

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES

Wednesday, July 6, 2011

DDA Offices, 150 S. Fifth Avenue, Ann Arbor, MI 48104

Place: DDA Office, 150 S. Fifth Avenue, Suite 301, Ann Arbor, 48104

Time: DDA Chair Joan Lowenstein called the meeting to order at 12:05 p.m.

1. ROLL CALL

Present: Gary Boren, Newcombe Clark, Russ Collins, Bob Guenzel, Leah Gunn, Roger Hewitt, John Hieftje, Joan Lowenstein, John Mouat, Keith Orr, John Splitt

Absent: Sandi Smith

Staff Present: Susan Pollay, Executive Director
Joe Morehouse, Deputy Director
Amber Miller, Planning & Research Specialist
Julie Uden, Management Assistant

Audience: Dave Askins, *Ann Arbor Chronicle*
Adrian Iraola, PAC
Jasprett Sawhney, Falcon Innovations
Ted Williams, Falcon Innovations
Ali Ramlawi, Jerusalem Garden
Pushpinder Sethi, Earthen Jar
Andrew Cluley, WEMU
Mark Lyons, Republic Parking System
Nancy Shore, getDowntown
Ray Detter, Downtown Area CAC

2. AUDIENCE PARTICIPATION

Ms. Lowenstein said that there were problems with the DDA's audio/video recording equipment and technicians were trying to fix things.

Ali Ramlawi, Jerusalem Garden, said that his restaurant is located near the underground parking construction site, and he was not coming to the board for a handout; he simply wanted to state his case. Mr. Ramlawi said that he didn't feel that the project had been fully explained at the onset. He stated that he had been doing business in Ann Arbor for 18 years and the last 12 months have been the hardest. He said that his customers often ask him about what's going on in the construction, and specifically what the city is doing for him. He said that people are amazed when he tells them that nothing has been done for him. Mr. Ramlawi asked the DDA to consider the future use of other city lots and that the DDA take into account the impact of future projects on small businesses. He stated that his business is down 30% this year, and he hears about tax abatements being offered to companies to attract or retain them, but thinks that the city needs to take care of "mom and pop" businesses. He concluded by telling the board he was upset with their inaction.

Pushpinder Sethi, Earthen Jar, said he did not need to repeat what Mr. Ramlawi had said, but his own business was down more like 50%. He felt the slump in business was not due to the recession, but instead due to the construction. Mr. Sethi said that the city should help by providing tax breaks.

Jaspreet Sawhney and Ted Williams, Falcon innovations, said that they decided to come address the DDA board when Mr. Hieftje stopped by their booth at the recent Green Fair. Mr. Sawhney demonstrated two different LED light products for the board. He told them that the firm's office is on S. Main Street, and they are hoping to one day move their manufacturing facility to Michigan. Mr. Collins asked if the lights were dimmable; Mr. Sawhney replied yes. Mr. Clark pointed out that Falcon's offices are located on Main Street, above Conor O'Neill's.

Ms. Lowenstein said that she had been informed that technicians had fixed the audio/video recording equipment problem, and the meeting was now being recorded.

3. REPORTS FROM CITY BOARDS AND COMMISSIONS

Mr. Detter reported that the CAC had devoted their entire discussion to the proposed Varsity development. He said they felt the project was a learning experience in regards to the newly established Design Review Board. Mr. Detter said the Review Board had provided feedback that the CAC agrees with, but the CAC feels the project design still needs changes before it will be acceptable to the community. For instance, the Design Guidelines require a project to reinforce characteristics of adjacent sites, and they feel that the Varsity's design shows no consideration to the east or west where two smaller historic properties are located. Also, the two entrances to the parking garages will pose problems for pedestrians and traffic, and the east side of the building could be improved.

Ms. Lowenstein said she was glad City Council had reduced the Design Review Board review fee from \$1,000 to \$500.

4. PRESENTATION ON THE GO!PASS

Nancy Shore, getDowntown, gave a slide presentation on the success of the go!pass, which is a bus pass that allows downtown employees to board AATA buses on an unlimited basis without paying a fare on boarding; 96% of the cost of these passes is paid for by the DDA. Ms. Shore reminded the audience that the getDowntown program is a partnership among the DDA, AATA, and the City that was established more than a decade ago. The go!pass is the getDowntown's signature program, and over time the number of passes in distribution and the number of downtown businesses providing these passes to their employees had grown dramatically. This year the pass is swiped through equipment on the bus, so data about the users is now available. For instance it is now known the proportionate number of passes used by employees in downtown government offices, restaurants, service businesses, etc., which makes it possible for the getDowntown program to target its message more effectively. In 2011/12 the business co-pay will increase for the first time in a decade to \$10/pass (from \$5/pass).

