

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES

Wednesday, June 5, 2013

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

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

Time: Ms. Gunn called the meeting to order at 12:01 p.m.

1. ROLL CALL

Present: Newcombe Clark, Robert Guenzel, Leah Gunn, Roger Hewitt, John Hieftje, Joan Lowenstein, John Mouat, Keith Orr, Sandi Smith, John Splitt

Absent: Russ Collins, Nader Nassif

Staff Susan Pollay, Executive Director

Present: Joseph Morehouse, Deputy Director
Amber Miller, Planning & Research Specialist
Jada Hahlbrock, Management Assistant

Audience: Art Low, Republic Parking
Dave Askins, *Ann Arbor Chronicle*
Frances Todoro, SSAA
Ray Detter, Downtown Area CAC
Andrew Cluley, 89.1 WEMU
Brad Moore, The Varsity
Nancy Stone, City of Ann Arbor
Andrew Selinger, Oxford Companies
Joe Miller, Oxford Companies
Eli Neiburger, AADL
Ryan Stanton, A2.com

2. AUDIENCE PARTICIPATION

Nancy Stone thanked the DDA for their generous ongoing support of the A2 Blooms event. Many hundreds of volunteers, including children, students and master gardeners, came downtown for a morning of flower planting, painting, and weeding. A video was shown about the event.

Brad Moore introduced himself as a member of the Varsity Development team and said he would be available to answer questions if needed.

3. REPORTS FROM CITY BOARDS AND COMMISSIONS

Downtown Area Citizens Advisory Council. Mr. Detter said that two years ago the CAC joined other neighborhood groups in supporting the passage of A2D2 zoning and design guidelines. Based on much community comment and the recent actions of City Council, the CAC now feels that the process isn't working because conflicts exist between properties zoned D1 and nearby historic neighborhoods. The CAC also feels that the Design Guidelines need to be improved to include context as a consideration, and the Design Review Board's suggestions need to be given more teeth,

perhaps made mandatory. The CAC would like all of these issues to be considered so the experience with the 413 project is not repeated.

4. COMMUNICATIONS FROM THE DDA CHAIR

Collaborative Task Force on Economic Development. Ms. Gunn announced that 3 representatives from the DDA would be joining the taskforce: Mr. Guenzel, Mr. Mouat and Ms. Pollay.

July DDA Meeting. Ms. Gunn asked if there was interest in moving the DDA Board and Annual meetings from July 3 to July 10. The Board agreed to keep the meetings on July 3 as scheduled.

City Council resolution. Ms. Gunn said City Council had passed a resolution asking the DDA to fund downtown police officers; she asked the Operations Committee to consider this request.

5. COMMUNICATIONS FROM DDA MEMBERS

Mr. Hieftje shared that while visiting the Farmers Market he noticed a group of musicians were playing at Sculpture Plaza with a large crowd gathered to listen. He said that some communities offer a stipend to encourage these types of "spontaneous" street performances and suggested that the DDA consider allocating funds for this. Ms. Gunn assigned this question to the Partnerships Committee for consideration.

Mr. Hewitt said that as a follow up to the City Council discussions about proposed DDA ordinance changes, an informal dialogue has begun between a couple City Council members and DDA members. More as this dialogue continues.

Mr. Hewitt said that the Connector Study will host a community outreach event on June 18th at the Downtown Ann Arbor District Library beginning at 4:30.

6. APPROVAL OF MINUTES

Ms. Gunn moved and Mr. Guenzel seconded approval of the May 2013 meeting minutes.

A vote on the motion showed:

AYES: Clark, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Split

NAYS: none

ABSENT: Collins, Nassif

ABSTAIN: none

The motion carried.

7. A. PARTNERSHIPS/ ECONOMIC DEVELOPMENT COMMITTEE

SPARK. Ms. Lowenstein said the committee had asked Paul Krutko to attend so they could hear about SPARK's strategic work plan, and economic development activities in downtown. She said that among his comments, Mr. Krutko highlighted three priorities: the importance of place making, the need for more large office space in downtown & the need for more meeting/conference space. Other cities are doing a better job of addressing these issues, and it is important to learn from them.

