

**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
November 16, 2015**

DIRECTORS PRESENT: Bob Miller, Derek Wissner, Greg Taylor, Grant Fletcher, John Schmitt, Bjorn Green, Jim Escamilla, Bobby Hopewell (via phone)

DIRECTORS ABSENT: Lisa Carriveau, Ann Rohrbaugh

STAFF PRESENT: Steve Deisler, Deb Houseman, Eva Ennis

OTHER: Jay Eichstaedt, Ken Nacci, Kristin Fiore, Alison Nuismer, Jerome Kisscorni, Andy Vorbich, Greg Ayers, Emily Monacelli, George Magas, Bill Van Dis, John Thingstad

I. CALL TO ORDER

Director Escamilla called the meeting to order at 3:01 pm.

II. ADOPTION OF AGENDA

DIRECTOR MILLER MOVED TO ADOPT THE AGENDA AS PRESENTED. SUPPORTED BY DIRECTOR GREEN. MOTION CARRIED.

III. MINUTES – October 19, 2015

DIRECTOR TAYLOR MOVED TO APPROVE THE MINUTES OF 10/19/15 AS PRESENTED. SUPPORTED BY DIRECTOR WISSNER. MOTION CARRIED.

IV. FINANCIAL REPORTS – October 2015 2Mill and TIF; September 2015 Parking

D. Houseman reviewed the TIF and 2 MILL financial statements for October 2015 and the Parking for September 2015.

DIRECTOR WISSNER MOVED TO APPROVE THE FINANCIAL REPORTS OF SEPTEMBER 2015 AND OCTOBER 2015. SUPPORTED BY DIRECTOR MILLER. MOTION CARRIED.

V. ACTION ITEMS

A. Open Public Hearing for Proposed 2016 Budgets

Director Escamilla opened the public hearing for the 2016 proposed budgets. S. Deisler explained that DDA and DKI have reached a turning point in their budgets, and the DDA TIF budget is going up. DDA is being asked to support things that DKI has done in the past to fund programs and projects downtown. DDA will be supporting Brand & Engagement activities, BRRC, and the ACW project. S. Deisler shared that the DDA vision for 2016 is to carry out implementation of the TPM plan, support the Brand & Engagement Committee downtown, and create exciting downtown spaces.

a. Parking Budget

L. Hoffman reviewed the 2015 adjustments and proposed 2016 budget for parking.

S. Deisler noted that the budget being presented does not include the five year plan adjustments because the plan has not been approved. Once a plan is approved, the budget will be adjusted and brought back to the board for approval.

Director Fletcher asked what the management fee is for. S. Deisler replied that it goes to ABM as our consultants to manage the system which includes many services such as HR, vehicle insurance, uniforms, etc. Director Wissner commented that the fees for DKI to oversee the system, ABM's management fee and fees to pay employees seems like a high amount going towards staffing.

Director Wissner commented that \$85,000 for bidding and designing was a surprise because he thought this service would be facilitated through ABM. L. Hoffman replied that ABM is hired to manage the system, but does not have expertise in access control equipment. Discussion followed over the design bidding process. Director Fletcher noted that the parking system should collaborate with other entities in downtown using access control to share research findings on new equipment. S. Deisler noted that the bidding and designing for access control equipment will be a competitive process and DDA will provide input on the process later in the year.

D. Houseman explained that the City refinanced the Ramp 3 bonds and received a savings through 2029, so the DDA will receive an annual savings starting in 2015 which will be shown as a revenue in TIF. Those savings will help the DDA pay for the Zoetis Tax Appeal.

b. DDA Two-Mill

D. Houseman reviewed the DDA Two-Mill 2015 budget adjustments and proposed 2016 budget and opened for questions.

c. Tax Increment Financing

D. Houseman reviewed the DDA TIF 2015 budget adjustments and proposed 2016 budget. S. Deisler shared that DDA contributed to mall maintenance to keep the amount down for the merchants. S. Deisler explained DKI is requesting funds from TIF to help with Brand & Engagement Committee activities and downtown maintenance.

