

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES
Wednesday, April 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 Vice-Chair Gary Boren called the meeting to order at 12:05 p.m.

1. ROLL CALL

Present: Gary Boren, Roger Hewitt, John Hieftje, Joan Lowenstein (via telephone), John Mouat, Keith Orr, Sandi Smith, John Splitt

Arrived Late: Newcombe Clark, Bob Guenzel

Absent: Russ Collins, Leah Gunn

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

Audience: Mark Lyons, Republic Parking System
 Carlos Prieskorn, The Answer
 James Randall, The Answer
 Gus Sherwin, D/A Central, Inc.
 Joe Maynard, Park Avenue Consultants, Inc.
 Paul Ganz, DTE
 Mike Witkowski, DTE
 Peter Allen, Allen & Assoc.
 Kyle Poplin, The Ann Magazine
 Nancy Shore, getDowntown
 Sabra Briere, City Council
 Andrew Cluley, WEMU
 Ray Detter, Downtown Area Citizens Advisory Council
 Ryan Stanton, *Ann Arbor.com*
 Dave Askins, *Ann Arbor Chronicle*

2. AUDIENCE PARTICIPATION

Paul Ganz and Mike Witkowski, DTE, presented information regarding a new \$10 million substation planned for Ann Arbor. Mr. Ganz noted that a new substation is needed to meet the increased demand for electricity. He said that DTE has been planning this for a few years, ensuring the new substation designs meet all required criteria and now they are ready to move forward.

Mr. Witkowski explained that the new substation would be located at Swift and Broadway Streets, and designed to serve the surrounding areas – including downtown. He stated that downtown is already being served by three substations, however new projects like Zaragon Place II and 601 S. Forest means that demand for electricity will continue to grow. The new substation will give DTE more flexibility and allow the jumping of circuits during outages, preventing brown outs.

Mr. Witkowski said DTE plans to break ground in the fall of 2011 and have the new substation online by 2013. He mentioned that they plan to go before the Ann Arbor City Planning Commission sometime next month. In regards to continued development downtown, he stated they would like to see developers approach DTE earlier in the development process to ensure adequate transformer placement and lead time. DTE has appreciated the cooperation of the DDA and would like to see this continue.

Ms. Smith asked if a developer has to share in the cost of upgrades of electrical services. Mr. Witkowski said yes – if they exceed the current load. He used Zaragon II as a development example that did not result in a payment due to the project being under the amount of additional load requirements.

Mr. Clark enters.

Nancy Shore, getDowntown, spoke of the Commuter Challenge that begins in May. She commented that it's a way that downtown businesses can encourage their employees to think about their commuting options.

Ms. Shore shared 3 reasons why she thinks the commuter challenge is important: (1) Location, Location, Location – we have a great downtown and it is an important part of Ann Arbor; (2) Jobs, Jobs, Jobs– we want employees to notice and support downtown shops because future jobs will be held by people who want to work in a downtown area where they can use public transportation; (3) Money, Money, Money – over 100 prizes are donated by downtown businesses, and there are a lot of different events associated with the challenge this year plus gas prices are high now.

Carlos Prieskorn and James Randall, The Answer, spoke of their new weight loss business and explained that they are expecting to hire more people soon.

3.	REPORTS FROM CITY BOARDS AND COMMISSIONS
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Downtown Area Citizens Advisory Council (CAC): Mr. Detter reported that the CAC was pleased to have Sabra Briere, First Ward City Council member, at their meeting and congratulated her for the excellent job that she and the Downtown Outreach Committee had done in regards to the recommended Panhandling Ordinance revision.

Mr. Detter commented that no tears were shed upon hearing that RFP process for the library lot had been terminated. He said the CAC supported the City Council's direction of asking the DDA to work toward a Master Plan for the Library Lot, the old YMCA Lot, the Palio Lot, and the Kline's Lot that will represent the Ann Arbor community's vision for the future of downtown.

Mr. Detter also reported that the City had inspected every residential unit in Courthouse Square and hopefully there will be some signs of improvement in the private management of that facility. He said the CAC will continue to encourage that direction any way they can.

