

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES
Wednesday, November 7, 2007

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: Gary Boren, Russ Collins, Dave DeVarti, Rene Greff, Leah Gunn, Roger Hewitt, John Hieftje, John Mouat, Sandi Smith, John Splitt

Absent: Jennifer Hall, Joan Lowenstein

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

Audience: Michael Appel, Avalon Housing
Tony Bisesi, Republic Parking
Wendy Carly-Saxon, Avalon Housing
Frank Nagy, Republic Parking
Adrian Iraola, Washtenaw Engineering
WAP John, Good Sense
Ethel Potts, Citizen
Nancy Shore, getDowntown Program

2. AUDIENCE PARTICIPATION

Mr. John said that after seeing Corbin's semi-final sign design array, members of the local design community wanted to provide the DDA additional feedback on its wayfinding project in a visual manner. To do this they held two meetings and a design charette where nearly two dozen design alternatives were critiqued, and they also gave the community opportunities to view these alternatives at the downtown Library and over Arbor Update. From this a preferred recommendation was selected, and the designer of this image, Mr. Morris, was on speakerphone during Mr. John's presentation to the DDA. The strengths of the concept were outlined, and Mr. John said that he would provide a PDF version of the materials so they could be discussed by Corbin and DDA members. Mr. Hewitt asked Mr. John to extend the DDA's thanks to all who had taken the time to provide feedback on this, and he thanked Mr. John in particular for his obvious concern and commitment to the community.

3. MINUTES

Ms. Smith moved and Ms. Gunn seconded approval of the October 7, 2007 DDA meeting minutes. Mr. Collins asked to amend the minutes with the following change, page 3, 4th paragraph, "...although he had some concerns about the viability of ~~additional downtown hotel rooms~~ the project..." Ms. Pollay said that this correction would be made.

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

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

NAYES: None

Absent: Hall, Lowenstein

The motion carried.

Ms. Smith moved and Ms. Gunn seconded approval of the October 16, 2007 DDA Annual Retreat Minutes.

A vote on the motion showed:

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

NAYES: None

Absent: Hall, Lowenstein
The motion carried.

4. STATUS OF CITY TASKFORCE EFFORTS
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A2D2: Mr. Hewitt said that the A2D2 Steering Committee discussed next steps. A first project may be a study commissioned by AATA, and possibly supported in part by the UM, of the Plymouth Road and S. State Street corridors to outline ways to address projected future transportation demand. The DDA will be working toward the goal of a “demand management system” in its parking system, but this requires that parking be readily available. Additional parking must be made available. The Ann Arbor Chamber has been asked to undertake an economic analysis of the job growth projections for the next 10 years, and A2D2 would use the data collected to help plan alternative transportation options to meet expected demand. The getDowntown program is also working in support of A2D2 transportation goals.

Percent for the Arts Taskforce: Mr. Collins reported that City Council recently approved an ordinance which will require that 1% of the cost of city projects will be set-aside to commission public art. He extended his thanks in particular to Margaret Parker and others who served on this taskforce who helped bring about this new program.

5. COMMITTEES

Partnerships Committee

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

RESOLUTION PROVIDING AVALON HOUSING, INC. WITH A GRANT OF \$90,000 IN SUPPORT OF REFINANCING 201 W. WILLIAM STREET

Whereas, The Ann Arbor Downtown Development Authority 2003 Renewal Plan makes a strong commitment to participating in projects which stimulate new, converted, or renovated housing, with the goal of a diverse and vibrant downtown;

Whereas, The DDA has been involved with many affordable housing initiatives in the past fifteen years, beginning in 1992 with the removal of a residential property on S. Ashley Street from what has since become known as the Kline lot;

Whereas, This residential property was moved across the street by the DDA to 201 W. William Street, and donated to Avalon Housing, Inc., becoming its first affordable housing project;

Whereas, The DDA has received a request from Avalon to assist with the refinancing of this six unit property, as the initial fifteen year tax credit compliance period will be coming to a close at the end of the year and the original limited partners will want to exit the project;

Whereas, The total cost for this project will be \$280,851, which includes funds to rehabilitate the property as necessary;

Whereas, The sources of funds anticipated for this project include HOME Funds from the City of Ann Arbor (\$65,851), MSHDA (\$65,000), and Federal Home Loan Bank (\$60,000);

Whereas, The DDA has been asked to provide \$90,000 for this project;

Whereas, The DDA Partnerships Committee reviewed this request and recommend approval of this grant from the DDA’s Housing Fund;

RESOLVED, The DDA will provide Avalon Housing, Inc. with a grant of \$90,000 from its Housing Fund to enable Avalon to refinance and rehabilitate a six unit building located at 201 W. William Street, Ann Arbor, Michigan.

