

CITY COUNCIL/DDA WORK SESSION

October 10, 2023



AGENDA

- Introductions
- Purpose of Joint Work Session
- Ann Arbor DDA Overview
- Parking System
- Creating a New DDA Guiding Plan

Purpose of Joint Work Session

1

Requirement of the City/DDA Parking Agreement

- “discussion regarding any then-contemplated future meter rate increases ...”

2

Opportunity to discuss matters of mutual interest

- DDA overview and purpose
- DDA planning and renewal

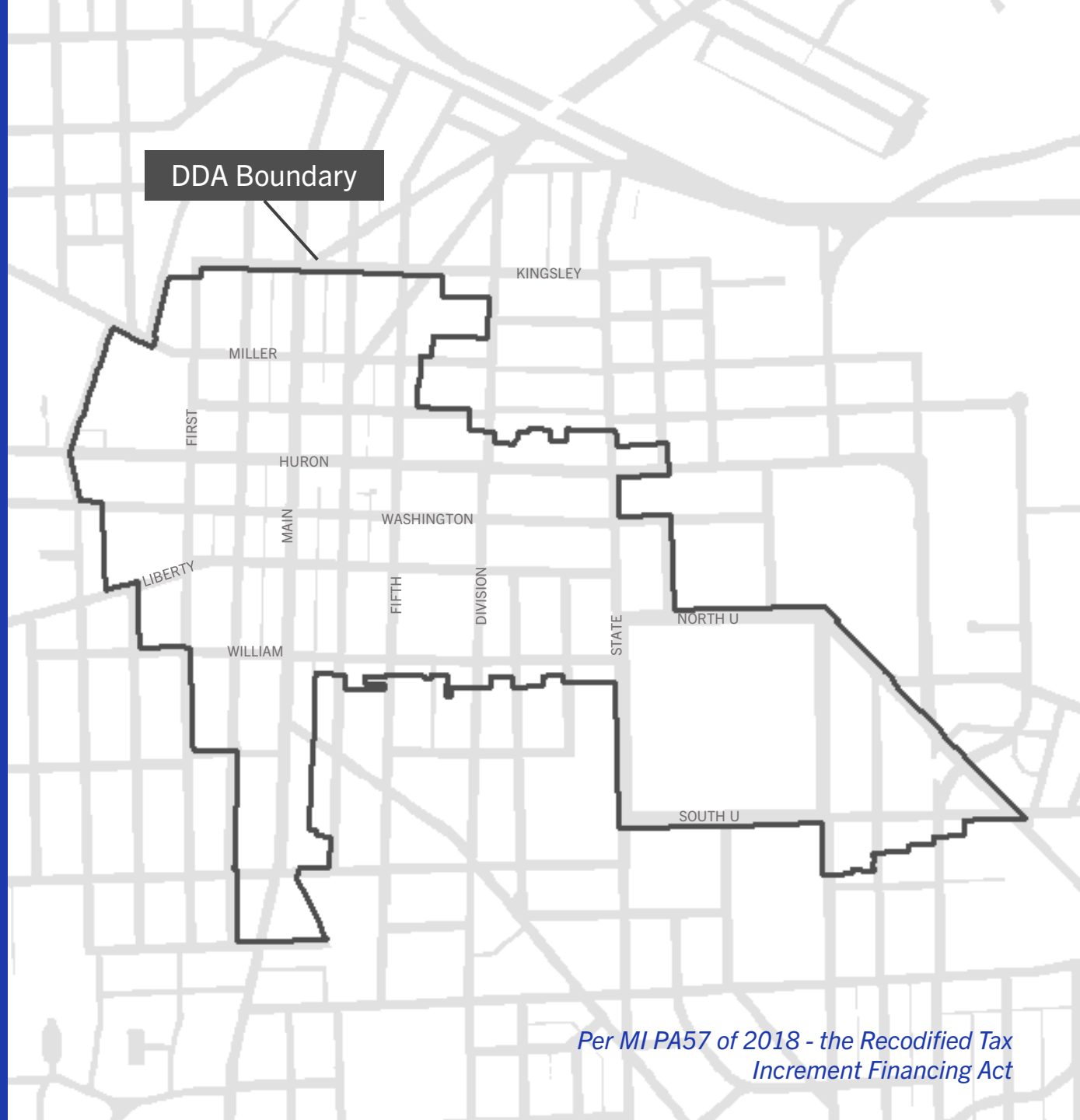
A blue-tinted photograph of a city street at night. The scene is illuminated by strings of warm white lights hanging across the street. In the foreground, several people are sitting on modern, curved concrete benches. A bicycle is parked on the left. In the middle ground, a group of people is walking across the street. In the background, there are traffic lights, street signs, and buildings. One sign reads "P.L. LAWYERS". Another sign on the right says "We can't help watch your Markings". The overall atmosphere is vibrant and urban.

ANN ARBOR DDA OVERVIEW

What is a Downtown Development Authority (DDA)?

A component-unit of the City in which it is established.

Uniquely positioned to accomplish goal driven infrastructure downtown.



Per MI PA57 of 2018 - the Recodified Tax Increment Financing Act

DDA: City Unit Focused Exclusively on Downtown

- DDA budget is part of overall City budget
- DDA projects incorporated in City Capital Improvements Plan
- 70% of DDA projects over the last 5 years in partnership with City Engineering or Housing Commission Projects
- 3 collaborative grant applications approved / pending
- City & DDA Monthly Team Meetings
 - TIF – Planning, Public Works, Engineering, Transportation, Systems Planning, Parks, OSI
 - Parking – AAPD, Treasury



DDA: Two Separate Systems

PARKING

Operate public parking system for the City



TAX INCREMENT FINANCE SYSTEM

Investments in downtown in support of City goals



A blue-tinted photograph of a city street scene. In the foreground, several pedestrians are walking across a crosswalk. A white SUV is parked on the street. In the background, there is a prominent clock tower with a decorative top and a brick building. The overall scene is a busy urban environment.

TIF SYSTEM

What is Tax Increment Financing (TIF)?



