

**Ann Arbor Downtown Development Authority Meeting Minutes
Wednesday, February 6, 2008**

Place: DDA Office, 150 S. Fifth Avenue, Suite 301, Ann Arbor, 48104
Time: DDA Chair Roger Hewitt called the meeting to order at 12:05 p.m.

1. ROLL CALL

Present: Dave DeVarti, Rene Greff, Leah Gunn, Roger Hewitt, John Hieftje, Joan Lowenstein, John Mouat, Sandi Smith, John Splitt

Absent: Gary Boren, Russ Collins, Jennifer Hall

Staff Present: Susan Pollay, Executive Director
Joe Morehouse, Deputy Director
Joan Lyke, Management Assistant
Lindsay-Jean Hard, Special Projects Manager

Audience: Tony Bisesi, Republic Parking System
Ray Detter, Downtown Area Citizens Advisory Council
Adrian Iraola, Washtenaw Engineering
Ethel Potts, Citizen
Nancy Shore, getDowntown
Mary Stasiak, AATA

2. AUDIENCE PARTICIPATION

Ms. Shore and Ms. Stasiak presented findings from a recent survey that sought to discover information about downtown employees working evening hours so that evening transportation options can be developed to meet their needs. Ms. Shore explained that AATA and getDowntown will meet with stakeholders, business managers and owners to promote a pilot Night Ride Service, which may begin within the next 3-6 months. AATA will provide pilot program funding, and will determine if the program has proven successful enough to continue past the initial phase.

Mr. Collins enters.

Mr. Detter reported that the CAC has resolved to hold its earlier position that the 100 SRO units should be replaced on the former YMCA site until the county, city and community have agreed on a better solution; a public hearing on this topic is scheduled for February 12th. CAC members attended the nine presentations by architectural firms interested in working on the Library project, and Mr. Detter reported that the CAC would be pleased with whichever firm the Library Board selects.

3. MINUTES

Ms. Gunn moved and Mr. Splitt seconded approval of the January 2, 2008 DDA meeting minutes.

A vote on the motion to approve the minutes showed:

AYES: DeVarti, Collins, Greff, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

NAYES: None

Absent: Boren, Hall

The motion carried.

Ms. Gunn moved and Mr. Splitt seconded approval of the January 25, 2008 Special DDA Meeting minutes. Ms. Smith made one correction on Page Three stating that Mr. Splitt, and not she, seconded the motion to eliminate the 2nd resolve clause.

A vote on the motion to approve the minutes as corrected showed:

AYES: DeVarti, Collins, Greff, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

NAYES: None
Absent: Boren, Hall
The motion carried.

4. STATUS OF CITY TASKFORCE EFFORTS

A2D2: Mr. Hewitt said that the Housing Needs Assessment results were presented, and that it appears that if City zoning ordinances are modified as recommended the private sector may be able to use zoning premiums to provide the necessary number of affordable housing units. These changes will not address the challenge of replacing the 100 SRO units formerly provided at the former YMCA site.

County Taskforce on Sustainable Revenue for Supportive Housing Services for Ending Homelessness: Ms. Smith reported that this taskforce is charged with finding a revenue stream for approximately \$5,000 annually per person for services.

5. OPERATIONS COMMITTEE

Underground Parking Lot: Mr. Hewitt announced that City Council authorized the DDA to design and construct an underground parking lot at the S. Fifth Avenue site. This authorization extends to negotiation with adjacent property owners regarding possible land acquisition. He said that the project site plan is due to the City no later than October 27th.

Financials: Mr. Hewitt stated that the projected shortfall in TIF may not be as large as initially budgeted, despite maintenance invoices extending over from the previous fiscal year. Parking revenues are over budget due to the monthly permit rate increase. The Housing Fund is over budget due to a second grant to Avalon Housing earlier this year. **The December 2007 financial reports were moved by Ms. Gunn seconded by Mr. Mouat and unanimously approved.**

Auditor's Report: The Committee met with the auditors, and they affirmed that the DDA's financial statements were a fair presentation of financial activities, and were in conformity with accounting principles. The auditor recommended the DDA address the following items prior to the next audit: 1). adoption of a business continuity plan with details on how the DDA will continue to operate in the event of a catastrophic event; 2). adoption of a code of conduct; 3). adoption of personnel policies, formal job descriptions, and mandatory vacations with those duties being performed by another employee; and 4) creation of an accounting policies and procedures manual. He said that staff has begun work on these documents.

