

To: Steve Powers, City Administrator
Tom Crawford, Chief Financial Officer and Financial Services Area Administrator

From: Susan Pollay, DDA Executive Director

Date: May 17, 2013

Re: FY 2013/14 DDA Budget Update In Support of City Council Priorities

On April 1, 2013 the DDA learned that their TIF revenues in 2013/14 would be greater than they had anticipated, and earlier this week members of the DDA board met to talk about the most strategic uses for these funds. A number of important projects were talked about that would enable the DDA to pursue its mission of strengthening the downtown and encouraging private investment while at the same time help the City pursue its 2013 priorities of Economic Development, Affordable Housing and Infrastructure.

From this discussion, the following projects will be pursued by the DDA in 2013/14 that will utilize the additional TIF captured in 2013/14.

Affordable Housing

The DDA's Housing Fund currently contains \$382,000. At its Monday morning meeting the DDA board members resolved that they will increase their 2013/14 TIF transfer to the DDA Housing Fund to \$200,000, which is an increase of \$100,000 from what they budgeted in February. They have invited Jennifer Hall, Ann Arbor Housing Commission, Mary Jo Callan, Director of the Washtenaw County/City of Ann Arbor Office of Community & Economic Development, and Julie Steiner, Executive Director for the Washtenaw Housing Alliance to join us at our next Partnerships Committee meeting on June 12th to get an update from them about affordable housing funding issues, projects, and priorities. The DDA hopes to get a sense of context for the efforts that are underway, as well as an insight into possible future projects the DDA might be able to play a role in while meeting its own mission.

As an example, in FY 2012/13 the DDA provided \$710,000 in affordable housing grants which included a \$300,000 grant to the Ann Arbor Housing Commission for Baker Commons which will help the Commission transfer to a voucher-based model which is anticipated to provide a more robust source of ongoing funding for their operations and facility maintenance. We know that this process is only just begun, and anticipate that at our June 12th meeting the DDA will hear more about the needs of the Housing Commission, and other housing providers, during this coming year and ideas for strategic ways the DDA can assist including grants from our Housing Fund, setting aside funds from the sale of the YMCA lot, and more.

Infrastructure

The board members authorized me to contact Public Services Area Administrator Craig Hupy to provide \$500,000 from our TIF funds with which we will replace 81 street light poles on S. Main Street. The existing light poles were installed nearly 30 years ago, are rusting from within, and

must be replaced this calendar year. In addition to providing light in a very active commercial area, these more expensive decorative light poles have served as the symbol of the Main Street area, which was cited as one of the best Main Streets in the United States by the American Planning Association just a couple years ago. The DDA's funding will cover the full cost of the light poles, the globe lights, labor, and warranty.

Economic Development

This month Paul Krutko, SPARK Executive Director was asked to speak to the Partnerships Committee about SPARK's five year strategic plan in anticipation of City Councilmember Petersen's resolution that would create an Ann Arbor Economic Collaborative Task Force. On Monday, the DDA members resolved to set aside \$75,000 in support of the work of SPARK and this taskforce. The DDA is very interested to develop more metrics to support economic development efforts. This interest is shared by SPARK, and it is possible that as part of the Task Force, SPARK, DDA, and City can work together to commission studies to gather objective data to better inform our policy choices and programs. The DDA members are also very interested to learn more about the communities that Ann Arbor could benchmark against as we strive to develop a more prosperous and resilient local economy that provides opportunity by creating jobs, retaining and attracting talent, supporting a diversity of businesses, and encouraging reinvestment. The DDA set aside its funds for two specific purposes. First, DDA funds will be used to commission one or more economic development-related studies. And second, these funds will be used to underwrite potential travel costs if it is determined that it would be useful to send a delegation of City Council, SPARK, and DDA representatives to one or more benchmark communities for an on-the-ground assessment of successful economic development strategies and programs.

Please let me know if I can provide additional information about these DDA initiatives.