The capture of a portion of taxes within an established district to fund capital improvements.



TIF is the only revenue tool in Michigan to fund downtown infrastructure.

How can TIF be used?



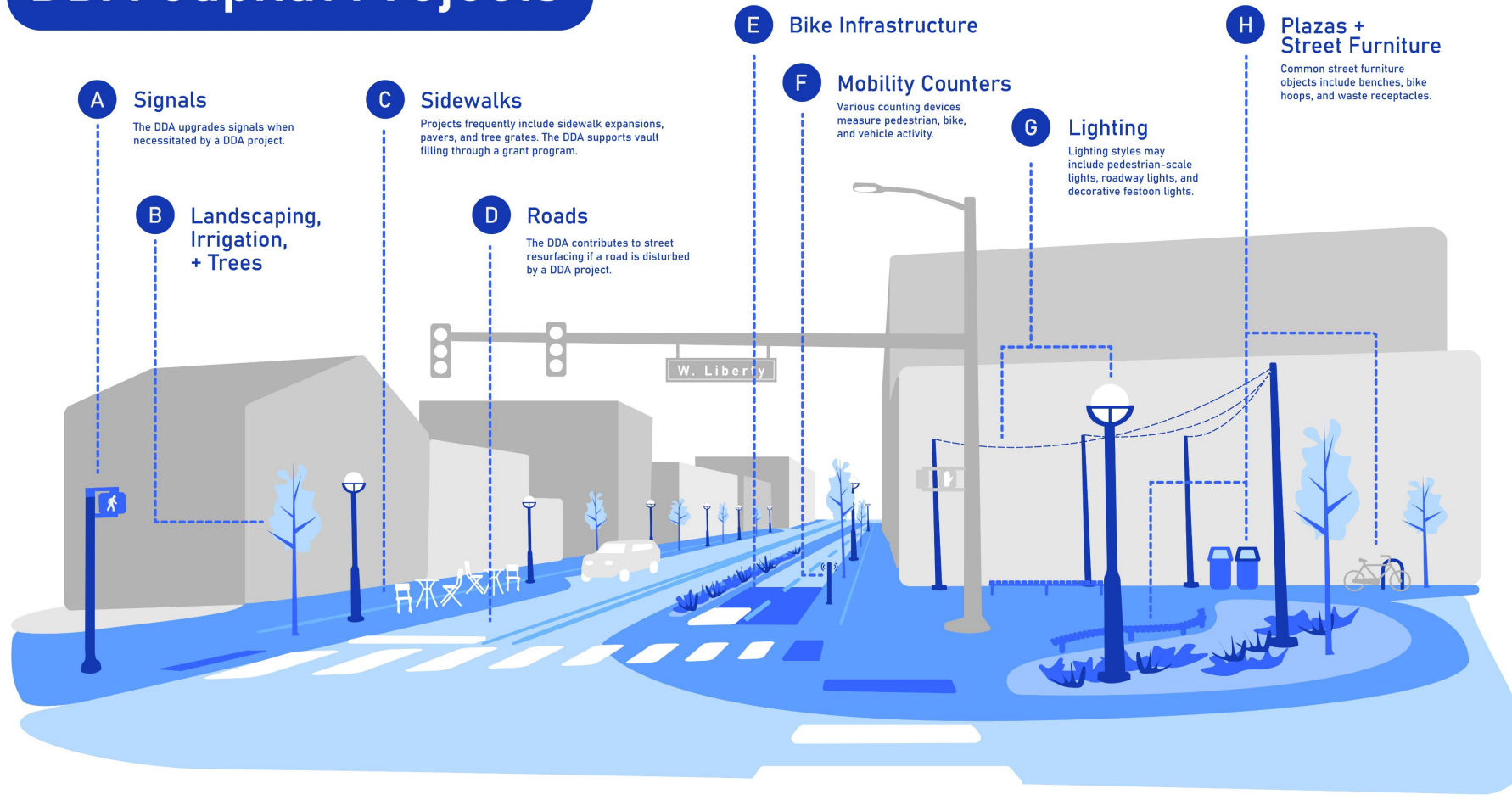
TIF can be spent on projects in approved TIF Plans, with a focus on activities that would not happen without this funding tool.



TIF cannot be used for personal benefit of a person or corporation.

Goal-Driven Capital Projects

DDA Capital Projects



UNDERGROUND INVESTMENTS:

I Watermain Upsizing

J Stormwater Infrastructure

ANN ARBOR
MOVING
TOGETHER
TOWARDS VISION ZERO



Development of City-Owned Properties for Affordable Housing



Fifth & Detroit (2019)



First Street Reconstruction (2021)



State Street Reconstruction (2023)



Miller/Catherine Bikeway (2022)