Mr. Clark said that employers must purchase go!passes for all full-time employees in order to participate. Mr. Orr asked if it were possible that some businesses may acquire passes but not use all of them; Ms Shore said yes. Mr. Collins said that the data suggests that about half the people who have cards aren't using them, and about one-third use their cards regularly; Ms. Shore said that the program was developed similar to a health care benefit, with the idea that some people will use service a lot and some will never use it. Mr. Collins suggested that the co-pay be increased even more, because the value to the consumer is so great that even if it were quadrupled to \$20, it would still be a great value. Mr. Clark said that an over-large increase might discourage large employers due to the requirement that cards must be purchased for all full-time employees. Mr. Orr said that he felt this requirement contributed to the success of the program. Mr. Hieftje said that program had won an international award a few years ago and he encouraged Ms. Shore to apply for that award again. He pointed to the connection to the city's affordable housing goals, saying that not owning a car puts \$500 per month back into someone's household budget for other uses.

Ms. Gunn said that since Ms. Shore had taken over the getDowntown program it had really started to soar. Ms. Lowenstein pointed out that the program was good evidence of how the DDA works in partnership with other organizations. Mr. Hewitt said that out of 7,000 passes, about 2,400 are used on a regular basis. He asked if it was possible to find out the percentage of heavy users also own cars. Ms. Shore said she would work to see if she could gather that information.

5. DDA BUSINESS

A motion was made by Mr. Collins and seconded by Mr. Mouat to cancel the August DDA Board meeting. **A vote on the motion showed:**

AYES: Boren, Clark, Collins, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Splitt
NAYS: None
Absent: Smith
The motion carried.

6. MINUTES

Ms. Gunn moved and Mr. Guenzel seconded approval of the DDA May 27, 2011 Special Board Meeting minutes and the June 1, 2011 Regular Board Meeting minutes. **A vote on the motion to approve the minutes showed:**

AYES: Boren, Collins, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Splitt
NAYS: None
Absent: Smith
Abstain: Clark

The motion carried.

7. BRICKS AND MONEY COMMITTEE

Mr. Hewitt reported that the May 2011 parking report showed a 6.35% increase in revenue and a 0.59% increase in the number of hourly patrons. Mr. Hewitt said that the DDA has spent a lot of resources to upgrade Republic Parking's computer software which can now make reporting easier. As a first step, the committee asked Republic Parking to amass data to get a better assessment of structure occupancy.

Mr. Hewitt reminded everyone that the next round of hourly and monthly parking rate increases will take effect on September 1, 2011. This rate increase was included as part of the series of rate increases approved by the DDA three years ago. He said that the new parking agreement set forward that the DDA would present information to City Council in a fall work session on such things as rate increases and other significant parking system changes it plans to make in the coming year.

Fifth Avenue Parking Garage: Mr. Splitt reported that mechanicals and finishing work has begun at the eastern end of the structure, and deck slabs are being poured in the middle section. The final foundation pours have been completed which has enabled Christman to turn off the dewatering system. Mr. Mouat asked if Christman was able to advance the schedule with the shell being done; Mr. Splitt said he meets weekly with Christman and is constantly trying to push the schedule, but recognizes that concrete needs sufficient cure time.

Fifth & Division Improvements: Mr. Splitt reported the Eastland is finished on Division, and work is progressing on the east side of the 200 block of 5th Ave. After Art Fair Eastland will move to the west side of street, and in October anticipates completion of the 300 block.

8. ECONOMIC DEVELOPMENT/COMMUNICATION COMMITTEE

Ms. Lowenstein said that this spring merchant association reps suggested the DDA take on retail recruitment, so the committee invited Mike Giraud, Swisher Commercial and Ed Shaffran, Shaffran Companies to provide information about how building owners and commercial brokers promote vacant space to prospective tenants to determine if there are any gaps for the DDA to fill.

Ms. Lowenstein said Mr. Giraud made it clear that the DDA is already been doing a lot to assist by investing in streetscape projects and infrastructure repairs, as this makes the downtown much more attractive to prospective tenants. They said that they felt the DDA might step on toes were it to begin its own retail recruitment efforts. There are many different property owners, and each has their own agenda and set of needs, and it takes years to get a full understanding of all the nuances. There are knowledgeable brokers already at work. Further, they dissuaded the DDA from considering incentives, as it is a slippery slope and potentially demoralizing to current tenants.

They felt the DDA could assist by helping promote downtown. For instance, the DDA could assemble information for trade publications and could attend retail conventions. They also suggested that the DDA assist developers through the regulatory process with as much information up front as possible about building and planning requirements to help prevent possible delays. When asked for input into the DDA's work to shape redevelopment strategies for the downtown parking lots they stated a compelling need for large floor plate buildings, as many tenants are unable to "fit" in downtown given that there are very few large floor plate offices available. The City lots are among the very rare opportunities for this kind of development given the difficulty of assembling a series of smaller adjoining parcels together.