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

RESOLUTION TO DEMOLISH THE FORMER YMCA BUILDING AT 350 S. FIFTH AVENUE

Whereas, The City of Ann Arbor purchased the former YMCA property at 350 S. Fifth Avenue in December 2003 with the financial assistance of the DDA in recognition of the value the DDA and City Council placed in preserving the 100 units of housing on this site for very low income individuals in the downtown;

Whereas, The former YMCA building was closed in 2005, is no longer habitable, and has become an eyesore;

Whereas, On November 19, 2007 City Council approved R-07-566 requesting the DDA's assistance demolishing the building as soon as possible, potentially followed by the establishment of a temporary public parking lot;

Whereas, On December 3, 2007 City Council approved R-07-583 directing the City's Housing and Human Services Advisory Board (HHSAB) to prepare a written recommendation to Council before May 31, 2008, summarizing options and a preferred recommendation for the development of 100 units of affordable housing for low-income residents, including supportive services for these residents;

Whereas, The Partnerships Committee has discussed City Council's request that the DDA demolish the former YMCA building and has determined that the advantages to this demolition include the potential to provide an area for construction staging and interim public parking to serve the area if an underground parking structure is constructed on the S. Fifth Avenue parking lot;

Whereas, Engineers have estimated that this demolition is estimated to cost approximately \$1.5 million, which includes costs for asbestos removal and utility relocation;

RESOLVED, The DDA approves the demolition of the former YMCA building as requested by City Council, including the expenditure of up to \$1.5 million to be paid for using the DDA's 003 TIF funds.

RESOLVED, Upon the future sale of the 350 S. Fifth Avenue site by the City, the DDA shall receive a reimbursement of its expenses for this demolition up to an amount mutually agreed upon by DDA and City Council.

RESOLVED, Following the completion of this demolition, the entire amount paid to date by the DDA from its 001 Housing Fund to enable the City to purchase the former YMCA shall be reimbursed by the DDA's 003 TIF Fund, reflecting the shift in project goals for this site.

Ms. Greff said that she thought the City would want clarity about the DDA's expectations regarding reimbursement, and that the second resolved clause should be made more specific as follows:

RESOLVED, Upon the future sale of the 350 S. Fifth Avenue site by the City, the DDA shall receive a reimbursement of its expenses for this demolition up to an amount mutually agreed upon by DDA and City Council, minus any net revenue generated by the temporary parking lot in the interim.

Ms. Greff moved and Mr. DeVarti seconded this amendment. Ms. Gunn said that she would not support the change as friendly, as the statement "mutually agreed upon reimbursement" demonstrates the partnership between the City and DDA. Mr. Hieftje stated he was also not in favor of the amendment.

A vote to amend the resolution showed:

AYES: DeVarti, Greff

NAYES: Collins, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

Absent: Boren, Hall

The motion failed.

Ms. Smith proposed to add the following Whereas clause as an amendment and Ms. Gunn accepted it as friendly:

Whereas, The DDA and the City want to act as partners to redevelop this site;

Mr. DeVarti said that he supports the City but would vote against this and any other resolution regarding the former YMCA site until the city has a plan to replace 100 units for people of very low income. Mr. Hewitt said that the City has appointed a Taskforce to study replacing the units.

A vote to approve the resolution as amended showed:

AYES: Collins, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

NAYES: DeVarti, Greff

Absent: Boren, Hall

The motion passed.

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

RESOLUTION TO ENTER INTO AN AGREEMENT WITH THE CITY ON THE REFINANCING OF THE BANK LOAN USED TO PURCHASE THE FORMER YMCA PROPERTY, LOCATED AT 350 S. FIFTH AVENUE

Whereas, The DDA Executive Committee is empowered by DDA Bylaws to act on behalf of the DDA between regular DDA meetings;

Whereas, In December 2003 the DDA Executive Committee voted to approve the City's request for a loan to the City of Ann Arbor for the purpose of purchasing the former YMCA property located at 350 S. Fifth Avenue;

Whereas, The DDA loan requested by the City was approximately \$1,719,181, including principle and interest payments on a bank loan used to purchase the former YMCA site;

Whereas, After four years of interest-only payments by the DDA and the City's Housing Trust Fund, the bank loan secured by the City will be refinanced in the coming months;

Whereas, The DDA Operations Committee has reviewed this situation and determined that it would be advantageous for the DDA to enter into an agreement with the City on the refinancing of the original 2003 bank loan;

RESOLVED, The DDA agrees to enter into an agreement with the City on the refinancing of the 2003 bank loan used to purchase the former YMCA property, with the understanding that the DDA will be remunerated by the City for its loan payments at such time as the City sells or otherwise disposes of the former YMCA property.