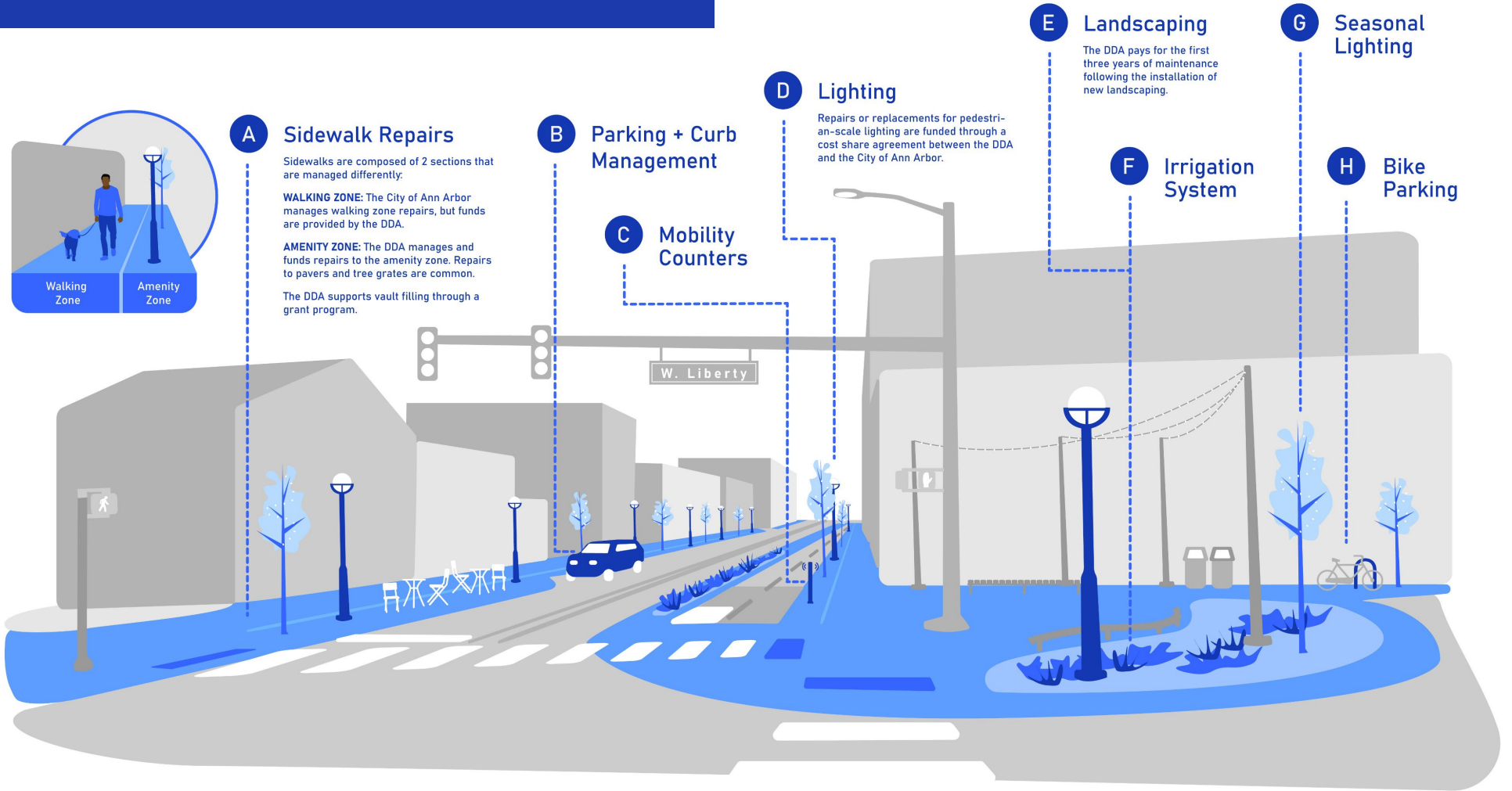
Miller/Catherine AAHC Utility Work (2022)



Fourth Ave Transit St. & AAHC Partnership (in design)



Necessary Ongoing Maintenance



OTHER MAINTENANCE ACTIVITIES:

I Studies

J Post-Construction Monitoring

Sidewalk and Paver Repair



Benches and Landscaping



Tree Grate Expansion and Maintenance



Holiday Lights



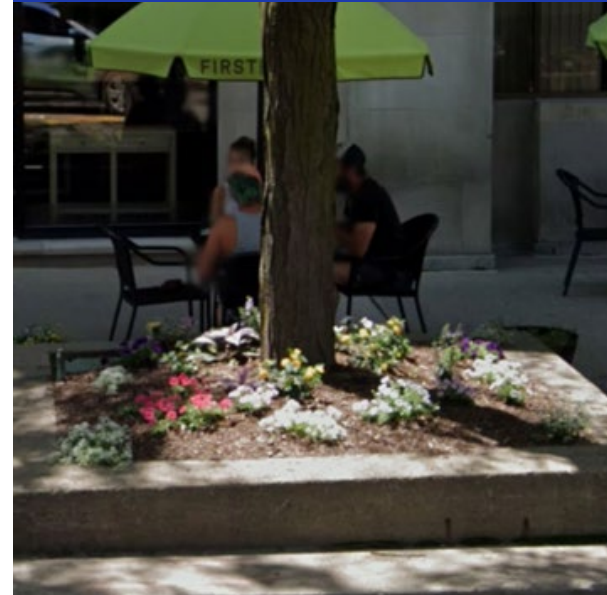
Mobility Counters



Vault Grant



Irrigation



PARKING SYSTEM



Parking Fundamentals



DDA manages, operates, and maintains public parking through an agreement with the City



Parking facilities are City assets



Parking system is a self-sustaining system



Parking revenues support other transportation related initiatives

Parking Fundamentals

20%

City receives 20% of gross parking revenue (\$3.9M FY23)