Ms. Smith explained why funds were requested and how DDA funds would be leveraged by other fund sources. Ms. Gunn noted that the house was the first DDA affordable housing project and the first Avalon project as well.

A vote on the motion showed:

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

NAYES: None

Absent: Hall, Lowenstein

The motion carried.

Ms. Smith moved and Ms. Gunn seconded the following resolution:

RESOLUTION TO REVISE DDA "PRINCIPLES GUIDING PARTNERSHIP DECISIONS" GUIDELINES

Whereas, On December 21, 1999 the DDA approved interim guidelines to enable its Partnerships Committee to consider ways that the Authority could work with private developers to encourage new development in the downtown area, and these guidelines have been revised several times by the DDA in the intervening years;

Whereas, The Partnerships Committee has developed several other means to assist downtown projects, including a low-interest façade loan program, a conceptual framework by which parking could be provided under contract to assist downtown developments, and a program to assist downtown projects so that their construction impacts are lessened and to encourage the improvement or expansion of downtown infrastructure;

Whereas, At its last meeting the Partnerships Committee reviewed the DDA Partnerships Guidelines and recommends amendments to clarify the DDA's goals for the program;

RESOLVED, The DDA shall adopt the attached revised "Principles Guiding Partnership Guidelines" as its new guidelines, effective immediately;

BE IT FURTHER RESOLVED, These Guidelines shall remain in effect until amended or repealed by the DDA Board or until December 31, 2008, whichever comes first;

PRINCIPLES GUIDING PARTNERSHIP DECISIONS

The overriding premise is that DDA should only expend public resources to further specific City and DDA goals-- a "public purpose". Our partnership ventures must be seen as furthering downtown development goals, building the tax base, furthering our parking program, etc. This program must not be seen as an entitlement to developers or as a give away program.

In our discussions to date, this general rule was articulated through several more specific statements.

1. The project must make a significant net financial contribution to the DDA. Specifically, a new development must make a significant ongoing annual contribution to the TIF fund, after any DDA assistance is deducted, as this annual TIF capture will be used by the DDA to fund public improvements throughout the DDA District. The payments to the developer should, in general, be timed so that the development is never in a "negative TIF" situation.

~~2. DDA assistance should be limited to what is necessary to make a project happen and should be used to support project elements which benefit the community, such as new sidewalks or storm water capture.~~

2. A project must be deemed to be an exceptional project to receive DDA support, one that could serve as a catalyst to encourage similar future downtown projects. Important community benefits that will be considered by the DDA will include:

- Historic preservation
- Construction of a significant number of new residential units
- Provision of affordable housing on site, or a contribution to community affordable housing goals
- Pedestrian improvements, including alley and sidewalk enhancements, as well as an attractive, pedestrian-friendly design
- Parking for the project is completely or predominantly on site
- Parking for the project is principally situated below grade
- ~~Provision of sustainable architectural elements, such as a green roof or solar heating system.~~
Achievement of a minimal Leadership in Energy and Environmental Design (LEED) certification or higher

3. The Partnerships Guidelines set forward by the DDA determine that the amount of a DDA Partnerships Grant shall not exceed 25% of the projected ten year TIF revenue captured by the DDA from the project. The degree of DDA support will vary between 0 and 25% of the ten year TIF depending on the public benefits as defined in this policy.

4. In considering how it may assist new developments, the DDA must think of the variety of ways it might provide assistance-- e.g., parking partnerships, use of the DDA housing fund, pedestrian improvements, low interest historic façade loans, grants equal to the costs for sidewalk closure permit and parking meter bag fees, where it has been determined that developers worked as expediently as possible to restore public access to sidewalks and parking, etc.