Mr. Hewitt stated the DDA has been making interest-only payments since 2003 from its Housing Fund. Ms. Smith asked if it would be better to buy the building outright rather than continue to pay interest; Mr. Hewitt said that the loan has a very low interest rate, and the DDA would soon need to tap its fund balances for down payments on some very large projects. Mr. DeVarti asked if the DDA should provide the loan to the City, rather than the bank; Mr. Hewitt said that it was determined that the DDA was not able to loan the City funds. Mr. DeVarti said that the DDA should wait to approve a resolution when the loan refinancing details are in place; Mr. Hewitt said that the City will soon renegotiate the loan and needs to know that the DDA will be a partner. Mr. Hieftje stated the site would be advantageous for a construction staging area for the underground parking and Library project.

Mr. DeVarti proposed a friendly amendment to the resolution and it was accepted by Ms. Gunn. In the last Resolved, change the word remunerated to "reimbursed".

A vote to approve the resolution as amended showed:

AYES: Collins, Greff, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

NAYES: DeVarti

Absent: Boren, Hall

The motion passed.

Mr. Mouat moved and Mr. Splitt seconded the following resolution:

RESOLUTION TO APPROVE THE DDA BUDGET FOR FISCAL YEAR 2008/2009

Whereas, The DDA has developed a Ten-Year Financial Plan, including projected income and expenses for debt service, capital improvements projects and parking operations;

Whereas, The DDA Operations Committee has developed a detailed FY 2008/09 budget for the DDA based on the DDA Ten-Year Plan;

Whereas, The Operations Committee has requested that the TIF and TIF Maintenance funds be combined to simplify the budget;

Whereas, The City of Ann Arbor Administration will present the 2008/2009 budget to City Council this Spring;

Whereas, The Operations Committee recommends approval of these DDA budgets by the DDA;

RESOLVED, The DDA approves its FY 2008/09 budget.

Mr. Hewitt explained that the TIF Maintenance Fund was eliminated and allocations for alleys and sidewalks maintenance would henceforth be shown as line items. Ms. Gunn asked if the amount shown for professional fees would be adequate in light of the new underground parking structure project. Ms. Smith proposed and Ms. Greff supported an amendment to add \$1 Million to the professional fees line item in Fund 063. Mr. Hewitt explained that the budget was being presented today in order to meet the City's deadline for submitting annual budgets.

A vote to approve the resolution as amended showed:

AYES: Collins, DeVarti, Greff, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

NAYES: None

Absent: Boren, Hall

The motion passed.

Ms. Greff moved and Mr. Mouat seconded the following resolution:

RESOLUTION TO AUTHORIZE A 2007 YEAR-END MANAGEMENT INCENTIVE FOR REPUBLIC PARKING FOR MANAGEMENT OF DDA PARKING FACILITIES

Whereas, The DDA entered into a contract with Republic Parking Systems beginning February 1, 2007 for management of the DDA's parking system;

Whereas, According to this contract, Republic is eligible for an annual management incentive/fee supplement which is to be calculated based on goals agreed to by Republic and the DDA Operations Committee, including the level of customer satisfaction as measured by a sampling of users on a bi-monthly basis;

Whereas, This contract increased the annual fee from \$80,000 to \$150,000 and decreased the target for the year-end incentive to \$50,000

Whereas, Calendar year 2007 customer surveys indicated that 83.2% of customers indicate that they believe Republic's service is good or excellent, and the DDA Parking Facility Inspector rated maintenance efforts at 93.3 for the year out of a possible 100;

Whereas, In 2006 the DDA approved a year-end management incentive to Republic Parking for \$122,300, which is 1.2% of the total revenue collected by Republic on the DDA's behalf;

Whereas, The DDA Operations Committee reviewed the criteria set forward for Republic Parking for 2007 and has determined that Republic Parking continued to rate high in routine operations, with work still to be done addressing sudden special event parking demand and other unforeseen situations in its facilities;

Whereas, The DDA Operations Committee has recommended that the DDA authorize a 2007 end-of-year management incentive to Republic Parking at \$40,000;

RESOLVED, Per its contract with Republic Parking, the DDA authorizes a 2007 end of year fee supplement/management incentive to Republic Parking in the amount of \$40,000

Mr. Hewitt explained that the incentive was part of a contractual agreement and was awarded on the basis that Republic met certain criteria.