Director Fletcher asked if the DDA is required to maintain the 12 percent cash reserve. D. Houseman explained that the City agreed to let the DDA reserve 12 percent of the line items which the DDA attempts to do but is not required.

1. CIP Plan

S. Deisler reviewed the CIP Plan for the 2016 budget.

2. Public Comments

There were none.

3. Board Comments

D. Wissner explained that he is comfortable with the budget except for the \$85,000 for access control engineering and asked if it would be possible to take the amount out now and reauthorize

it later. S. Deisler shared that it was discussed at the TPM committee and TPM wanted to make the DDA aware that this is the parking system's greatest need in 2016 and wanted to attach a cost to it. Director Escamilla explained that the RFP would still have to come to the DDA Board for approval. Director Green recommended putting an asterisk next to the line item with an allowance. S. Deisler shared that because we are entering into a contract the final decision will come back to the board. Director Taylor asked what the capital repair expenses are in the parking budget. D. Houseman noted that it is a placeholder predominantly for ramp repairs.

Director Green asked if there will be a positive impact on the reduction of labor if there is new access control equipment. L. Hoffman replied that there will be a positive impact on salaries and wages in the future.

Director Green asked what the anticipated staffing expenses are for DKI. S. Deisler explained that DKI is using the \$35,000 to fill positions and get to five full time employees.

4. Close Public Hearing

a. Resolution to approve submission of the 2016 Budgets to City Commission
DIRECTOR FLETCHER MOVED TO ADOPT THE RESOLUTION TO APPROVE SUBMISSION OF THE 2016 BUDGETS TO CITY COMMISSION. SUPPORTED BY DIRECTOR MILLER. DIRECTOR BROWN AND MAYOR HOPEWELL ABSTAINED.

Mayor Hopewell explained that he abstained because it was difficult to hear all the discussion over the phone. Director Brown noted that he abstained because his company accepted funds from the Brand & Engagement Committee.

ROLL CALL VOTE: 7-0. MOTION CARRIED.

b. Resolution to approve two mill tax levy

DIRECTOR WISSNER MOVED TO ADOPT THE RESOLUTION TO APPROVE THE TWO MILL TAX LEVY. DIRECTOR MILLER SUPPORTED.

ROLL CALL VOTE: 9 – 0. MOTION CARRIED.

DIRECTOR MILLER TO APPROVE THE 2015 AMENDMENTS AND THE DRAFT 2016 BUDGET. DIRECTOR WISSNER. MOTION CARRIED.

B. Open Public Hearing on MARU Kalamazoo DDA Liquor License

1. Presentation

S. Deisler reported that PlazaCorp has requested a liquor license for the proposed MARU Kalamazoo, LLC restaurant at the GTW Building. The application meets the comprehensive plan requirements. K. Nacci shared that PlazaCorp has started upgrading the Depot building which will house MARU and potentially other businesses.

2. Public Comment

G. Magas commented that he approves the project as long as there is a sound barrier to protect residents. K. Nacci replied there is already a noise ordinance that the restaurant would have to adhere to and he does not foresee any problems with noise because it is an indoor restaurant.

3. Board Comment

Director Miller asked if all MARU restaurant locations are currently open. J. Eichstaedt replied that all locations are open and operating, but the Midland location is still in process of opening.

4. Close Public Hearing

Director Escamilla closed the public hearing.

5. Approval of MARU Kalamazoo DDA Liquor License

DIRECTOR WISSNER MOVED APPROVAL OF THE MARU KALAMAZOO DDA LIQUOR LICENSE. DIRECTOR GREEN SUPPORTED. MOTION CARRIED.