- Public Services & General Fund



City manages enforcement and receives enforcement revenue



City manages and receives revenue for residential permit program

Pandemic Impacts on Parking System

Reduced revenue

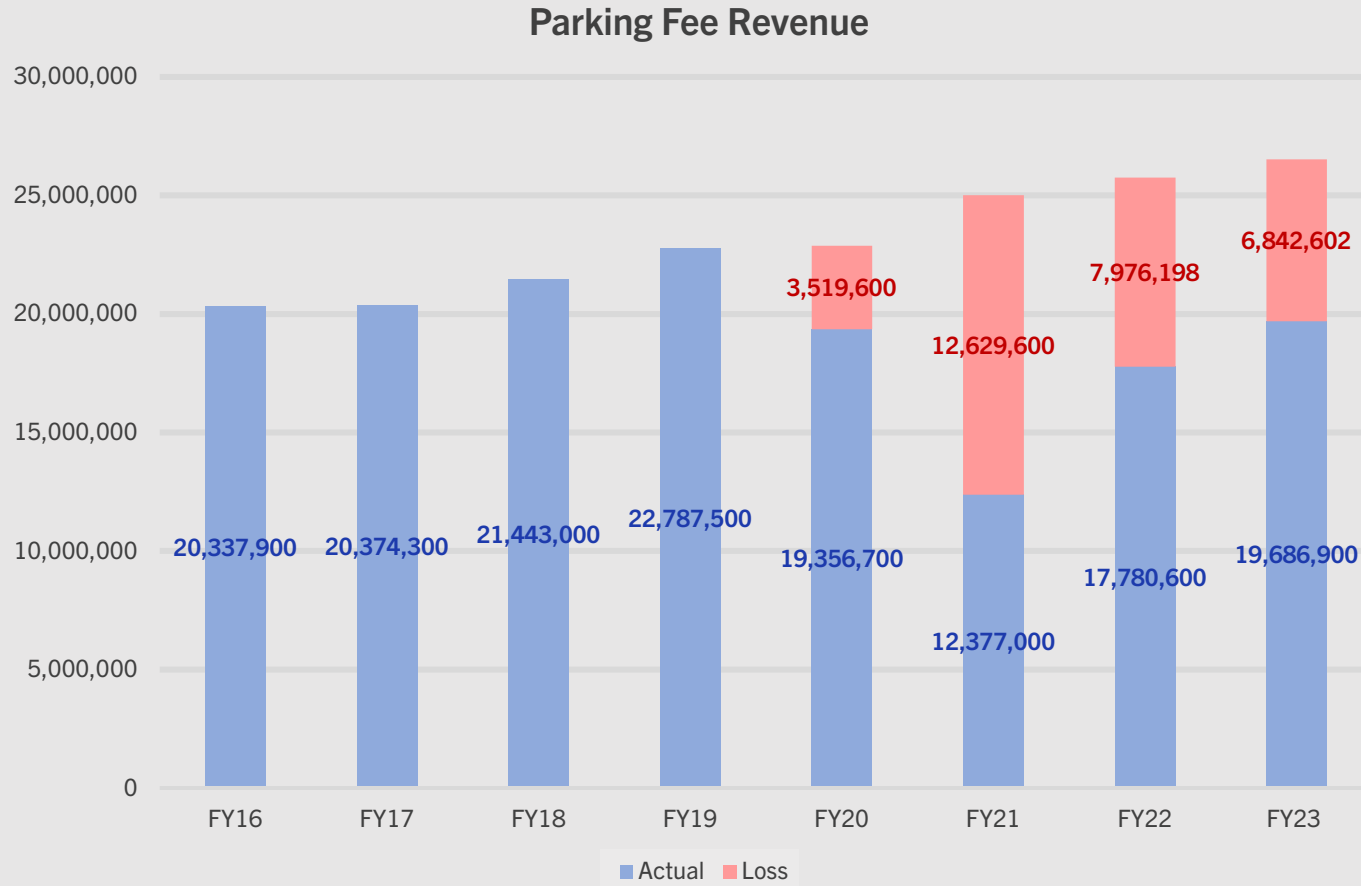
Deferred expenditures

Shift in downtown activity

Accelerated trends at the curb

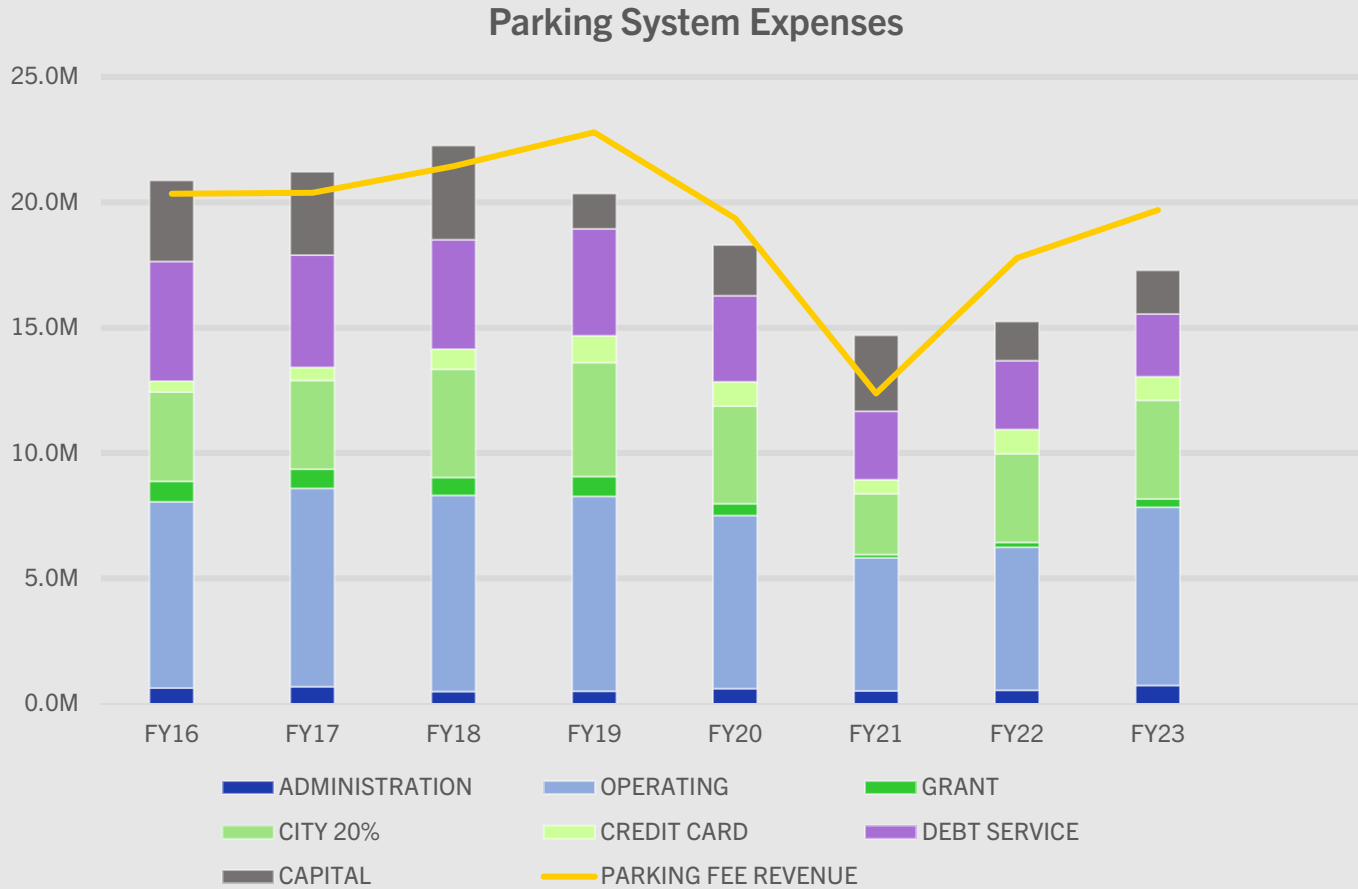
- Flexibility
- Increased deliveries
- Short term stays

