

**ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY
RETREAT MEETING MINUTES
March 16, 2010**

Place: Bodman Offices, 201 S. Division, Suite 400, Ann Arbor, 48104
Time: DDA Executive Director, Susan Pollay, called the meeting to order at 12:30 PM

1. ROLL CALL

Present:	Gary Boren, Russ Collins, Leah Gunn, Jennifer Hall, Roger Hewitt, John Hieftje, Joan Lowenstein, John Mouat, Keith Orr, Sandi Smith, John Splitt
Staff Present:	Susan Pollay, Executive Director Joe Morehouse, Deputy Director Joan Lyke, Management Assistant Amber Miller, Planning & Research Specialist
Audience:	Dave Askins, <i>Ann Arbor Chronicle</i> Nancy Shore, getDowntown!
Presenters:	Colleen Layton, Director of Policy Development, Michigan Municipal League Bill Matheson, General Counsel, Michigan Municipal League Sean Mann, Let's Save Michigan, Michigan Municipal League Betsy Jackson, Urban Agenda
Facilitator:	Fran Alexander, Alexander Resources Consulting, LLC Kerry Sheldon, Alexander Resources Consulting, LLC

2. WELCOME AND INTRODUCTION

Ms. Pollay welcomed everyone, and said that the retreat had been structured with a deliberately open agenda: two guest presentations followed by open discussion, with facilitation where needed. The retreat purpose was to provide an opportunity for Board members to consider the role of the DDA in advancing a vision of social and economic vitality downtown and to confirm implications and actions for DDA operations and the work of the Board. Ms. Pollay provided an opening overview as follows:

Current reality

- DDA funds tied up in projects for the next few years – on a fiscal diet
- City budget likely means service cutbacks
- The UM has grown even as A2 stayed the same size; it is even more influential.
- Downtown uses are changing dramatically

Issues

- Community has spent the past 7 years thinking about downtown – is everyone exhausted?
- 450 new residential units added this decade - is that enough to change downtown?
- Leadership consistency at City, DDA, UM allows priorities and direction to gel
- Downtown real estate (residential and commercial) prices have stabilized and/or decreased

Opportunities

- Federal government policy focus is shifting toward sustainability & transit
- MI financial constraints are helping grow support for regional solutions and privatization
- The new economy and America's changing demographics – the future is downtown
- A generational shift is underway – we need to encourage new participants

Ms. Pollay said that in the face of fiscal constraints, the DDA will need to be creative, find new ways of doing business, and champion its services and value more than ever.

3. GUEST SPEAKERS

Ms. Layton of the Michigan Municipal League thanked the DDA for the invitation to speak at the retreat. She gave the following overview:

- MML Background: headquartered in Ann Arbor; 90% of MI cities and villages are members; acts as strong advocacy group at federal and state levels. Strategic planning and specific initiatives centered around the idea that the MML is creating communities for future.
- Michigan's economy: Manufacturing was the big industry; "good" jobs didn't require college degrees. MI's current economy is very different. There is under-investment in higher education; talented young people don't want to live here (46% leave MI one year after graduation); technology allows people to work anywhere; mobile population; place attracts people – young people choose where they want to live, and then find work.
- In contrast: The states that are prospering have thriving metropolitan areas with a high concentration of young, creative people. MI needs to start measuring increased jobs in 1s and 2s (the entrepreneurial model; these businesses are deeply connected to their communities and provide more stable job base), not 1000s (the manufacturing model; these businesses are less connected to communities, more likely to leave if offered a tax incentive, etc.) to grow local jobs.

Ms. Layton said MML's response to this reality includes three initiatives:

Prosperity Agenda: policy initiatives (expanding public transit, protecting essential local services/infrastructure; promoting sustainable, cultural/economic development)

Grass-Roots Advocacy (Let's Save Michigan campaign, WJF Prosperity Agenda radio show - available online www.mml.org)

Member Education (Center for 21st Century Communities - focused around 8 essential assets that are required for vibrant region)

A sense of place is the most important characteristic that attract young talent: "the difference between good cities and great cities is the quality of their public spaces" (Fred Kent). Sense of place includes elements such as sociability, accessibility, activities, and comfort. Mr. Mann described MML's Let's Save Michigan Campaign.