Mr. Detter said the CAC has formed a committee to begin revising and updating the CAC's residential Handbook: A Field Guide to Living in Downtown Ann Arbor. He stated it is outdated as most of the information has changed in the past seven years when it was first printed thanks to the funds donated by the DDA. Mr. Detter said it is the committee's hope to bring the content of the booklet up to date and maintain it as a permanent part of the DDA website. The Field Guide is to

be used not only as a marketing tool to encourage new residents in the downtown, but to enhance their experience as downtown residents.

4.	STATUS OF TASKFORCE EFFORTS WITH DDA MEMBERSHIP
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Library Lot RFP Advisory Committee: Mr. Splitt reported that the committee met on March 8th and voted unanimously to proceed with the Letter of Intent for Valiant. However, he stated that as of the April 4, 2011 City Council Meeting, the RFP process for the Library Lot had been terminated - therefore the committee dissolved.

Mutually Beneficial Committee: Mr. Hewitt asked to delay the conversation until the end of the meeting due to the length of time it would take to discuss the material. Everyone was in agreement and discussion continued after all committees reported out.

Mr. Hewitt began with an overview of what has taken place during the Mutually Beneficial Committee (MBC) meetings and referred to the Monday City Council Meeting where a resolution involving the DDA in the planning and RFP process for vacant city owned lots had been introduced and he stated that it had been a major item of the MBC negotiations.

Mr. Hieftje said he was happy to see it pass and the amendment was a matter of prioritizing which parcels would get addressed first.

Mr. Clark asked if the DDA would be held harmless on cost. He asked for clarification regarding the smaller focus and why the specific area had been chosen.

Ms. Smith told him yes on cost and that narrowing the focus was a way of garnering council support. She stated that the city did not want the DDA planning for parcels that already had a process in place, mentioning 415 W. Washington as an example. She also said she felt that the smaller focus area contained the greatest opportunities for development.

Mr. Clark asked if there had been any consideration given to viability. He said that given the zoning, size, geometry, cost of construction, demand, and rents in the area of the Fourth and Catherine lot, that it might be the most viable lot with respect to the goal of adding property to the tax base. He then compared that with the Palio Lot, which is cramped, or the old Y Lot, where it might be difficult to reach an agreement on price. Mr. Clark asked if any thought was given to the opportunities of all 16 of the city-owned downtown parcels, beyond the political consideration. He said from what he understood the only difference between this proposal and the 3-Site Plan is that it includes 4 sites.

Mr. Clark asked if he could begin discussions in committee on parcels outside the specified area. Mr. Hieftje replied back that he would not be punished for suggesting opportunities outside the box. He said that the focus was comprehensive in nature.

Mr. Orr stated that he felt that this was the area that the DDA was focusing on anyway.

Mr. Splitt said he appreciated the narrower focus.

Mr. Hewitt continued discussions with the drafted parking agreement stating it is now very specific. He used the following as examples of the specificity: 1) Parking rates/hours can be set by the DDA. The city council would not have a veto, 2) The DDA will assist with directing parking enforcement

and policy issues through monthly meetings with City staff, and 3) The City will report information to the DDA, such as enforcement and street maintenance activity in the downtown. He stated that they should have the language worked out with the exception of money for the next meeting.

Mr. Hewitt then led into the 10 year plan, stating that it serves as a planning document and not a budget document. Mr. Hewitt presented 3 scenarios to the board for discussion in regards to the amount of parking revenue to transfer to the City. Of the proposed options, he asked for direction on which scenario for the MBC to take to council.

Ms. Smith stated that she was not in favor of the 16%-2yr and 17.5%-8 year option as she felt it did not leave much room if there was a major incident.

Mr. Hieftje said he thought they were grossly underestimating TIF growth and he was not concerned. He also said that the city is responsible for backing up the DDA and is ultimately responsible for the DDA debt.

Mr. Clark asked if the city would want more money prior to the contracts conclusion and what is to stop it from happening.