Ms. Lowenstein then reported that the Committee reviewed a first draft of what will become a DDA Annual Report and a State of the Downtown report. Draft copies were also made available to the rest of the DDA board for feedback.

9. PARTNERSHIPS COMMITTEE

Energy Saving Grant Program: Mr. Collins said that the committee accepted Dave Konkle's recommendation for how the \$100,000 funding in 2011/12 should be allocated: \$20,000 assigned to the cost for Phase I energy audits targeting larger buildings who can take advantage of the City's PACE program and \$80,000 assigned to Phase 2 rebates for improvements with a \$5,000 cap.

Lot Redevelopment: Mr. Collins reported that several people attended the committee meeting and provided insights. Peter Allen described the elements he feels will lead to development success. For example, economic growth, market research, and political approval must all be in place. In his experience any phased development that involves multiple pieces of property will take three economic cycles to reach completion. Mr. Allen outlined who he felt were Library Lot stakeholders, as well as strengths of the parcel (central location, underground parking structure and infrastructure improvements, unique tenant mix on the block) and weaknesses (need to overcome the City's RFP track record, tight financial market). His vision included connectivity with surrounding assets such as the river, future Allen Creek Greenway, and AATA's many transportation system enhancements.

Albert Berriz, CEO McKinley, cautioned the group to focus on realistic opportunities. He said developers who are serious are well capitalized and willing to invest their own money to make a project happen. He believes that there are developers who are willing to make a shared vision happen in Ann Arbor and that the DDA should get developer input throughout the process. Mr. Berriz also mentioned that the DDA has done a great job of encouraging private reinvestment, using the DDA's Energy Saving Grant Program as an example that helped motivate and educate McKinley, as a major owner in the downtown, to make significant investments in energy conservation.

Jesse Bernstein, AATA Chair, suggested that the DDA help educate the public as part of its outreach efforts. He cautioned the DDA to understand the difference between consensus and unanimity; everyone doesn't have to agree with the outcome, but they can live with it.

Doug Kelbaugh and Kit McCullough, UM, provided the DDA with a proposal to develop a redevelopment plan for the Library lot: 1) a data gathering, 2: public meeting , 3: presentation.

Mr. Collins said it was determined that the committee wouldn't consider proposals for professional assistance until it had time to take a step back and create a broader overview for what it wanted to accomplish and how. The next Committee meeting would focus on this topic. All were invited.

11. TRANSPORTATION COMMITTEE

Mr. Mouat said that the DDA helped create the get Downtown Program a decade ago. Since the withdrawal of the Chamber from the partnership in 2009 temporary arrangements were made to house the program in an office rented by the DDA and bookkeeping has been done by AATA, which made getDowntown staff members of the AATA staff. During the past two years there has been much discussion about what the best option might be for a more permanent arrangement. It has been determined that the best solution would be to have the getDowntown program "moved" to become part of the DDA.

Mr. Guenzel asked what the position of the other getDowntown funding partners on this question; Ms. Shore said that the AATA, City, and DDA representatives on the getDowntown Advisory Board are all very comfortable with this. She said that there was no deadline for action, but the Advisory Board was working to have decisions in place by year end if possible.

Mr. Mouat said Committee members have seen the natural synergy that exists between the DDA and the getDowntown Program, given our shared focus on using transportation choices as an economic development tool for downtown business attraction and retention. In many ways the getDowntown Program serves as the DDA's transportation communications arm. He said the Committee shares the getDowntown Advisory Board position that the program must remain focused on downtown, and housing it at the DDA would ensure that.

Ms. Gunn asked that if the issue under consideration is not the physical location of getDowntown's offices, but rather the administrative payroll issue. Ms. Shore replied that that was correct. Mr. Splitt asked if there were any extra costs to the DDA were this change to take place; Mr. Mouat said no. The expectation is that the getDowntown program would bring all its CMAQ, DDA, and City funding with it. The change to the DDA would be the addition of two staff members, as the getDowntown staff would become DDA staff, and Mr. Morehouse would oversee their bookkeeping and budget.

Mr. Mouat said that the Committee will bring this back to the DDA for a possible vote, and asked that the DDA let the Committee know what information they would need to consider this move further.

Mr. Mouat reported that new bike racks will soon be installed in the Farmers Market that look like a carrot, apple, and cherry. Other committee updates: bike hoop use counts are being conducted, new/replacement hoops will be installed early August, the trip hazard repairs on Main Street were completed last week, plans for improvements at the Huron rail road underpass are still being formed, and the Night Ride program has now expanded to Golfside in Ypsilanti.

11.	OTHER DDA BUSINESS MATTERS
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None.

12.	OTHER AUDIENCE PARTICIPATION
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None.

13.	ADJOURNMENT
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There being no other business, Mr. Hewitt moved and Mr. Collins seconded the motion to adjourn. Ms. Lowenstein declared the meeting adjourned at 1:05 p.m.

Respectfully submitted,
Susan Pollay, Executive Director