Ms. Layton said Ann Arbor's assets include a vibrant downtown with great 'walkability', good access to green-space, an entrepreneurial spirit, a reasonably good town-gown relationship and strong arts and culture support. Areas for Ann Arbor to focus on: regionalism, density, and transit issues.

Ms. Jackson is the head of the Urban Agenda, a consulting firm focused on downtowns. She presented six philosophies/strategies that are present in thriving communities.

Grow or Die: Cities must grow to be sustainable. "Growth" is a hot-button issue with negative implications because it has been historically associated with dumb growth - the kind that empties out the cities: un-strategic, inefficient. Use the word "compact" instead of "dense." Downtown as an organism, and it needs enough diversity to weather whatever happens in the economy.

Place and Experience: Must be managed/they don't maintain themselves. Who should be managing downtown as a place and an experience? Choose the tools carefully – e.g., pedestrian malls are a huge capital investment and management commitment. Animating the street can be less expensive, more subtle, and very effective. We often punt to the big and expensive instead of looking to small and incremental. Make collaborative decisions, using incentives, to produce the results you want.

Downtown is commercial: Residential, transportation, cultural, etc. enhance the place -- but commercial development and activities are the foundation on which they all rest. Cautioned DDA not to treat downtown business as an afterthought – this is an essential partner. The DDA doesn't get to manage the commercial transactions that are the core of the downtown experience, but it can support them with DDA efforts.

Strategy, strategy, strategy: "If you don't know where you're going, any road will take you there." Strategy is distilled from priorities that are based on points of overlap; don't focus on the areas of conflict – start from a place of communal agreement. Having a strategy diminishes the squeaky wheel syndrome and allows you to say "yes" and "no" with conviction. Think a la carte, not prix fixe. A good strategy allows ideas to evolve. Without a strategy, every community is subject to the next big thing/development.

Think and act regionally: Acting in isolation is a challenging strategy that is becoming increasingly rare. More strength and opportunity in having solid relationships and networks across boundaries.

Lead... or get out of the way: Leadership means taking the time to formulate a strategy based on consensus, and it involves risk-taking. Visionaries, leaders, implementers, organizers are part of any process; our community has many visionaries and organizers but it needs more leaders and implementers.

4. RETREAT DISCUSSION

Mr. Clark asked Ms. Jackson about the challenge of leadership in Ann Arbor, i.e., very smart, very dedicated people who are engaged, but that this engagement often consists of “no”. He asked if the “DDA was ready to acknowledge that we may not know everything we need to know?” Jackson said that being really smart and dedicated without any strategy is no better than being disconnected and without resources.

Ms. Hall supported this discussion about leadership. She cited the underground parking structure as an example of DDA leadership, and challenged the DDA to identify another meaningful opportunity to do the same thing.

Mr. Mouat asked if DDAs are the locus of leadership in other cities; Ms. Layton said leadership comes in many forms, including small businesses, citizens, or a strong mayor. Mr. Matheson said that some communities have major corporate and philanthropic influences that aren’t present in Ann Arbor. The tradeoff is nimbleness. Mr. Mouat said the challenge inherent in this nimbleness is the difficulty in pulling in the same direction.

Ms. Jackson said that many downtown revitalization initiatives occur when communities are trying to keep the lights on, and businesses have often taken the lead. Chamber of Commerces are too diffuse to tackle downtown challenges; downtown interests need to lead and once the immediate crisis is overcome, the tent enlarges.

Mr. Clark said that at the state level, there is a perception that Ann Arbor has no deficiency; it is championed as a place that works. However, it depends on the context. For instance, Ann Arbor is not diverse demographically and economically. Ms. Gunn responded that most leaders want to help the town be vibrant and diverse.

Mr. Collins expanded on the idea of finding areas of overlapping interest as the places from which you build strategy. “Sustainability” and “environmentally sound” are elements highly valued and these terms also apply to downtown density and compactness. Ms. Pollay said she would add walkability as an area of agreement. Mr. Collins added “human scale,” as opposed to auto scale, as compactness is human scale. Ms. Pollay agreed, saying that the rhythm of downtown is a “room-to-room” experience; stumbling into fun; creating physical connectivity. However, she cautioned that “human scale” could be seen as incompatible with taller buildings. Mr. Collins also suggested that there is common ground on the overarching strategy of pursuing incremental, smaller sized projects.