The committee decided that areas of collaboration between the organizations could include benchmarking and assistance with the sale/redevelopment of the downtown City properties.

618 S Main St. Ms. Smith said that Mr. Ketelaar presented changes that have been made to the project. The building size has been reduced, but the committee felt the changes were not significant enough to affect the DDA's grant. The project will bring streetscape improvements along S. Main, which raised a question about whether there is or is not a City street light moratorium. The City Council members present were asked to help resolve this question.

The next Partnerships/Economic Development Committee meeting will be June 12th at 11:00am.

7. B. OPERATIONS COMMITTEE

Financial Reports. Mr. Hewitt reviewed third quarter financial reports including the parking reports.

Varsity Resolution. Mr. Hewitt moved and Ms. Gunn supported the following resolution.

DDA RESOLUTION TO INCREASE THE NUMBER OF PARKING SPACES FOR THE VARSITY DEVELOPMENT UNDER THE CITY'S CONTRIBUTION IN LIEU FRAMEWORK

Whereas, The DDA mission is to strengthen the downtown area and attract new private investments, which includes the strategy that the DDA participate in efforts to encourage new housing in the downtown, and through agreement with the City, the DDA are managers of the public parking system until at least 2033;

Whereas, In 2012 Ann Arbor City Council set forward a Contribution in Lieu Parking Space option for new developments in the DDA District that are required to provide some amount of parking as part of their site plan requirements, but are unable to or unwilling to provide these parking spaces on site;

Whereas, The Varsity development project will construct a 14-story apartment building on E. Washington Street between Division and State Street, and the project as originally contemplated offered car-sharing spaces as part of its commitment to meet its 76-parking space requirement under City zoning, but it has since learned that this concept is infeasible;

Whereas, In December 2012 the developers of The Varsity made a request to the DDA to provide two parking spaces using the City's Contribution in Lieu framework, and in January 2013 the DDA voted to approve the provision of these two parking spaces;

Whereas, The DDA received a supplemental request from the Varsity to increase the number of parking spaces from two to a total of seven, and these seven parking spaces are required by the City for the Varsity's site plan approval;

Whereas, The Operations Committee reviewed this request and recommends approval of five additional parking spaces, for a total of seven spaces in the Liberty Square parking structure for the Varsity project;

RESOLVED, The DDA approves the recommendations as set forward by its Operations Committee for a total of seven parking spaces for the Varsity project in the Liberty Square parking structure under the terms set forward by the City's Contribution in Lieu framework.

RESOLVED, The DDA Chair and Executive Director are authorized to work with the DDA Attorney and City to execute a parking contract consistent with the provisions of the development agreement for this project.

Mr. Moore said that original site plan had anticipated that there would be Zipcars on site as a way of meeting a portion of the required parking, but this arrangement proved to be unworkable.

Mr. Clark expressed concern that the permits acquired through the City's Contribution in lieu policy enables these patrons to jump to the top of the monthly parking permit wait list, thus lengthening the wait for others seeking permits. He said he felt strongly that the Operations Committee should work quickly to develop a policy to address this. Mr. Orr agreed and said that without this policy, he would vote no on this resolution. Mr. Hewitt said the committee will take on this question.

A vote on the resolution showed:

AYES: Clark, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Smith, Split

NAYS: Orr

ABSENT: Collins, Nassif

The resolution passed.

Adoption of the 2013/14 Budget. Mr. Hewitt moved and Mr. Gunn supported the following resolution.

RESOLUTION TO ADOPT THE DDA BUDGET FOR FISCAL YEAR 2013/2014

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 Board approved its 2013/14 DDA budgets at its February 6, 2013 meeting and submitted it to the City for approval;

Whereas, The Ann Arbor City Council approved the DDA budget at its meeting on May 20, 2013 with changes

RESOLVED, The DDA adopts its FY 2013/14 fiscal year budget per the state DDA Act.