5. The DDA has negotiated occasional parking permit arrangements with new developments in the past. In general, this practice should continue as a way to support new development. The determination as to whether to support developer-created parking versus to allocate permits within a DDA structure (or to build a new public parking structure in a given area) should be made in light of parking needs studies.

6. Since the purpose of this policy is to foster new development (and new TIF revenue), the committee recommends that the DDA not consider any requests for "retroactive assistance".

Ms. Smith said that the Committee worked to address the DDA goal to focus DDA funds on green initiatives, and resolved that it was important to ask for LEEDS certification, although there are other ways this can be accomplished. Also, the paragraph about providing DDA funds "limited to what is necessary to make a project happen" had proved to be impossible to measure, and thus unnecessary to include.

A vote on the motion as amended above showed:

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

NAYES: None

Absent: Hall, Lowenstein

The motion carried.

Sanitary Sewers: Ms. Smith said that in April 2007 the DDA approved a \$95,000 grant to the City for a downtown sanitary sewer monitoring project. Ms. Rampson and Mr. Slotten met with Partnerships and said that preliminary findings indicate that there wasn't a problem with storm water in the sanitary system as staff had anticipated; rather there is a problem with sewer capacity on Washington Street. The project at Washington/Division is the first of many that may need to use this sewer, and current City policies would assign the total cost to upsize the sewer to them. After that, future projects, including the new UM North Quad dorm would not be asked to contribute to this cost.

Ms. Smith indicated that Partnerships will continue to discuss possible alternatives to this city policy, including the potential to establish infrastructure “banks”, special assessments, etc. Mr. Mouat said that this was a very important issue and he thinks it is a good idea for Partnerships to continue to gather information about the issue. Mr. Collins indicated that it is important for the DDA to remember that it is not responsible for storm water and sanitary sewers; rather there are taxing authorities that are responsible for this and other infrastructure. He said that he was comfortable with DDA approving grants to study and analyze problems that would effect downtown, but he reminded the DDA that responsibility for their repairs and upgrades belongs to others, not the DDA.

Capital Improvements Committee

South 5th Avenue Structure: Mr. Splitt said that City Council recently approved a resolution requesting that the DDA prepare a recommendation for the construction of a 500-space underground parking structure on the S. 5th Avenue lot. Adrian has been asked to undertake soil borings to help us assess the feasibility of going more than 2 stories underground, and CWI has been asked to develop concepts for committee review and feedback. A chief challenge is to develop a concept that could support a future building that is as yet undefined. This project will also be examined by the Partnerships and Operations Committees, who will each look at it from a different angle.

Mr. Mouat stated that his firm had received the RFQ from the Library for their expansion project and because there is the possibility of a conflict of interest, he would recuse himself from voting on issues regarding the structure for the foreseeable future. He said that it seemed like the appropriate time to bring back a full discussion of the 5th & Division improvement project, with the Library site, S. 5th Avenue lot, and Larcom sites all under discussion.

Ann Ashley Addition: Ms. Greff moved and Mr. DeVarti supported the following resolution, which had been postponed at the October DDA meeting:

RESOLUTION TO ASK CITY COUNCIL TO APPROVE AN ADDITION TO THE ANN ASHLEY PARKING STRUCTURE AS PART OF A COMPREHENSIVE PARKING PLAN

Whereas, A comprehensive downtown parking study completed in January 2007 determined that 50-100 parking permits a year for each of the next ten years must be found in order to meet anticipated City downtown development goals;

Whereas, There exists an extensive monthly parking permit wait list, making it tremendously difficult to support important downtown projects including the encouragement of new downtown jobs;

Whereas, The DDA formulated a plan at its January 2007 retreat and met with City Council in a work session in February 2007 to present its strategies to address immediate, short-term, and long-term parking needs to meet the purposes of downtown visitors, residents, employees, and others;

Whereas, This vision set forward an immediate objective to install the Fifth & Division Phase I improvements, thereby gaining 100 on-street parking spaces, in addition to much-needed bicycle lanes and pedestrian improvements called out by the City's 2007 Non-Motorized Plan and the Mayor and City Council;

