goals will be supported by grants.
- Some noted that grants can be managed to give the DDA greater visibility, and to accomplish specific targeted downtown goals.

The full Board asked the Research & Opportunity Committee to prepare a recommendation for review and approval of the full board. Suggested approaches include:
- Designate a specific amount to be granted for each fiscal year
- Identify specific goals to be achieved with each annual grant cycle
- Identify granting procedures, including recommendations on granting cycles
- Come to the full Board with a recommendation on whether to assign the decision making to a group with solid skills in the area. (Suggestion: AAACF)

Strategic Focus Areas

Board members drafted individual proposals for strategic focus areas for the DDA for the coming 3-5 years. The Board then integrated the most compelling and common elements of the individual proposals to create this shared set of priorities for the next 3-5 years:

1. Alternative Transit and Parking
   - Assessment of commuter rail options, including north/south and east/west rail.
   - Pursue parking options with the assumption that new, additional parking spaces are needed. Assume the parking study will indicate size and location.
   - Include an analysis of existing parking operations: rates, etc.
   - Review ‘Park and Ride’ support for downtown.
     Estimated cost: potentially $1 million for transit support

1. Downtown Residential Density Support
   - Re-zoning, planner
   - Targeted incentives
     - Evaluate and support individual projects
     - Consider only if project is going to occur
     - Offer TIF grants to offset costs such as infrastructure improvements
   Estimated costs for zoning/planning support: $250,000

1. Work with city to design and finance city space needs in a way that meets DDA goals
2. **Fifth, Division, Huron Street Improvements**
   - Complete analysis and recommendations
   - **DDA reserve:** $6 million

3. **Way Finding**
   - Possibly involve the University in a partnership
   - **Estimated cost:** $200,000+ for design, implementation costs are unclear

4. **Restoration of Two way traffic on Ashley and First**
   - Traffic analysis
   - Possible improvements including traffic signals and new signs

Action planning for these will vary significantly due to the differing nature of the priorities. Items 4-6 are defined projects, while items 1 and 2 require broader analysis and will likely result in other priority projects over time. The committees are asked to develop more detailed plans in support of these priorities.

Sidewalk sweeping/handbill removal. After much discussion, the Board strongly agreed that the DDA should not take on a new responsibility for cleaning in the downtown. The Board was very supportive of enforcement of the Clean Cities ordinance in the DDA district.

### City- DDA Relationship and Projected Needs

Board members discussed ways in which the DDA and City could improve its relationship in support of both DDA and City goals.

Mr. Hieftje provided the following context for the dialogue: Municipalities are currently under a huge amount of financial stress, and finances in southeastern Michigan are not likely to ease for some time. Citizens can put pressure on the city if services are being threatened and they are disinclined to see large fund balances if they don’t see this providing a clear benefit to citizens. The DDA is seen by some members of the community as ‘wealthy’, and others don’t know what the DDA is there to accomplish. He said that from the City perspective, Council has made great strides in support of downtown and development overall. Sidewalk permit changes, the DDA Renewal and Council participation on committees are all signs of improved collaboration.

He said that within the near term the City will need to accomplish three major goals or it will face significant financial problems. First, it will need to get 85% of its employees to agree to share health care costs. This will be a big change in the union contracts. Secondly, the City must reduce its work force by another 10%. And third, the City must begin to see more development within the City. Even with these three things, he said that the City foresees the following requests to the DDA in the next 3-5 years:

- $20 million for a new building for police and courts. Washtenaw County has demanded that the 15th District Court vacate the County Courthouse by the end of 2008.
- $10 million over five years as part of a new parking agreement beginning in 2010.

Board members spoke of the need to ensure the DDA’s ability to meet its mission while also respecting the broader goals of the city. Some said that the communication regarding the Three Site Plan needed to be much more robust and explicit, and words needed to be backed by
actions. Some said that they would like Council to show more awareness of and respect for the DDA charter and its goals.

Board members articulated the following suggestions and requests:
• Have the city and DDA engage in a more ‘planful’ and deliberate financial partnership. Earlier assessment of needs is helpful and city goals can be aligned more readily with DDA goals when there is time for forward thinking.
• Keep Council members involved on committees to build understanding and align work better. This is not a panacea as one Council person can’t speak for the whole Council, but it is a start.
• Seek a maximum overlap in DDA goals and broader city goals.
• Ensure that agreements to provide financial support are directly tied to TIF increases by the DDA. If this does not occur, the DDA cannot financially provide the requested support.
• Ensure explicitness in agreements and increase communication with Council during all financial planning negotiations.

Next Steps

• Draft a resolution that articulates the 3-5 year strategic focus areas for the DDA. Bring this resolution to the Board at the September meeting for approval.

• Confirm recommendations on staffing/committee structures and focus areas:
  o Operations Committee (Rob, Leah, Roger, Bob)
    * Parking study
  o ROC (Gary, Sandi, Russ, Leah)
    * Alternative transportation, including commuter rail
    * DDA communication
    * DDA grants
  o Capital Improvement Committee (Russ, Rene, Fred, Sandi)
    * Wayfinding
    * Fifth/Division/Huron
    * Restoration of 2-way traffic on First & Ashley
  o Partnership Committee (Sandi, Roger, Leah, Bob, Rene)
    * Support for increased density, including zoning changes
    * Helping the City with its police/court facility

• Board members are asked to send Susan information on which focus areas and projects are of most interest to them.

• Committees are asked to develop more detailed goals/objectives/action plans and realistic cost projections on their 3-5 year priorities.