C. Draft Five Year TPM Plan

S. Deisler explained that this plan is flexible and its goals and objectives will be reviewed every year. It is different from what we have done in the past when we have approved five years and come back five years later to set up a new one. This will improve 2016 and 2017 then adding a year on. A big change has been adding transportation and mobility and he thanked the board for encouraging the committee to add these areas. We want to be creative as any other city with our strategies in transportation and mobility. This plan is giving recommendations with strategic and key points but we have to come up with details to work out specific goals and objectives of the plan. It would include funding proposals, design analysis, and other things before we move forward with these meetings. We had ten open meetings and received positive feedback from these meetings that will add to the plan. The plan is created to support all users downtown not just one group. It identifies critical issues such as access control, safety, etc, and sets the stage for a sustainable parking system. The Committee has explored many comments we have received and will make the plan better than it started out a few months ago. I am hoping you will support the plan so staff and the committee can begin working on details. We want to use this plan as guidelines for moving forward.

Director Escamilla requested to receive a motion to approve TPM Plan including items of special consideration and submit draft TPM Plan to City Commission. He explained this is what gets the discussion moving if we get a motion and support to discuss.

Director Taylor made a motion to approve this plan for submittal and review.

Discussion followed over the wording of the motion and whether it is different from the one recommended in agenda and if it is to approve the plan and send it forward to City Commission as a final product. S. Deisler explained that the TPM Committee is saying that we recognize the comments we received and some are already in the plan and some are up for consideration. They will review these specific points addressed in the memo in more detail as work begins on the plan once it is approved. S. Deisler explained TPM Committee endorsed this plan and is recommending that you support it and send it on to City Commission. After all review, feedback, and input the committee will take the plan in place including the recommended conditions in the memo to the City Commission.

Director Taylor explained that he was making a motion to approve as written and the word “draft” is what concerns him.

Director Taylor asked for additional comments on whether there are open items that the committee has been working with. S. Deisler shared that the key item discussed most is the paid parking in the free zones. The committee feels we need to continue moving in that direction but it doesn't happen until 2019 so there is still time for discussion. He added that Kristen Fiore from DKRRA added an email with nice comments that will be taken to the committee. Director Miller said when he looks at the memo, words like potential increase, pursue the option, review, assess, etc. seem like we are being asked to approve the concept of moving the discussion forward not approve specific implementation of putting meters on the mall. S. Deisler explained that the plan is a way to identify key areas to study and potentially implement in 2019, which could change at the beginning of next year with further input. It does have an impact on the funding of everything we are going to do because it is going to be a way of opening up spaces on the mall but also a revenue source. People who want to park close and convenient should pay for that convenience.

Mayor Hopewell explained that the struggle he is having is not knowing what the action steps are. There still needs to be a point of decision. The memo does not sound like the plan is up for potential review but it sounds like the committee heard everything but still thinks the plan should remain the same and recommends the board approve it. There needs to be clarity on what action the board is being asked to take.

S. Deisler explained that with endorsement of plan and the special consideration points, we would go to City Commission for their support and go back to TPM committee to develop action steps after it is approved. Approval of the action steps will go back to DDA Board. Director Fletcher noted that it is good to have a road map for moving forward and wanted to clarify that this plan is that. S. Deisler noted that TPM Committee will come back to the DDA Board with bids, bonding process, etc.

Director Wissner commented that the plan looks very specific as it is. He shared that the plan looks like it is saying that in 2018 we will modify the first hour of attended facilities from \$1.75 to \$2.00 for the first hours. This does not sound like a road map. This sounds like this is written in stone and if we adopt this tonight it goes before commission and it is adopted. S. Deisler replied that in the past it would have happened that way but we will come back in 2017 and ask for support again based on any changes we have or modifications. This is trying to give the detail similar to what our previous 5 Year Plan did with year by year steps and actions.

