

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES
Wednesday, December 1, 2010
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 PM

1. ROLL CALL

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

Absent: None

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

Audience: Dave Askins, *Ann Arbor Chronicle*
Ray Detter, Downtown Area Citizens Advisory Council
Ray Fullerton, Allen Creek Greenway
Adrian Iraola, Park Avenue Consultants, Inc.
Mark Lyons, Republic Parking System
Justen Lewis, Student UM
Moir Branigan, get Downtown
Serena Villalba, Student UM
Peter Allen, self

2. AUDIENCE PARTICIPATION

None.

3. REPORTS FROM CITY BOARDS AND COMMISSIONS

Downtown Area Citizens Advisory Council: Mr. Detter said that the December CAC meeting was held in conjunction with their holiday gathering, and before the festivities, the group set goals for 2011. CAC supports A2D2 zoning and design guidelines. They support density in the downtown area and mixed use development of the Library Lot. The CAC has a commitment to downtown area green space, including support for an Allen Creek Greenway. He said that the CAC is very pleased with the recent redesign of West Park, which some have suggested be renamed "Central Park West" due to its location immediately available to downtown residents. Detter said that he personally supports the preservation of the millrace at Argo. He said that it takes him only five minutes to get from his house to drop a fishing line in the pond, and that he's let everyone know that he does this often but has never actually caught anything (laughter.) Further, CAC reaffirmed their support for improved alternative transportation, and the Street Outreach Task Force currently looking at ways to address panhandling concerns.

4. STATUS OF TASKFORCE EFFORTS WITH DDA MEMBERSHIP

Library Lot RFP Advisory Committee: Mr. Splitt said that after many months of inactivity, the Committee met recently with the City's consultant who presented their findings on the two proposals recommended by the Committee. The Valiant Partners proposal was considered to be the stronger of the two and most responsive to the City's RFP. City Council will be asked to approve this selection along with a detailed Letter of Intent. Mr. Guenzel asked when this would go to Council; Mr. Splitt said he thought it might be January. Mrs. Gunn said she was glad to hear that Valiant had modified its project and no longer needed City assistance. Mrs. Lowenstein said that the full Roxbury report is available on the City website:

<http://www.a2gov.org/government/communityservices/319%20S%205th%20Ave%20Lot%20-%20RFP/Documents/Library%20Lot%20Report%20-%20Final%2023NOV10.pdf>

Mutually Beneficial Committee: Mr. Hewitt said that discussions have been difficult but cordial and a tentative Committee proposal is "far from perfect" but it provides something for the DDA and City Council to discuss. Mr. Hewitt described two different views of the situation, saying the first view is a contractual view, as the DDA/City has a contract that runs until 2015, and there should be benefits to opening this contract early. The second view is political, because the DDA is appointed by Council and discussions bring with them a political context.

Mr. Hewitt said that the proposal would amend the existing Parking Agreement to include key elements as follows: 1) establishment of a Parking District within which the DDA would manage parking and within which the City would not install its own parking meters, 2) authority given to the DDA to establish parking rates without going to City Council, 3) authority given to the DDA to provide direction to the City's Community Standards Department for some amount of parking enforcement, and 4) DDA payments to the City would take the form of a percentage of the DDA's gross parking revenues. The rationale behind providing a percentage of gross revenues is that there may be less inclination on the part of the City to come back to the DDA early before the end of the contract period to request additional funds since it is presumed that parking rates, and thus gross parking revenues going to the City will increase over time.

Mr. Guenzel asked about where things stood as regards to Council authorizing the DDA's development role with City lots; Mr. Hewitt said that this would be considered separately from Parking Agreement amendments.

Mr. Boren said that he was one who took a more legal, contractual outlook on the situation, rather than a political view, as there is a contract in place which runs for several more years. He said that the DDA had provided \$2 Million to the City this year that was not required under the terms of the current contract, and that this had already been forgotten, with the discussion focusing on future years. He said that the DDA must be able to rely on promises from the City. Mr. Boren posed the question why net parking system revenues should go to the city's General Fund to be used to fund activities throughout the city, as downtown merchants could ask "what's in it for the downtown?" Since the public parking system is a monopoly, raising parking rates to increase the amount going to the City could be seen as a tax on downtown businesses.