Mr. Hewitt explained that in April the City Assessor had increased the DDA's TIF revenue expectation for 2013/14 by \$568,000. As part of its budget deliberations City Council acknowledged this increase using an estimate of \$600,000 rather than the exact amount, and determined that the DDA should assign \$300,000 of this to its Housing fund, and apply \$300,000 to the cost of replacing street light poles on Main Street. The total cost for the Main St. light pole replacement will be \$516,000, with the DDA providing \$300,000 and the City providing \$216,000.

Ms. Smith said that she was concerned about City Council's assignment of funds to the DDA's Housing Fund without a specific project in mind, as it was not guided by any particular methodology, and it doesn't allow for any flexibility for how the DDA may need to spend its funds. Mr. Hieftje said that the \$300,000 amount had been a compromise amount, as some members of City Council wanted to make a statement about affordable housing. Ms. Gunn asked if the City's general fund dollars would be used to cover the remaining amount of the light pole replacement cost; Mr. Hieftje said he could not be certain that Council members would see it as a priority.

Mr. Clark asked if any of the light poles that need replacement were near affordable housing units; Ms. Pollay said no. Mr. Mouat said the process concerned him; the lack of thoughtful planning and seemingly arbitrary dollar amounts was very troubling. Ms. Gunn said that several affordable housing leaders had been invited to the next Partnerships Committee meeting, and they would be asked for their insight into current priorities and upcoming projects.

A vote on the resolution showed:

AYES: Clark, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Orr, Split

NAYS: Mouat, Smith

ABSENT: Collins, Nassif

The resolution passed.

Resolution to Adopt 2012/13 Budget Revision #2. Mr. Hewitt moved and Mr. Splitt supported the following resolution.

RESOLUTION TO APPROVE A SECOND REVISED DDA BUDGET FOR FISCAL YEAR 2012/13

Whereas, The DDA Board passed a FY 2012/13 budget for the DDA on March 2, 2011;

Whereas, The DDA Board revised the FY 2012/13 on January 9, 2013 to recognize the timing of construction costs which greatly affected the FY 2012/13 budget;

Whereas, The DDA has approved items not anticipated in the previous budgets, thus necessitating another budget revision so that expenditures will not have exceeded the budget;

Whereas, The Operations Committee recommends approval of this budget revision by the DDA;

RESOLVED, The DDA approves this amendment to its FY 2012/13 budget.

Mr. Hewitt explained that state law requires that the DDA expenditures must align with its budget, and this is difficult to achieve given the timing of invoices and construction, so the DDA traditionally votes to amend its budget before the end of its fiscal year to encapsulate actual expenses and revenues. Mr. Hewitt reviewed the proposed changes to the budget.

A vote on the resolution showed:

AYES: Clark, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Smith, Split

NAYS: None

ABSENT: Collins, Nassif

The resolution passed.

Maynard Bike House. Mr. Mouat said that the Bike House had a successful ribbon cutting in May. The spaces are already 75% rented and feedback has been very positive.

Streetscape Framework Plan. Mr. Mouat said that staff had presented a proposal to create a downtown Streetscape Framework Plan. The plan would allow the City and DDA to set cohesive, best practice standards for the downtown public right of way. With this framework in place, the time and cost to develop future streetscape improvement projects would be reduced. Mr. Mouat said the committee was very supportive and would likely a resolution to the next DDA meeting.

The next Operations Committee meeting will be June 19th at 11:00am.

8. OTHER DDA BUSINESS

Mr. Hieftje reported that the African American Festival, the Taste of Ann Arbor and the Dexter Ann Arbor Run took place the previous weekend. All events had their best attendance levels ever. It was a great weekend for downtown. Mr. Hewitt added that the Prairie Home Companion show at Hill Auditorium was sold out as well.

9. OTHER AUDIENCE PARTICIPATION

Peter Allen of Peter Allen & Associates shared that his company had responded to the City's RFP seeking a broker to help sell the former YMCA lot, and that interviews would be held with respondents in July. He set forward his estimate for the land value based on proposed uses that would be in alignment with the Connecting William Street plan.

10. ADJOURNMENT

There being no other business, Ms. Gunn moved and Mr. Mouat supported a motion to adjourn. Ms. Gunn declared the meeting adjourned at 1:15 pm.

Respectfully submitted,
Susan Pollay, Executive Director