Whereas, The vision set forward a short term objective to add at least one floor or as many as three floors to the Ann Ashley parking structure, for a total of 125 to 375 new parking spaces, because the cost to construct structured parking at this site has been determined to be the least expensive structured parking option in the downtown;

Whereas, the vision also set forward a longer-term objective to construct a 500+ space parking structure in a central downtown location that would meet the needs of a wide variety of users;

Whereas, The DDA vision also set forward a series of strategies to modify parking management practices and support several alternative transportation options to maximize current parking spaces and encourage greater access to the downtown;

Whereas, Three months after the work session, the DDA provided the City Council with an extensive report on eleven parking construction scenarios, including information on expanding the Ann Ashley structure;

Whereas, The construction drawings for an Ann Ashley addition have been completed and the additional floor or floors could be constructed in approximately 12 to 18 months;

Whereas, The DDA Capital Improvements Committee has recommended that the DDA present a resolution to City Council asking authorization to immediately proceed with an addition to the Ann Ashley parking structure to clarify the Council's view on this option;

Whereas, City Council is currently exploring a variety of options to meet the long-term goal to add a minimum of 500 new public parking spaces;

Whereas, An addition to the Ann Ashley parking structure does not preclude a commitment to this long-term goal;

RESOLVED, The DDA sets forward its interest in expanding the Ann Ashley parking structure and asks City Council support to construct this project.

Mr. Splitt noted the 6th Whereas clause in the Council resolution regarding the South 5th Av. lot states... "this problem must be addressed before other expansions to the public parking system are undertaken." He asked if the DDA resolution should be tabled and/or postponed. Mr. DeVarti stated that a recent examination of the DDA's Ten Year Plan showed it was feasible to undertake the Ann Ashley addition as well as a new parking structure. Ms. Smith said that she would be in favor of postponing the resolution for up to three months to provide time for more analysis; Ms. Greff said that she could support this. Mr. Splitt said that the Ten Year Plan examination assumed a ten cent/hour increase at the street meters every three years and he wasn't sure that City Council would support an increase in fees.

Ms. Gunn moved and Mr. Splitt seconded a resolution to table this item. Mr. DeVarti requested additional information to be included in the Ten Year Plan that will accompany the resolution when it is brought forward again in the future. He stated that he felt the additional information would help City Council understand that working on more than one project at a time is financially feasible.

A vote on the motion to table showed:

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

NAYES: None

Absent: Hall, Lowenstein

The motion carried.

ADA Ramps: Mr. Splitt reported that since July 46 downtown corners have been replaced. Mr. Splitt moved and Ms. Greff seconded the following resolution:

RESOLUTION REQUESTING CITY COUNCIL SUPPORT FOR DDA RAMP REPLACEMENT PROJECT

Whereas, As part of its approval of the 2007/08 City budget, City Council amended the DDA 2007/08 budget with the following resolved language:

RESOLVED, That the Downtown Development Authority Fund (0003) expenditure budget be decreased by \$1,600,000 to reduce the appropriated reserves for future Capital Construction Projects.

Whereas, The City of Ann Arbor is responsible for the condition of all sidewalk ramps that it has affected through its Street Reconstruction and Resurfacing program, or other City construction projects;

Whereas, There are approximately 485 sidewalk ramps located in the downtown area, most of which were constructed by the City;

Whereas, Many of these ramps are being reconstructed to assure accessibility;

Whereas, the cost to replace these sidewalk ramps has been estimated to be \$1.86 million;

Whereas, Ann Arbor DDA works to create a more pedestrian-friendly downtown that is safe and comfortable for all downtown users;

Whereas, The DDA board has voted to approve DDA funds to replace downtown sidewalk ramps, but seeks support from City Council to move forward with this project, including the release of TIF (003) funds in its 2007/08 budget;

RESOLVED, The DDA asks City Council to support the DDA's efforts to replace sidewalk ramps;

RESOLVED, The DDA also asks City Council to release TIF (003) funds to accomplish this project.