Ms. Gunn said she disagreed, saying that the City supports the downtown, as demonstrated by the recently approved A2D2 rezoning. She said she is the longest serving member of the DDA and remembers a time when the DDA did not receive revenue from the parking meters. She said that downtown is more than merchants and downtown residents, and that it is important to give

the city credit for cooperating with the DDA and that it's not fair to say that the city council hasn't created a mission for the downtown.

Mr. Clark said that he agreed that excess revenue from the parking system is a tax, which is why he felt it should go to the City. He also expressed concern that the Transportation Demand Management strategy of raising rates on surface lots to encourage people to park in structures could be affected by the fact that the DDA was simultaneously seeking to help the city develop those lots.

Mr. Hieftje said he disagreed with the view that parking fees were a tax, and he disagreed that merchants had more ownership of downtown than other citizens.

Mr. Orr said that the DDA was established to create a strong downtown, which is good for the entire city. He then drew an analogy between the Mutually Beneficial discussions and the re-opening of a union contract, saying that he was probably the only person on the DDA who was a "card-carrying union member". He said that in a collective bargaining negotiation, there would be two basic points the union would make: (1) show us your finances, and (2) what's in it for us? Mr. Orr reiterated that he felt the Mutually Beneficial committee was misnamed and should have been called the "shared sacrifice" committee, which is what is needed. He also felt that the proposed 17.5% of gross DDA parking revenues was on the high side; something like 13-14% might be more appropriate in terms of a shared sacrifice. He said that he wanted the DDA to have funds available when projects or requests came to the DDA.

Mr. Boren responded to Mr. Hieftje's comments by noting that a downtown merchant selling shoes competes with stores outside downtown that have free and easy parking, thus parking rates affect the revenues that downtown businesses are able to capture. Mr. Boren then cited the Bolt v. City of Lansing case, saying that if the purpose of a charge is to generate revenue or to regulate use helps to define the difference between a fee and a tax.

Mr. Mouat noted the link between the DDA's acceptance of a new parking contract and the DDA taking on the task of facilitating the development of surface lots, and asked his fellow DDA members if they felt the additional duties were really a "benefit" worth paying for, or in fact simply more responsibilities. Mr. Mouat also expressed some uncertainty about establishing a DDA Parking District.

Mr. Collins responded to Mr. Mouat's concern about the Parking District saying that the purpose wasn't to add a lot of new parking meters, as in fact there weren't many locations in the proposed District that didn't already have meters, but rather, to provide clarity. Mr. Collins said that he wanted to recognize that Mr. Hewitt had put in a lot of work in trying to move the discussion forward. Mr. Collins also agreed with Mr. Orr that there should be shared sacrifice on the part of the City and DDA.

Ms. Lowenstein said that this discussion would be a good framework for the DDA's January retreat.

Mr. Guenzel stated he was "the new kid on the block", having just joined the DDA Board, and that he had a lot of respect for both parties. He said that he felt his role was essentially a fiduciary one. His questions were what is a fair rent for the city's parking system assets, and how do we provide long-term certainty on both sides?

Mr. Hieftje said that DDAs were an important mechanism for cities to compete favorably against townships. He said that these are extraordinary times. He also said that he's talked to the Police Chief who said that the Community Standards officers have indicated a willingness to be retrained as Ambassadors. Mr. Hieftje noted that the DDA budget is not static – it will increase with the addition of more development in the downtown area, citing specifically Zaragon Place II (which was recently approved) and 601 S. Forest, for which the developer has started pulling permits.

Mr. Boren said that he gets passionate but has no doubt that all those involved in this discussion are working for the benefit of the community even if there are items of disagreement.

5. MINUTES

Mr. Gunn moved and Mr. Splitt seconded approval of the November 3, 2010 DDA meeting minutes.

A vote on the motion to approve the minutes showed:

AYES: Boren, Clark, Collins, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Splitt, Smith

NAYS: None

Absent: None

The motion carried.