Director Taylor asked if there is qualifying language in the plan that the board could be directed to look at. Director Wissner commented that what this looks like is that the word “draft” comes off and this is now policy. S. Deisler shared the new approach for the Five Year Plan is to come back annually and extending it a year and getting your approval for the activities for that year. L. Hoffman pointed out that on the first page of the plan under strategies, it says “annually revise and update in advance.” She said that has been key in discussion and that every year since she has been here, we called for rate increases and some years it did not happen because it was brought here for approval of the budget.

Director Schmitt asked if we were to approve the rates in July 2016, will that come back to DDA Board to be voted on. S. Deisler replied that it will come back with the revised 2016 parking budget with those rate adjustments and all the other items being proposed for 2016.

Director Miller stated that his understanding of what we are doing is voting to approve the plan with the caveat that before anything is implemented we will have the opportunity to approve that on an annual basis starting in 2016. S. Deisler said we will bring back 2016's action steps to you to get final approval. Director Taylor commented that there will be a minimum of three more public hearings before this plan is updated: approval by the DDA, City Commission, DDA annual approval and City Commission annual approval. S. Deisler explained that this would get approved by City Commission if it is approved today, then the TPM Committee will review it, then early next year we will come back with any action steps and funding requests. S. Deisler said the City does not approve the Parking budget but it does approve the Five Year Plan as a policy document. We present the parking budget as information to City Commission. Director Brown asked if we do not present the TPM plan to City Commission are we failing on some obligation to the City. S. Deisler said we are asking them to approve the same document that we are asking the DDA board to approve today. Director Escamilla clarified the question is whether there is timeline pressure to bring the plan to the commission now. S. Deisler replied that it is convenient to take it with the DDA budget to City Commission in January.

Director Wissner shared if it is just a strategy, we can look at it differently however he still does not agree with it. As the DDA we are the public body that represents downtown. 10-20 years ago, DDA subsidized building renovations. The DDA matched renovation dollars and it was extremely successful. Right now, we have a downtown that has a strong nightlife and residential and office component and a weak retail and daily user component. This plan does not offer any sort of support to the daytime users. It raises the rates for daytime users. If this is the plan was the strategy to strengthen downtown, it would provide supports for the retailers and daytime shoppers. It could happen in a variety of ways, but this plan does not do that. It raises the barriers to do that. It presents the option to use a trolley system for shoppers, but a consumer is not going to use a trolley. If this was a real plan, it would talk about a trolley system for workers, not shoppers. We need to look at this in a different way. We should be encouraging business owners to get employees off the streets and provide cheap parking at store fronts. Having meters on Michigan Avenue is a huge deterrent. Meters that are high tech are not going to be easily adopted downtown because they are confusing to people who aren't used to a big city. When we look at the plan, I don't agree with this strategy. S. Deisler replied that this plan says we will investigate a trolley downtown. The plan calls for exploring the elements of the plan. We haven't got to the details yet about how the trolley and meters will work. It's worth investigating returning paid parking to free spaces because those are prime spaces and should generate prime revenue.

Director Wissner recommended sending the plan back to the committee and ask to remove the paid parking at least on Michigan Avenue and also consider Kalamazoo Mall and ask that we keep enforcement on street parking until 7:00 pm. There is a problem with part time employees getting the night hours free which could be solved by bumping the time back an hour. He recommended sending back the plan with our notes and make changes because we don't think this is taking us in the right direction.

Director Brown commented that as we look at this plan, he tends to agree with Derek Wissner that we are taking a strategic direction that is cost focused instead of customer focused which is problematic. This plan does not consider who is parking in the spaces and what do they need, but it is looking to optimize revenue in the spaces we have. Everyone who is parking in those spaces has the option to park anywhere and not be downtown. The issue of employees parking on-street spaces for free all night has been referenced many times in meetings. This is not something that has been unheard, but the plan is talking about meters which is punitive to all parking users instead of a plan that encourages better use. He would like to see more in our plan that we recommend to City Commission that says this is what we are doing to make parking attractive to people coming downtown. Director Brown added that if that means that we have to shorten what we present to City Commission for our budget approval, then he would be willing to help pair down what needs to be recommended.