Mr. DeVarti wanted to know why the DDA was asking for Council to release TIF funds for this project. Ms. Pollay explained that when City Council approved the 2007/2008 City budget they decreased the DDA TIF capital improvements expenditures amount \$1,600,000; this resolution asks support from the City to repair ramps and to release TIF (003) funds. Mr. DeVarti proposed a friendly amendment to the 4th Whereas clause: "...to assure accessibility in compliance with ADA." Mr. Mouat explained about ADA standards. Mr. Splitt did not accept the amendment as friendly and the amendment died for the lack of a second.

Ms. Lowenstein enters.

Mr. Collins said that we understand this work needs to be done and it will be done without reservation; we want to do the right thing. Ms. Lowenstein said that she would abstain from voting, as she just arrived.

A vote on the motion showed:

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

NAYES: None

Absent: Hall

Abstain: Lowenstein

The motion carried.

Alley Repairs: Mr. Splitt reported that construction of the First and Washington alley is scheduled to begin with infrastructure relocation later this month. The rest of the alley will be completed after developments in the area are built. DTE completed the design and applied for a permit to the City; the permit is pending.

Huron Street and Fifth & Division: There is nothing new to report at this time.

Sidewalk Repairs: A total of 99 trees have been replaced downtown this summer, including a substantial number of ash tree replacements. A total of 65 new bike hoops were installed last month. Mr. Iraola acknowledged Ms. Shore's efforts in finding the optimum location for the installation of the bike hoops.

Research and Opportunity Committee

Wayfinding: Mr. Collins indicated that it seemed the Capital Improvements Committee is involved with several large projects, and asked if there would be any objection to ROC taking on the wayfinding project. There were no objections from Mr. Splitt or members of the Capital Improvements.

DDA Bylaws: Mr. Collins moved and Ms. Smith seconded the following resolution:

RESOLUTION APPROVING AMENDMENTS TO THE DDA BYLAWS

Whereas, The DDA operates by a set of bylaws that were first approved in 1984 and last amended in 2003;

Whereas, These bylaws name the DDA's officers and their duties, provides details on the DDA annual and regular meetings, rules for quorum, voting, funding requests, committees and conflict of interest;

Whereas, These bylaws may be amended at any regular meeting of the Board by a majority vote, provided that the amendment has been submitted in writing at a previous regular meeting;

Whereas, The DDA ROC Committee has reviewed the document, and recommends changes to clarify the roles of DDA board members, board officers, and staff;

Whereas, These recommended amendments were provided to the board for their review and comment at the October 2007 meeting;

RESOLVED, The DDA approves DDA Bylaw amendments as recommended, and shall forward them onto City Council for approval.

Mr. Hewitt said he would like to see more clarity in how DDA officers are selected. He suggested that perhaps officers could be elected separately rather than as a slate. Mr. Collins suggested that this resolution be postponed until the December meeting to allow more discussion by the Committee. He asked that any other comments or suggested revisions be sent to DDA staff. ROC will consider these changes and will present the final document at the December board meeting for action. Once revised by the DDA these bylaws will be sent to City Council for their approval.

Operations Committee

September 2007 Financial Statements: Mr. Hewitt went through the reports for the board, and said that we are only in the first quarter so anticipated year-end figures are estimates. The September 2007 financial reports were moved by Mr. Hewitt seconded by Ms. Smith and unanimously approved.

Temporary Parking Lot at 415 W. Washington: The Historic District Commission approved the plans for the temporary lot and work has begun. It is anticipated the lot will be open by the end of November.

A2D2 Strategies Implementation: Mr. Hewitt reported that this would be the first item on the agenda for all upcoming Operations Committee meetings, and Ms. Shore has been asked to attend during these discussions. He will provide additional information as the details become available.

6. OTHER DDA BUSINESS MATTERS

Pedestrian Count-Down Signals: Mr. DeVarti stated that he likes the new pedestrian count-down signals in the cross walks downtown.

7. OTHER AUDIENCE PARTICIPATION

None.

8. ADJOURNMENT

As there was no further discussion the meeting was adjourned at 2:08 P.M.

Respectfully submitted,
Susan Pollay, Executive Director