6. TRANSPORTATION COMMITTEE

Ypsilanti/Ann Arbor Transportation Enhancements: Mr. Mouat said there is strong interest to better connect Ypsilanti and Ann Arbor through transportation. After much review, the Committee has resolved to put forward a resolution for the DDA that would support increased service along Washtenaw Ave, on the #4 route, with some of these buses taking a turn at N.U. to the Blake Transit Center before continuing to the UM Hospitals. As part of this project, there is a goal to also increase local transit service within Ypsilanti, as this will help patrons connect to the #4 route. There are other potential partners who could also play a financial role in increasing service, and the Committee is hoping the DDA's support could be a challenge grant to help leverage other funds. Mr. Mouat said that the DDA budget had included funds for a getDowntown survey which will not be conducted this year and these funds will be redirected into this challenge grant. Mr. Hewitt asked when service would begin; Ms. Miller said that AATA had indicated that it could begin as soon as May 2011. Mayor Hieftje said that he supported this grant, but that the DDA should keep in mind that future commuter rail service between Ypsilanti and Ann Arbor will change AATA bus service. Mr. Clark said that he supported this grant, but noted it was a "baby step".

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

**RESOLUTION PROVIDING A CHALLENGE GRANT FOR ENHANCED ANN
ARBOR/YPSILANTI TRANSIT SERVICE**

Whereas, The DDA's 2010 Parking and Transportation Demand Management Strategies Plan recognized that many downtown employees currently live in Ypsilanti and have limited options for getting to their jobs in Downtown Ann Arbor;

Whereas, This Plan recommended that the DDA work with others to improve transit service between Ypsilanti and Downtown Ann Arbor;

Whereas, After several discussions with AATA and other community partners, and an examination of potential options, the DDA Transportation Committee has determined that enhancements to AATA's Route #4 and local Ypsilanti service would have the greatest impact to meeting the DDA's goals;

Whereas, Proposed enhancements would include:

- Reducing 15 minute bus frequencies to an average of 10 minutes
- Reducing 45 minute route times to 38 minutes or less on many buses
- Prioritizing downtown Ann Arbor transit service with a stop in downtown before continuing to the UM Hospitals on many buses

Whereas, The proportion of new ridership has been calculated, and with \$180,000 in total local subsidy needed, the DDA's portion would be \$14,417;

Whereas, Other potential funding partners to support this enhanced transit service include passenger fares, State operating assistance, UM, EMU, private property owners, other municipalities, and AATA;

Whereas, The DDA Transportation Committee strongly recommends approval of a \$14,417 challenge grant to encourage the enhancement of transit service between Ann Arbor and Ypsilanti;

RESOLVED, The DDA approves a challenge grant of \$14,417 to be used to improve Ann Arbor/Ypsilanti transit service as recommended by its Transportation Committee;

Ms. Gunn made a friendly amendment to add this second resolved clause to reflect Mr. Mouat's statement earlier in the discussion:

RESOLVED, This grant shall be paid with 063 funds previously approved by the DDA as part of its 2010/11 budget.

A vote on the motion to approve the resolution showed:

AYES: Boren, Clark, Collins, Guenzel, Gunn, Hewitt, Hieftje, Lowenstein, Mouat, Orr, Splitt, Smith

NAYS: None

Absent: None

The motion carried.

Night Ride Update: Mr. Mouat said that Night Ride is the shared taxi service used by patrons after 11pm when AATA buses stop running. The DDA has been providing a subsidy for Night Ride users who present a go!Pass, and demand has escalated dramatically. To manage this demand and ensure that the DDA subsidy is being directed as intended new rules will be in place as of December 1st including 1) trips must begin or end within the DDA District, 2) rides must be work-related, and 3) the DDA subsidy will decrease to \$2 of the \$5 fare. Mr. Mouat said the Committee is interested in pursuing expansion of the service into Ypsilanti, but any expansion will

likely be incremental (beginning with an expansion to Golfside first) and may be tied to the City decision about whether to extend enforcement of the street meters after 6pm.

Connector Study: Mr. Mouat reported that URS presented their findings in early November and a report will be issued this month. Findings reveal tremendous transit use between Central and North Campus (31,000 people/day), and that there are several technologies that would work to support increased transit use, including light rail and bus rapid transit.

Blake Transit Center: Mr. Mouat reported that AATA is currently discussing accommodating Greyhound and UM Blue bus stops on S. 4th Ave across from BTC. The Committee will wait to hear from AATA on these discussions, including possible opportunities afforded by a first floor build out of the 4th & William structure.

Bicycle Sharrow Installations: Mr. Mouat said the City obtained a grant to install sharrow pavement markings as called out in the Non-Motorized Plan. Markings are in place, signage is being installed, and thus far, City staff indicates that feedback has been mostly positive.