Mr. Mouat said Mr. Clark had a good point but from what he's seen, communication and dialog is better and that none of us can predict the future. He questioned the 10 year extension, stating that the 3 year term may not be long enough, but perhaps a 5 year term would be good for planning purposes.

Mr. Boren asked Mr. Hewitt if he had direction to take back to the MBC and what the process was to move forward. Mr. Hewitt said that both bodies need formal votes to pass the Agreement.

Mr. Clark asked Mr. Hewitt if enforcement was off the table and he replied yes it was.

Mr. Hieftje asked about a possible DDA board meeting schedule change and Ms. Pollay responded that there is talk about moving the May meeting from Wednesday to that Friday or another day to accommodate as many board members as possible.

Mr. Orr restated his mutual sacrifice comment and felt as though going with a percent does make the most sense. He also said he felt as though the 16% offer across the board for 10 years should be acceptable if it would work for the first two years.

Mr. Guenzel asked Ms. Smith to continue her discussion on comparing the options.

Ms. Smith referenced the fund balance and said the 16% for five years looked better than the 16% option for only 2 years. She stated concern with the deferred maintenance and said that scenario really does not allow parking to be used as an economic development tool. She pointed out the fund balance recovers more quickly under the 16% for 5 years scenario. Ms. Smith also commented that the discussions should be focused on parking revenue and TIF should be kept out of it.

Mr. Hewitt asked for a clear direction on what he should take back to the MBC.

Mr. Hieftje said he favored the 16% for the 2 years and 17.5 % for the following 8. Ms. Smith asked Mr. Hieftje to please elaborate on why the 16% 2 year option is what he preferred. He said the DDA is part of the city and should assist, the DDA revenue is up and the city revenue is down.

Mr. Clark asked why not make it a set amount as before versus a percent. Mr. Hewitt replied that a percent will make them feel like a partner and add to the long term viability of the contract.

Mr. Hewitt again asked for direction for the next MBC meeting and a straw poll was suggested. Mr. Hieftje said that Mr. Hewitt should be able to get direction from the board's conversation and that a straw poll was not needed.

Mr. Splitt and Mr. Mouat commented they'd support the 16% in the first five years and 17.5% in the remaining five years.

Mr. Guenzel said he felt that from his point of view the 16% for ten years already reflected a lot of movement by the DDA from its previous position of 14-14-15 but wanted to give Mr. Hewitt some flexibility during his discussions with the MBC.

Mr. Clark suggested getting more council members at the MBC and Mr. Hewitt said that the DDA has a great working relationship with those council members already attending MBC.

Mr. Splitt said it has been a long process but it is working.

Mr. Boren said there appeared to be at least a clear consensus that board members, with exception of the Mr. Hieftje, are not prepared to meet the city's request of a 16-16-17.5 scenario.

Mr. Hewitt said he would report what he heard at the next MBC.

5.	MINUTES
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Mr. Mouat moved and Mr. Hieftje seconded approval of the March 2, 2011 DDA meeting minutes.

A vote on the motion to approve the minutes showed:

AYES: Boren, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Collins, Guenzel, Gunn

Abstain: Clark

The motion carried.

6.	BRICKS AND MONEY COMMITTEE
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Financial Statements February 2011: Mr. Hewitt reported no dramatic changes and that parking revenues were up approximately 3% compared to last year this time.

DDA Office Lease Renewal: Mr. Hewitt introduced the resolution to approve an office lease with Weinmann Block LLC. He explained that the DDA staff along with the Committee had explored other possible spaces to lease. Mr. Hewitt said that with the assistance of an outside broker they were able to negotiate a new lease with the current landlord, Weinmann Block LLC. He noted that the negotiations resulted in a lower rate per square foot and an option for an additional 5 years.

Mr. Hewitt stated they had the right under the terms of the new lease to sublet the space should there be a desire to move out of the space before the lease was up.

Mr. Boren held off voting for this resolution until Mr. Hieftje was able to rejoin the table. Upon returning, Mr. Hieftje stated that he had commented at the City Council meeting he would invite the DDA to consider moving into the newly renovated City Hall. He said that he understood the circumstances of passing this resolution and supported the 5 year lease given that the space at the City Hall is not ready for occupancy and the new terms gave options for subletting the space.