Director Schmitt commented that if we intend to tweak the plan, then he would strongly suggest that all TPM meetings be open so there is active discussion while the plan is being built. Very little input from the last TPM public meeting was put into the plan because the plan had already been written. Meetings should be open so comments can be heard while the committee is trying to make decisions.

Director Miller offered appreciation to the TPM committee for working hard on the plan. He commented that there are concepts he is in favor of and there are others he needs to learn more about, but he does not think it is ready.

J. Thingstad commented we should look at this document as a one year document but with a five year reach out. We have \$5-6 million dollars of repairs and some of these things have not been done in the last 10 years. We need revenue just to pay the debts that have not been paid and things need to be maintained. Director Brown commented that he appreciates the work that's been done by the committee. He noted that we are not talking about tax revenue but we are talking about consumer revenue, and we do not make the decision if consumers spend the money, they do. We make the decision if we believe we are providing the best experience representative of the needs of the downtown consumer.

B. Van Dis commented that if the board voted for the adoption of the plan, the 30 second story in the media is that the DDA approves meters on the mall. He commented that as someone who is a long time retailer, we need more convenient free parking. This report is a cost driven not a customer driven report. Customers would not respond positively. There can be changes, but he is concerned that if this report is approved that would be the headline. Director Wissner said that there isn't a spot on the agenda for public comments and wondered if we could hear from representatives from DKRRA.

DIRECTOR GREEN MOVED THAT WE SEND BACK THE PLAN TO THE TPM COMMITTEE FOR ADDITIONAL WORK ON KEY STRUCTURAL ISSUES WITH THE IDEA THAT THERE WOULD BE PUBLIC INPUT AT THE MEETING. SUPPORTED BY DIRECTOR BROWN.

Mayor Hopewell requested that the board give the TPM committee direction for specific work. B. Lewis stated that it's a very big plan and has a lot in there. At some point not everyone is going to be happy with every aspect of this plan. We are a growing and vibrant downtown. A report from Bradley Company stated that retail vacancy has reduced dramatically since 2013. We need to remember that we are growing with projects like KVCC, Med School, and Bronson. Parking has to be provided somewhere. Kalamazoo has grown, and we have to set something for a road map for growth. There are great things we can do to make downtown vibrant.

DIRECTOR GREEN AMENDED THE MOTION TO INCLUDE THE SPECIFICS OF REVISITING THE CONCEPT OF METERED PARKING ON MICHIGAN AND BURDICK, REVISITING THE REALITY OF THE TROLLEY, AND MAKE IT MORE CUSTOMER SERVICE FOCUSED THAN REVENUE FOCUSED. DIRECTOR TAYLOR SUPPORTED THE AMENDMENT.

DIRECTOR TAYLOR AMENDED THE MOTION THAT WE CLEARLY INDICATE THAT WE UNDERSTAND THAT WE NEED TO ADDRESS FINANCIAL NEEDS OF THE SYSTEM. DIRECTOR BROWN SUPPORTED THE AMENDMENT.

MOTION CARRIED.

DIRECTOR WISSNER MOVED TO REQUEST THE TPM COMMITTEE MOVE THE METER ENFORCEMENT HOURS TO 7:00 PM. DIRECTOR SCHMITT SUPPORTED.

Director Miller requested a definitive response to the plan from DKRRA.

MOTION CARRIED.

D. Request from the ACW Task Force to allocate up to \$5,000 for ACW Predevelopment Phase 2 Activities

DIRECTOR TAYLOR MOVED TO TABLE THE REST OF THE ACTION ITEMS. DIRECTOR FLETCHER SUPPORTED. MOTION CARRIED.

VI. DIRECTOR COMMENTS

There were none.

X. PUBLIC COMMENTS

There were none.

XI. ADJOURNMENT

The meeting was adjourned at 5:14 pm.

APPROVED: _____

Eva Ennis
Recording Secretary