A vote to approve the resolution showed:

AYES: Collins, DeVarti, Greff, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Splitt

NAYES: None

Absent: Boren, Hall

The motion passed.

6. CAPITAL IMPROVEMENTS COMMITTEE

S. Fifth Avenue Structure: Mr. Splitt reminded the board that the DDA has only 8 months to prepare its site plan. He said that Mr. Hewitt, Ms. Smith and Ms. Pollay would work with the City Budget Committee regarding any land acquisition issues related to this project. An RFP would be released soon to enable the DDA to hire the project design team; the Committee will meet February 28 to select firms for interviews. Mr. Collins asked if it would be a good time to begin discussion on what would be built on top of the underground parking lot. Mr. Hieftje responded that it would be best to hold that discussion until a later date and focus on building the underground structure. Mr. Splitt said that his committee will resolve whether to build 3 or 4 floors underground; Partnerships will continue to work with the Library on how to mesh the two projects, and Operations will determine how the project financing will be arranged.

First & Washington Alley: Mr. Splitt said that conduit installation is slower than anticipated due to weather.

Former YMCA Building Demolition: Mr. Splitt said that Mr. Iraola is ready to secure asbestos abatement bids and will soon distribute a demolition RFP. The demo permit request will go to the City early next week given the long lead time for review so there is no delay between abatement and demolition.

7. R O C COMMITTEE

DDA Bylaws: Mr. Collins stated that members of ROC were somewhat frustrated that City Council postponed indefinitely their approval of DDA's bylaw amendments given that the committee worked on this project for months and the recommended changes were provided to the City several times for early review and no concerns had been raised. He said that he will contact Council members in an effort to open a dialogue regarding the bylaws.

Wayfinding: The Committee is excited about the signage design. Two mock up signs will be installed in late March to enable community members to provide additional comment. Information on the sign design has been shared with the professional graphic arts community, the four downtown associations, dozens of downtown destinations, City Council, and the Ann Arbor News. A destination list has been assembled and a plan for MDOT is nearly complete. After the mock up signs have been in place for a few weeks, and assuming the response is positive, the next step would be to authorize Corbin to put out a bid for the sign manufacture and installation.

8. PARTNERSHIPS COMMITTEE

Affordable Housing: Ms. Smith announced that the regular committee meeting was cancelled but a Special Committee meeting was held with Chuck Kieffer/Washtenaw Housing Alliance; Bob Guenzel/Washtenaw County; Mary Jo Callan/City of A2/Washtenaw County Community Development Department; Jennifer Hall/City of A2/Washtenaw County Community Development Department; and several representatives of the City's Housing & Human Services Advisory Board, Synod (the agency that provided services to the former Y tenants when they were moved to Tuscan Creek Apts.), Avalon Housing, and more. Meeting topics included the status report on the County's Ten Year Plan to End Homelessness; the Housing & Human Services Advisory Board's task to provide Council with a recommendation on replacing the 100 YMCA units; The County's Taskforce seeking sustainable funding for support services; and recent County Affordable Housing

Needs Assessment. Ms. Smith invited everyone to the February 12th public hearing regarding ideas for replacing the 100 SRO units on the former YMCA site.

9. OTHER DDA BUSINESS MATTERS

North/South Rail: Mr. Hieftje reported that Howell and Livingston had expressed interest in the commuter rail project; there also seems to be strong support from Congressmen Dingell and Rogers. Operational cost estimates are being prepared. There also seems to be a new level of cooperation by MDOT.

East/West Rail: Mr. Hieftje announced that Representative Kilpatrick is scheduled to meet in Ann Arbor tomorrow. Mr. Hewitt has also met several times with Detroit City Council regarding this issue.

10. OTHER AUDIENCE PARTICIPATION

None.

11. ADJOURNMENT

As there was no further discussion Ms. Gunn moved and Ms. Lowenstein seconded adjournment of the meeting at 1:50 PM.

Respectfully submitted,
Susan Pollay, Executive Director