Parking Fund Revenue Loss



- Total revenue loss: **\$31M**
- FY23 revenue **74%** of pre-pandemic levels

Parking System Expenditures



- Average pre-pandemic CIP: **\$3.2M**
- Average post-pandemic CIP: **\$2.1M**
- Deferred CIP up to **50%** per year

Post-COVID Analysis

**20-Year
Maintenance
Plan**



**Curbside
Management
Study**



**Parking Rate
Study**



Parking Rate Study Process

Identify priorities

Review current conditions

- Usage
 - Rate structure
 - Comparable cities
-

Develop assumptions

- Forecasted usage and expenses
-

Model rates with custom software (Muniworth)

Priorities



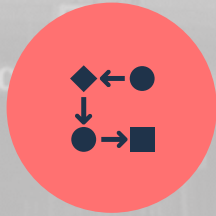
**A FINANCIALLY
SOUND PARKING
SYSTEM**



**MAINTAIN THE
PARKING
STRUCTURES**



**PROVIDE QUALITY
CUSTOMER
EXPERIENCE**



**BUILD FLEXIBILITY TO
ADJUST TO CHANGING
CONDITIONS**



**SUPPORT DOWNTOWN
VITALITY**



**ENCOURAGE RANGE OF
TRANSPORTATION
OPTIONS**

Priorities



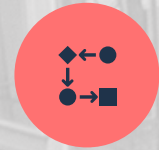
**A FINANCIALLY SOUND
PARKING SYSTEM**



**MAINTAIN THE PARKING
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**PROVIDE QUALITY
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**SUPPORT DOWNTOWN
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**ENCOURAGE RANGE OF
TRANSPORTATION
OPTIONS**



**PRIORITY:
A Financially Sound
Parking System**

ONGOING OBLIGATIONS

- Facility maintenance
- Capital investments
- City fee (20%)
- Parking debt service
- Adequate fund balance
- Grants for go!pass



PRIORITY: Maintaining The Parking Structures



HOUSEKEEPING

- Daily cleaning
- Paint
- Signs
- Striping



MECHANICAL SYSTEMS

- Lighting
- Fire Suppression
- Elevators
- Plumbing



STRUCTURAL MAINTENANCE

- Concrete repair
- Waterproofing

PARKING OPTIONS



Permits



- **Standard Monthly Permits provide...**
 - Baseline revenue
 - A guaranteed space at a particular location
 - 24 / 7 parking for residents
 - Some amount of parking to be re-sold when not in use
- **Standard & reserved permit rates last adjusted July 2022**
- **Limited Overnight is an 85% discount (static since established in 2006)**

Hourly



METERS

- Meter rate last adjusted July 2022
- Enforced Mon-Sat 8am-6pm
- Most limited / convenient
- Number of spaces shrinking- Other aspects of the system will need to offset the loss of spaces



STRUCTURE / LOT

- Structure hourly rate unchanged since 2012
- Charged 24/6- Free on Sunday
- \$5 cap

Current Parking Rates

Parking Permit Rates (Monthly)

Limited	Standard	Reserved
\$30	\$200	\$280

Hourly Parking Rates

Structures	Meters
\$1.20	\$2.20

- Standard permit and on-street meter rates last adjusted July 2022
- Parking structure hourly rates last adjusted in 2012
- Limited overnight permit rate established in 2006 and unchanged



PARKING RATE STRATEGY: Commitment to Low-Cost Options

Limited Permit

- Parking from 3:30 pm – 9:00 am Monday-Friday & all day on weekends and holidays

\$5 cap at Library Lane

- Enter after 3:00 pm – out by 6:00 am Monday-Friday and all-day Saturday

Go!Pass

Easy Pay Card



PARKING STRATEGY: Ongoing Discussions



Enforcement Hours



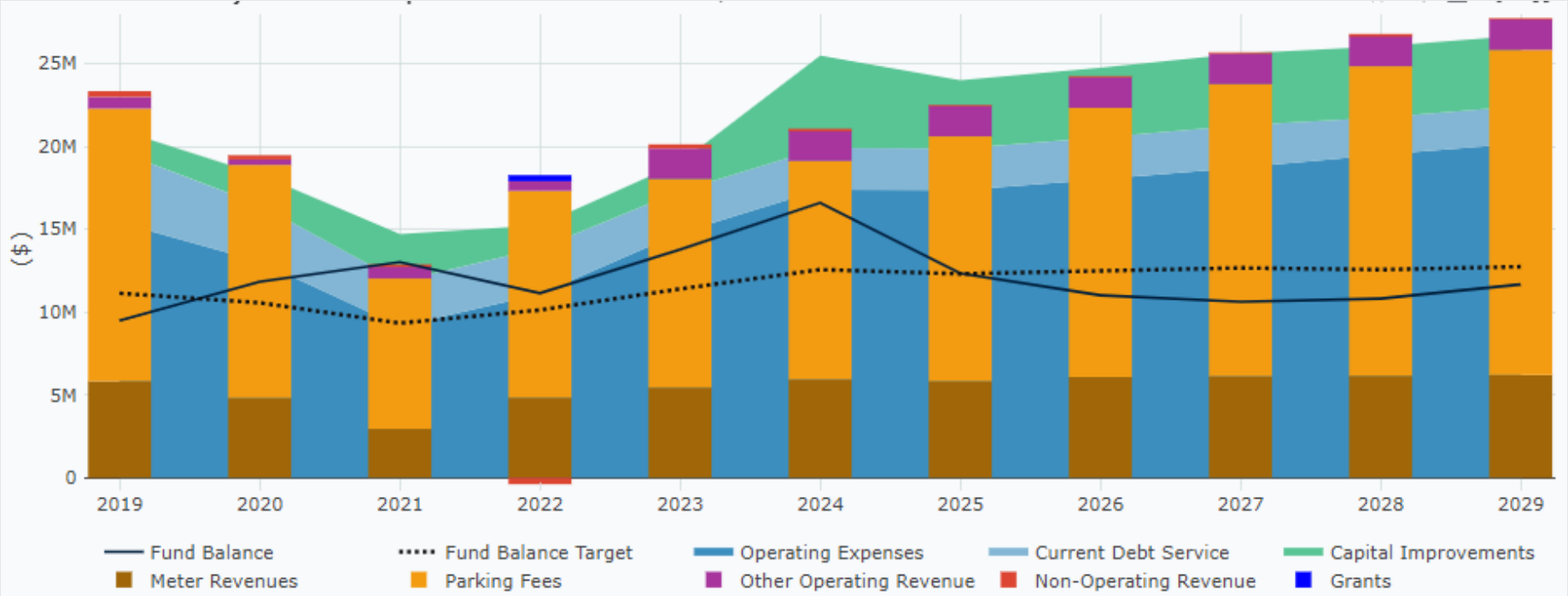
Operational Changes
to Measure Utilization