Mr. Mouat reminded the group that although the DDA is discussing strategies, the goal has not been defined. He asked to hear more about Ms. Jackson’s “Grow or Die” concept. What could the Ann Arbor population be, and what could that support in a regional way? What would it mean for Ann Arbor to become a bigger city? DDA needs to think about the basic, big-picture goals.

Mr. Collins stated that growth is positive. We must accept as a community that we are either growing or dying, and that growth is a key strategy for our success. Ms. Lowenstein asked about a target for 5,000 additional downtown residents; Ms. Pollay said that this number came from the Downtown Residential Taskforce model for what would happen if the population downtown were doubled. Mr. Hewitt commented that Calthorpe estimated a growth of 2,500 people downtown. These assumptions may have changed with the economy. Ms. Gunn added that increasingly Ann Arbor is acknowledged as a good place for people to retire. .

Ms. Pollay invited Ms. Layton to explain more about the concept of the sense of place. Ms. Layton provided an overview and said that this concept is beginning to be seen as an explicit (and legitimate) economic development strategy. Mr. Orr agreed, saying people say “I love Ann Arbor!”, but it can come across as “I love Ann Arbor as it was on Dec. 16, 1978 and it’s gotta’ stay like that forever.” Smart growth can take place and still preserve a unique and valued sense of place. Ms. Jackson suggested the DDA direct change instead of passively letting change happen without direction.

Ms. Hall said she sensed that cities like Royal Oak and Detroit are more attractive to Millennials than Ann Arbor. Mr. Mann agreed that he doesn’t know anyone who is moving to Ann Arbor. The ones that have moved here

moved away after a year because there is no diversity of experience and opportunities; few transit options; low walkability. Ms. Hall stated that she has heard different anecdotal information from non-Millennials (people with young children, who have higher income) say that Ann Arbor is a good place to live. She said that she wouldn't know what a 24-year old is looking for, aside from price. Ms. Jackson commented that encouraging demographic diversity doesn't just come from affordable real estate, it can also come from activities. Young people will remember Ann Arbor ten years from now when they may be looking for a home. Mr. Collins agreed, and added that Ann Arbor could work with Ypsilanti, which is economically positioned much like Ann Arbor was in the 1980s.

Mr. Matheson noted that the answers aren't going to come from Lansing or DC; the top-down answer is extinct. The answer will come locally, particularly if local officials from several communities are able to find common ground and communicate a shared message to Lansing.

Mr. Hieftje stated that there are public transportation options within the City, but not many outside city limits. Rail will happen eventually, but he was discouraged to think that Lansing cannot help. Mr. Matheson responded that he should have said don't look for answers from Lansing; look for money. There is broad agreement on the need for commuter rail. Ms. Jackson said that there isn't a transit system in the world that isn't subsidized. Of all major federal investments, the only one that has major leverage in terms of private investment is transit. Mr. Clark said federal funds are extremely competitive; Ms. Jackson agreed saying that a unified voice is paramount.

Mr. Hewitt revisited Ms. Hall's comment about the DDA's accomplishments in terms of the parking structure, remarking that this process required 5 years from point of identifying the parking deficit, to siting the new structure, to financing, and now to breaking ground. The DDA was at its best when focusing on a perceived need or deficiency regarding downtown. Ms. Gunn said that the next project will likely not be bricks and mortar.

Mr. Mouat asked how the DDA might choose to define its role providing leadership. Ms. Lowenstein said the DDA has two key advantages in defining its leadership role: 1) a revenue stream, and 2) the DDA is less subject to political winds, given that the Board does not need to campaign for election. Ms. Lowenstein suggested that one initiative the DDA could undertake is planning for empty parcels, perhaps in collaboration with the UM.

Ms. Hall noted that parking is an area of strong identity for the DDA. The DDA has tightly defined its role and identity, and yet the body has a lot of strength and a broader area of expertise than that. Ms. Pollay said that the DDA has had significant accomplishments in a variety of areas, not just parking. Ms. Gunn concurred, saying that the DDA should be proud of those achievements, and now should take the opportunity to move on.

Mr. Collins stated that one of great difficulties in genuine strategic planning is embracing what it is you have done, and then deciding to go in a different direction. The "DDA has been seen as a parking authority and also does some other nice things". Changing from a parking focus will be hard and will require taking lessons from past successes and applying them to new directions/endeavors. Ms. Hall replied that yes, the DDA should show the same unwavering, unified commitment to the next endeavor as it has shown in its attention to parking.