Shared Bicycle Program: Mr. Mouat said that B-Cycle gave a presentation the day before in the DDA office on their company, and how a bicycle sharing program could work in Ann Arbor. Mr. Mouat said that the meeting was well attended and the concept of bicycle sharing will be discussed at future Committee meetings.

7. PARTNERSHIPS COMMITTEE

Energy Saving Grant Program: Ms. Smith said 73 energy audits have been completed, and 24 buildings or businesses have installed energy saving improvements with DDA grants totaling \$145,099 with a payback of approx 2.6 years. The deadline for the 2010/11 program was November 30th, and the Committee will review applications next week.

Shelter Association: Mr. Collins said the committee continued the discussion from the previous month regarding a grant for solar photovoltaic panels (\$98,210). After much discussion, the committee resolved not to recommend approval of a grant. Mr. Collins said the estimated payback for the solar panels was 29 years; 19 years if a DTE rebate were provided to the Shelter, and this long payback period was out of alignment with previous DDA decisions.

Ann Arbor Housing Commission: Mr. Collins said the Committee continued its discussion from the previous month regarding a request for \$500,000 to address extensive building deterioration. After much discussion, the Committee resolved not to hold off action on this grant request. Mr. Collins said that due to previous DDA commitments, there isn't much Housing Fund balance available for the next three years, so funds will be marshaled very carefully. Also, given that Housing Commission buildings are owned by the City there is a logical reason to include this request with other Mutually Beneficial topics under discussion.

Xseed Energy: Ms. Smith said that the Committee continued its discussion of a request for a solar panel demonstration installation on the Michigan Theater. She said that this is a project of the Clean Energy Coalition aimed at encouraging solar energy, and the request had been reduced to \$25,000 (solar demonstration installation on the MI Theater \$10,000 + energy saving lamp replacement at the MI Theater \$15,000). After much discussion which did not include Mr. Collins who recognized a conflict of interest and had left the room, it was resolved that if the MI

Theater could get an energy audit, it could submit an Energy Saving Grant application to the DDA for Phase II grant dollars.

Planning Commission Updates: Mr. Collins said Planning Commission member Tony Derenzinski informed them that a coalition of Ann Arbor, Pittsfield Township, Ypsilanti Township and Ypsilanti representatives continue their work developing a strategy to improve Washtenaw Avenue. A Corridor Improvement Authority (CIA) – similar to a DDA in that it is a plan-driven, TIF capturing agency - is being explored as a way of implementing infrastructure, transportation and other improvements along the length of this corridor.

8. BRICKS AND MONEY COMMITTEE

S. Fifth Avenue Underground Structure: Mr. Splitt reported that a tower crane was installed in November, making work on the site more productive. He said that two mass concrete pours took place last month, with another one scheduled for next week. Excavation is now 98% completed with approximately 245,000 cubic yards removed thus far. Dewatering continues along the Phase II area.

Fifth/Division: Mr. Splitt said work will be completed December 3rd for the season. Light poles on Division have been put in service, and the lights on Fifth are wired and are awaiting DTE. The project has been winterized with mulch in the areas that are to be bricked next spring.

Financials: Mr. Hewitt said that the DDA received a clean audit. A few minor issues had been pointed out and all had been addressed by the time of the committee meeting. Mr. Hewitt said that an RFP had been distributed for banking and investment services, and after reviewing responses, the Committee opted to stay with the Bank of Ann Arbor for the next three years. One of the deciding facts for this decision was that this was the only downtown bank that counts coins from the parking meters in-house, providing a significant cost savings to the DDA.

Mr. Hewitt took a moment and thanked Mark Lyons, Republic Parking Manager, for taking initiative to identify approximately \$140,000 worth of cost savings by making minor adjustments in parking facility staffing levels and hours of operation.

9. ECONOMIC DEVELOPMENT/COMMUNICATION COMMITTEE
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Ms. Lowenstein said that the new committee will hold its first meeting on December 15th. All members of the DDA were welcome to participate.

10. OTHER DDA BUSINESS MATTERS

None.

11. OTHER AUDIENCE PARTICIPATION

None.

12. ADJOURNMENT

There being no other business, Mr. Collins moved and Ms. Gunn seconded the motion to adjourn. Ms. Lowenstein declared the meeting adjourned at 1:40 p.m.

Respectfully submitted,
Susan Pollay, Executive Director