Exploring Options to Monetize
Other Curbside Uses

Recommended Rates

FYE				% of Standard		Structures			
	Limited	Standard	Reserved	Limited	Reserved	Hourly	% Inc	Meters	% Inc
2024	\$ 30	\$ 200	\$ 280	15%	140%	\$ 1.20		\$ 2.20	
2025	\$ 35	\$ 225	\$ 310	16%	138%	\$ 1.50	25%	\$ 2.40	9%
2026	\$ 40	\$ 245	\$ 340	16%	139%	\$ 1.65	10%	\$ 2.50	4%
2027	\$ 45	\$ 265	\$ 365	17%	138%	\$ 1.80	9%	\$ 2.60	4%
2028	\$ 50	\$ 275	\$ 380	18%	138%	\$ 1.95	8%	\$ 2.70	4%
2029	\$ 55	\$ 290	\$ 395	19%	136%	\$ 2.05	5%	\$ 2.80	4%



Recommended Rates

- **Maintains operations**
 - Keeping up with inflation
 - Staffing
- **Funds capital expenditure budget**
 - Maintenance
 - Mechanical Systems
 - Equipment
- **Fund balances slightly below target, upward path in later years**

Recommended Rates

	Current	April 2024	July 2025	July 2026
<u>Facilities (all except Library Lane)</u>				
Hourly (Sundays free)	\$ 1.20	\$ 1.50	\$ 1.65	\$ 1.80
Permit				
Limited	\$ 30	\$ 35	\$ 40	\$ 45
Standard	\$ 200	\$ 225	\$ 245	\$ 265
Reserved	\$ 280	\$ 310	\$ 340	\$ 365
<u>Library Lane</u>				
Hourly (Sundays free)	\$ 1.20	\$ 1.50	\$ 1.65	\$ 1.80
Maximum Charge				
Enter after 3pm; exit before 6am next day (M-F)	n/a	\$ 5.00	\$ 5.00	\$ 5.00
All day Saturday	n/a	\$ 5.00	\$ 5.00	\$ 5.00
Permit				
Limited	\$ 30	\$ 35	\$ 40	\$ 45
Standard	\$ 200	\$ 225	\$ 245	\$ 265
<u>Surface Lots</u>				
Hourly (Sundays free)				
S. Ashley	\$1.80/\$2.00	\$ 2.40	\$ 2.50	\$ 2.60
Monthly				
First & William	\$ 160	\$ 180	\$ 195	\$ 210
415 W. Washington	\$ 135	\$ 150	\$ 165	\$ 180
<u>Meters</u>				
Hourly (Enforced Mon-Sat, 8:00am-6:00pm)	\$ 2.20	\$ 2.40	\$ 2.50	\$ 2.60

QUESTIONS & DISCUSSION

LIBERTY SQUARE
PEDESTRIAN ENTRANCE

500

DAILY PUBLIC
PARKING
→

CREATING A NEW GUIDING PLAN

NO
TURN
ON RED

USE
PED
SIGNAL

Outline

1. Downtown Economic Development Tools
2. Coordinating planning efforts
3. Next Steps

Economic Development Tools

State-Authorized Financing Tools (sample)

Economic Development Tool	Eligible projects/activities	Primary Funding Source
DDA Downtown Development Authority	Public improvements focused in DDA District and within approved DDA/TIF plans	TIF
LDFA Local Development Financing Authority	Public facility to benefit industrial park and transit	TIF
BIZ Business Improvement Zone	Beautification activities & security	Special Assessment
BID Business Improvement District	Improvements, maintenance, security, and beautification	Special Assessment
Other Tools		
Area Association	Events and promotion	Membership dues & sponsorship

Downtown A2 Tools



DDA + LDFA

DDA focuses on public improvements.

LDFA funds/services are contracted to SPARK.