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

RESOLUTION TO APPROVE AN OFFICE LEASE WITH WEINMANN BLOCK LLC

Whereas, The DDA has leased its current offices from Weinmann Block LLC at 150 S. Fifth Ave Suite 301 for the past 4 ½ years and the current lease expires on June 30, 2011;

Whereas, The DDA staff issued an RFP for Real Estate Brokerage Services in October, 2010 and hired the selected respondent;

Whereas, DDA staff and broker toured several other office spaces in proximity to City Hall and the DDA broker received rental quotes on behalf of the DDA so that an evaluation could be made;

Whereas, The DDA's Bricks and Money Committee recommends executing a lease with the DDA's current landlord, both because the lease terms are agreeable and because keeping the DDA office in its current location will minimize citizen confusion caused by moving to a new location;

RESOLVED, The DDA approves the lease with Weinmann Block LLC as recommended by its Bricks and Money Committee;

RESOLVED, The DDA Executive Director is authorized to sign the attached lease on behalf of the DDA.

A vote on the motion to approve the amended resolution showed:

AYES: Boren, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Collins, Guenzel, Gunn

Abstain: Clark

The motion carried.

S. Fifth Avenue Underground Structure: Mr. Splitt reported on the 2 recent incidents at the construction site. He said that the Christman Company took immediate action to prevent similar occurrences and have been sending regular updates that indicate there is no immediate danger of other occurrences and that the site is structurally sound. Mr. Splitt stated that the earth retention designers, SME, and the installer of the system, Hardman, have been conducting daily inspections and have reviewed all shoring installation records. He also said the safety fence surrounding the site has been moved back an extra 10 feet as an added layer of protection for pedestrians in the area. Mr. Splitt said ground-penetrating radar is being used to determine if any other sinkholes exist, and if any are found extra grout would be inserted. He said preventative structural remediation has been underway just as an extra "belts and suspenders" approach to ensure no

further concerns arise. Mr. Splitt also reported that the Christman Company will be using swing stages to allow SME to get up close and visually inspect the entire length of each structural beam from top to bottom. He said the investigation will continue at least another week or until Christman is satisfied that the inspection is complete then they will allow workers back in the main area. Mr. Splitt stated work has continued on the east dog-leg with walls being poured and the ramp is complete.

7. ECONOMIC DEVELOPMENT/COMMUNICATION COMMITTEE

Mr. Orr reported that Donna Shirilla, Ann Arbor SPARK Director for Research and Business Information, spoke about her role with SPARK. She said that a key challenge in downtown is that businesses must move out if they grow beyond a certain size. Ms. Shirilla said parking is a consideration but there are not a lot of office choices once a company grows past a certain point. Many of the companies she works with want very much to be downtown, but this isn't always feasible. She said that in the past the State of Michigan used incentives to lure companies, but the future incentive program will likely look very different than it has previously. Ms. Shirilla offered to come back to the Committee next month with demographic data we can use to understand more about our target audience.

Mr. Orr said the committee had a great discussion on ways to create a marketing plan for downtown. He stated that the goal and overall message was to entice the locals to come downtown. Downtown has a lot of great things going on, and much of it is due to efforts by the DDA. He commented that the DDA needs to be less humble and take credit for the things they have done to make downtown more walkable, attractive, functional, and sustainable.

Mr. Orr said the committee pointed out great Downtown assets such as the best people watching in town, face-to-face interactions in a time of texting, unique retail ("we've got stuff!"), a plethora of unique events such as Festifools cultural opportunities such as the Michigan Theater, and the friendliness and acceptance, and diverse downtown neighborhoods. Mr. Orr also reported that we should not only celebrate downtown with new tools like a DDA annual report, but add to the DDA website with things like a backlog of Concentrate stories about downtown businesses or the Ann Arbor Convention & Visitors Bureau catalogue of stories written by travel writers about downtown and downtown businesses.