Mr. Mouat suggested that change can happen incrementally. The DDA has done many things - wayfaring, the Link, etc. - is there a unifying principle? Are there a few important strategic issues that will move downtown vitality and growth in the right direction, where the DDA can be most effective, over the next few years?

Mr. Clark suggested that the plans currently on the books protect what exists already; Mr. Hieftje said that this is partially due to the lack of response from the business community and other broader voices from the community. Ms. Smith added that while a quieter majority might agree with these 'smart- growth' development ideas, the council will need to hear these voices at the podium.

Mr. Clark suggested that the DDA can help engage and educate a broader group of people. Ms. Hall said the DDA could provide a forum for encouraging comments, as a public hearing can disenfranchise a lot of people - whether they're elderly, or have families, or are shy and don't want to stand at a podium.

Ms. Hall asked if conflict has arisen because new development proposals are for tall buildings; if Royal Oak can get smaller buildings why can't Ann Arbor? Ms. Pollay suggested that one reason may be land value as the UM

has an impact in Ann Arbor that isn't present in Royal Oak. Ms. Hall said that if the community will not allow tall buildings to be built, and yet tall buildings are the only ones that can be built due to land values, then something has to give. Could the DDA subsidizing development by buying properties – the Greenbelt operates on this theory - subsidizing farmers so they have an income stream that allows them to stay on their land. Ms. Lowenstein agreed, saying that such an initiative would require courage. And the DDA could be proactive, go out and find the people who are doing great development, and invite them to work on projects in Ann Arbor.

Mr. Hewitt posited that even if all vacant lots got developed, it might not alter the deficiencies of downtown. New graduates who don't want to buy a house or pay \$1,000/mo for a one-bedroom apartment cannot afford to live in Ann Arbor. Ypsilanti is very affordable and not very far away. The problem is transportation. There is an opportunity to do something to make Ypsilanti seem like it's right next door - and that's rail. Small regionalism. Ms. Gunn agreed, saying that the areas east of Ann Arbor tend to be where many commuters live. Mr. Mouat asked how the DDA could be involved in this transportation question; Mr. Hieftje said that AATA is on board as a collaborator and agreed that transportation may be an area where the DDA can have a very positive affect.

Ms. Smith said that there may be other incremental opportunities for leadership, e.g., redevelopment of existing spaces. Mr. Clark agreed, citing the example of the 50,000sf in the back of Borders that has only one window. Could the DDA give some sort of matching grant to the owner to install windows so it's leasable space? Mr. Collins stated that he thought people tend to be more likely to support things that they perceive as bite-sized.

Ms. Pollay asked if the DDA could help redefine the concept of "open space", e.g., sidewalks and plazas function as active urban open spaces. Mr. Hieftje said there are opportunities for pocket parks, especially on Main St. Ms. Pollay said that downtown open space has had mixed results: e.g., Sculpture Plaza works well because it's right outside the People's Food Co-op and PFC "owns" the space by caring for its maintenance; Liberty Plaza doesn't work well because no one "owns" it, and there are fewer "eyes" on it. Ms. Pollay said that management is critical for maintaining and enlivening urban open spaces.

Ms. Pollay added that she would like the Board to make sure to have fun. Mr. Clark suggested that the DDA host a joint happy hour between the Ypsilanti and Ann Arbor DDAs and City Councils - for collegial purposes.

5. AREAS OF CONCURRENCE AND NEXT STEPS

Three Major Focus Areas:

- Transit – support more and better options, starting regionally with the Ann Arbor/Ypsi connection.
- Development Strategies and Support - build support for proven strategies for urban vitality.
- Incremental Projects – Identify meaningful, lower cost, easier to implement projects that align with the overall strategies of urban vitality.

Next Steps:

- Explore developing a DDA Education/Communication Committee. *Mr. Clark suggested that an education/communications/strategy committee with professional support is necessary to achieving focus area #2 (mobilizing development support); Mr. Clark said he will outline a proposal for what the committee work plan will look like.*
- Current committees review their charters and potential projects, and outline proposed adjustments based on focus areas
- All Board members reflect on the low-cost, big-impact improvements that the DDA has discussed in this retreat and in the past, and come to future meetings prepared to share ideas and prioritize.

6. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:42PM by Mr. Splitt.

Respectfully submitted,
Susan Pollay, Executive Director