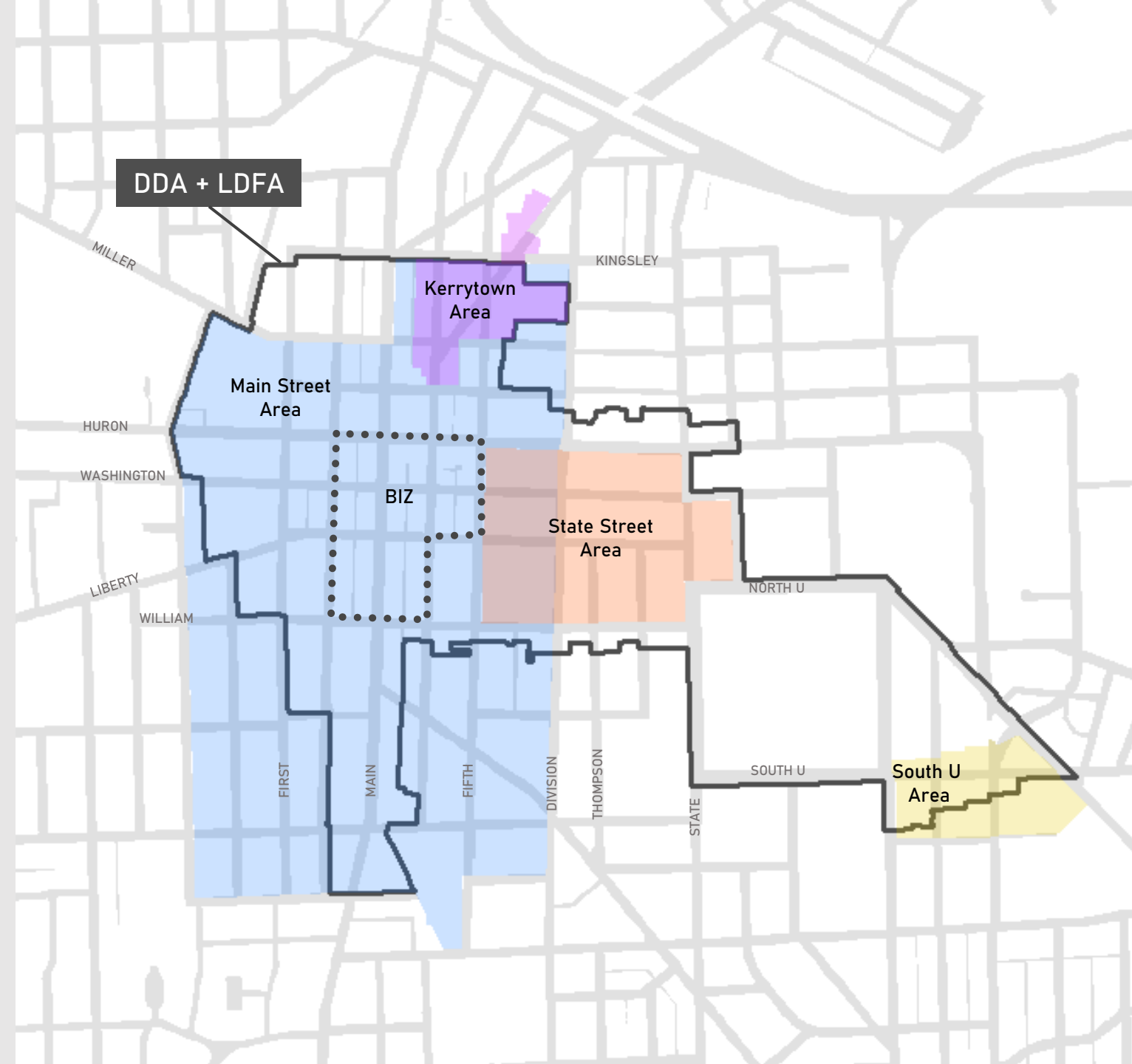
Main Street Area BIZ

BIZ services include snow removal, sidewalk cleaning, landscaping, and graffiti removal.



Area Associations

Area Assoc. collect dues and sponsorship to fund events and advocate on behalf of businesses.



How are DDA's funded?

State Legislation allows:

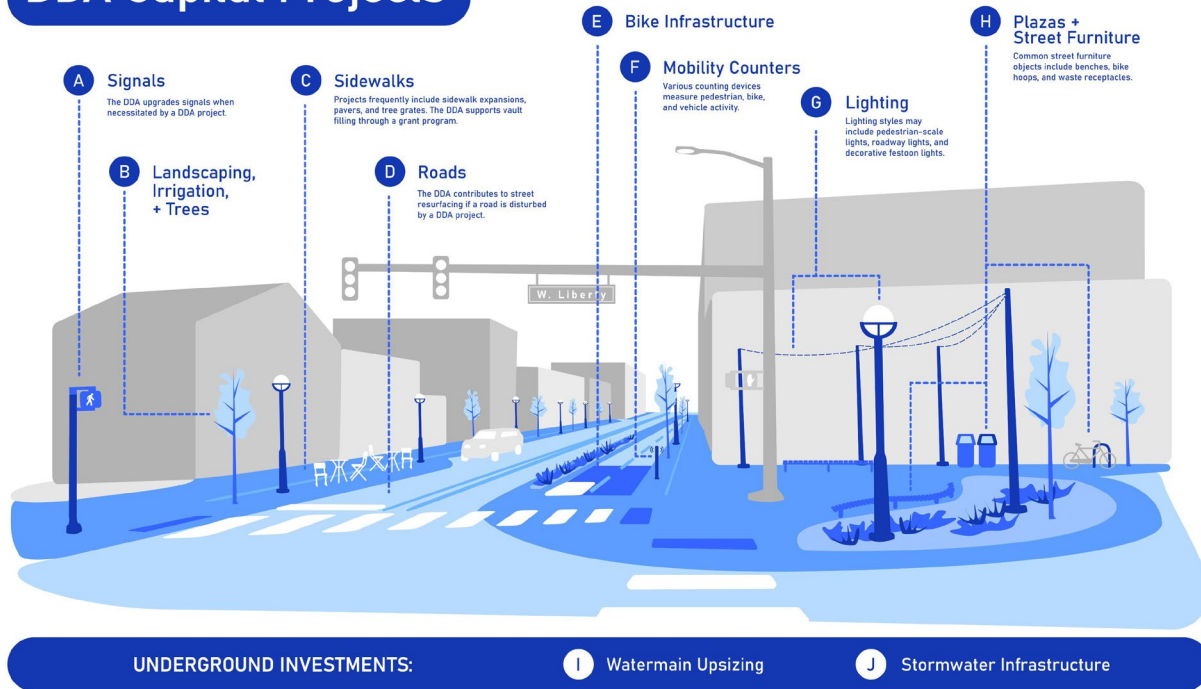
- Tax Increment Revenues
- Millage (up to 2 mills)
- Special assessments
- Revenue bonds
- Revenues from property owned or leased by the DDA
- Grants and/or donations

Most DDA's rely heavily on Tax Increment Financing (TIF). Some City code further restricts funding.