8. PARTNERSHIPS COMMITTEE

Energy Saving Grant Program: Ms. Smith reported that all Grant Program funds have either been expended or are fully obligated. She stated the program has been a tremendous success. The only glitches were the slow delivery of energy audits for some recipients. Auditors were fully vetted, but a couple fell behind in their work. Ms. Smith said Dave Konkle has reassigned work to other auditors, and has given strict performance deadlines. Ms. Smith said the DDA approved a budget of \$100K for the next fiscal year and the Committee began a discussion about how best to expend these funds. She said further discussion will continue at the next committee meeting.

Ms. Smith also reported that Amy Kuras, City Parks Planner, gave an overview of the 2011 Parks and Recreation Open Space Plan (PROS) and its recommendations for downtown open space with future assistance on facilitating a planning/implementation process to use City- owned properties within the DDA to meet community goals. During Ms. Kuras' discussion there was a clear understanding that downtown open space is used differently and has different challenges than it does in the more suburban areas of the city. The PROS Plan now includes an appreciation

for the non-City properties that function in park-like ways, including the Forest Street plaza behind the Galleria, the 9-acre Diag which is open to the public, and even the sidewalks streetscape which include seating, trees, and opportunities for people to gather. Ms. Smith stated Ms. Kuras agreed to help the Committee when it begins its work assembling information on all the downtown properties, as well as when they begin to meet with the public to elicit feedback on a development strategy so they can be sure to work in context of the PROS Plan.

Ms. Smith said David DaRita would be at the next committee meeting to discuss the RFP process and would be inviting several other downtown constituent's to take part in the conversation.

Mr. Hieftje commented on the energy program and feels as though Dave Konkle is the perfect person to blend into the PACE Program. He said Ann Arbor was the original city to work with the State and the mesh will be innovative.

Mr. Orr said maybe they should change what the grant scope would look like because the Pace would work with larger energy saving items. Ms. Smith said this whole process is exciting and felt as though even if the grants were small they would still be extremely meaningful.

Mr. Guenzel enters.

Mr. Hieftje stated that they have a 19.8% renewable municipal operations.

Mr. Splitt asked Ms. Smith to inform the board the about the resolution passing allowing the DDA to develop an implementation plan to redevelop downtown city-owned parcels and the changes that took place to shape it.

9.	TRANSPORTATION COMMITTEE
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Mr. Mouat reported that Jason McDowell from Scoot Around Town was present to assist the committee in their discussion in regards to Motorcycle/Moped Parking. Mr. McDowell brought with him several scooters and an electric bicycle. He walked the committee through their differences, what kinds of trips they are typically used for, and who his typical customers are. Mr. Mouat said that the information gathered assisted the committee in forming a seasonal on-street moped and motorcycle parking pilot program.

Mr. Mouat commented on the new, soon-to-be installed Farmer's Market Bike Hoops. He said there were funds set aside for a new on-street bike rack and fortunately they were able to work with a local metal-work company and have a damaged rack repaired instead of replaced. With the savings, staff is working with the Farmer's Market to install some fun fruit and vegetable bike hoops designed by the local firm.

Mr. Mouat said at the next committee meeting they will be exploring the DDA from a pedestrian perspective, paying particular attention to the edges. Using feedback from members of the community and direction from the City transportation engineers, the walk around will focus on some key locations for improvements. The committee will evaluate the conditions of sidewalks and bike throughways (obstructions, cracking, potholes, bus stops, lighting, etc). They will then use their findings to frame some projects that could fit within the committee's small budget.

10. OTHER DDA BUSINESS MATTERS

Mr. Hieftje stated that the Mayors Downtown Marketing Task Force would be restarting soon. He also commented on the 415 grant plan, that Borders consideration to move out of downtown Ann Arbor was not a done deal, as well as the termination of the Library Lot RFP.

11. OTHER AUDIENCE PARTICIPATION

None.

12. ADJOURNMENT

There being no other business, Mr. Hewitt moved and Mr. Orr seconded the motion to adjourn. Mr. Boren declared the meeting adjourned at 2:02 p.m.

Respectfully submitted,
Joe Morehouse, Deputy Director