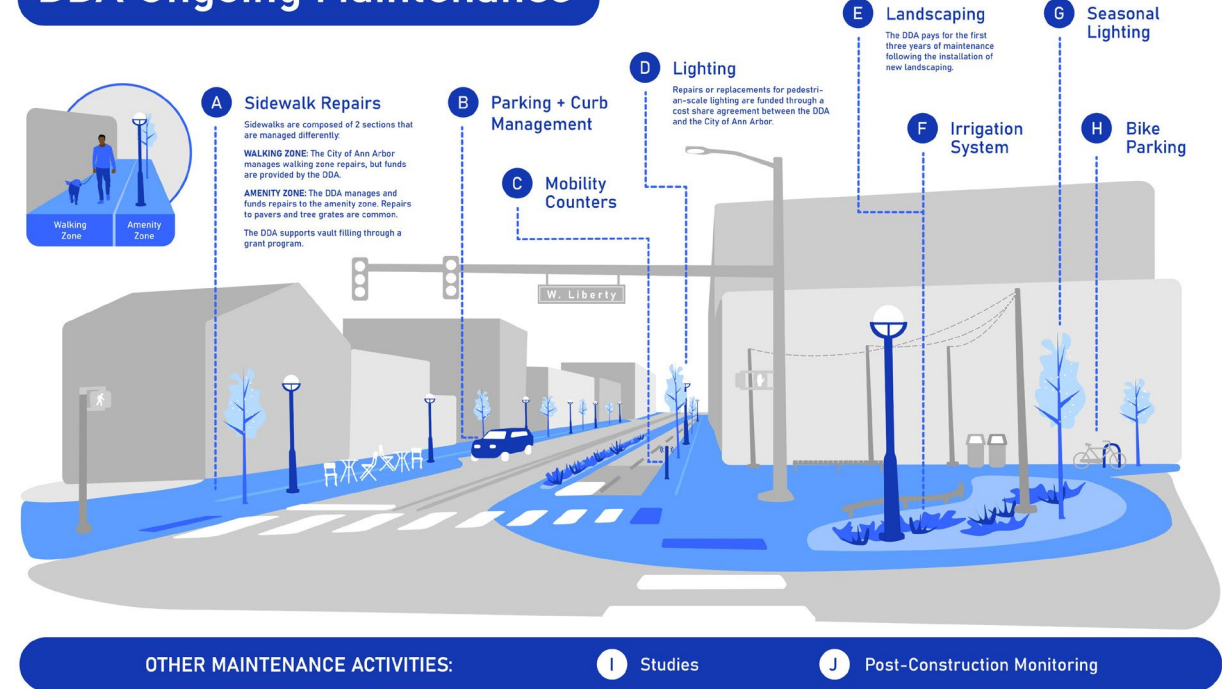
TIF – Infrastructure Funding Tool

Regional contributions from the County, Library, AAATA, and WCC help fund capital projects and maintenance in a regional downtown. Without this tool in place, all future infrastructure project and maintenance costs would be the responsibility of the City alone.

DDA Capital Projects



DDA Ongoing Maintenance



The majority of A2 DDA TIF (~90%) is spent on downtown capital projects and maintenance

An aerial, high-angle photograph of a city street intersection, overlaid with a semi-transparent blue filter. The street is labeled 'N. University' at the top. On the right side, there are buildings with storefronts for 'BIVOLAC' and 'THE ANN ARBOR COFFEE ROASTING CO.'. A 'VAN BOVEN' sign is visible above a doorway. The street has crosswalks, traffic lights, and several cars and pedestrians. The text 'DOWNTOWN A2 COORDINATING EFFORTS' is prominently displayed in the center in a large, white, bold, sans-serif font.

DOWNTOWN A2 COORDINATING EFFORTS

Why create a new A2 DDA Plan?

Alignment & Stewardship

The current A2 DDA plan was created in 2003. A new plan will:

- Reflect updated City goals and ongoing efforts.
- Address new opportunities and needs in pandemic recovery and beyond.
- Ensure the highest level of transparency & stewardship.
- Better align with updated State Statute.

DDA TIF Workplan + Coordination **Downtown Planning Efforts**

City Comprehensive Plan (Planning Department led, DDA involvement)

- Guide the City's physical development, policymaking, and programming over the next 25 years +, including a new downtown plan.
- Provide a framework for achieving the City's desired goals, ensuring its diversity, supporting investment and promoting desired change.

Downtown Circulation Study (DDA-led, with Transportation Department cost share)

- Study how street changes can meet a range of community goals and create an implementation strategy. This includes the remaining bike connections into and through downtown, transit priority streets, an event street evaluation, and a 5th & Division two-way traffic feasibility study.

MDOT Jurisdictional Transfer Study (Transportation Department led, DDA involvement)

- Identify the cost and benefits of City ownership of the trunklines to inform a discussion about future ownership of these corridors.

Downtown Energy Utility Study (DDA/OSI co-led)

- Assess solar and geothermal opportunities downtown to support the creation of a Public Energy Utility.

Baseline Data

- Downtown Service and Maintenance Document
- Pandemic Recovery Report
- State of Downtown Report
- Project outcome tracking

The updated Downtown Plan will refine a downtown vision; these efforts collectively will identify downtown needs.

DDA TIF Workplan + Coordination

Downtown Planning Efforts

PLANNING EFFORTS	2023				2024				2025				2026			
	Spr	Sum	Fall	Win	Spr	Sum	Fall	Win	Spr	Sum	Fall	Win	Spr	Sum	Fall	Win
Downtown Circulation Study		█	█	█	█	█										
City Comp Plan - Downtown Plan		█	█	█	█	█	█	█								
MDOT jurisdictional transfer study	█	█	█	█												
Downtown Energy Utility Study			█	█	█	█										
City CIP			█	█			█	█			█	█			█	█

QUESTIONS & DISCUSSION

