

Deli Partners, L.L.C
422 Detroit Street
Ann Arbor, MI 48104

August 17, 2010

Ann Arbor Historic District Commission
c/o Planning & Development Services – Planning Division
100 North Fifth Avenue
PO Box 8647
Ann Arbor, MI 48107-8647

Re: Application for Notice to Proceed – Zingerman’s Expansion Project

Ladies and Gentlemen:

Enclosed is a completed Application for the Zingerman’s Expansion Project.

Request for Issuance of Notice to Proceed:

- Deli Partners is requesting that the HDC issue a notice to proceed for the Project (described below) because the resources located at 322 East Kingsley (“Kingsley”) and 420 Detroit Street (“Annex”) are deterrents to the Project.
- Issuance of a notice to proceed would permit the following:
 - The demolition of the current structure located at 322 East Kingsley.
 - Rehabilitation of the Annex, including temporary relocation of the structure to allow for new foundations and site grading, removal of brick chimney, removal of siding and trim to allow for addition of required structural and fire-resistive sheathing, installation of salvaged/new wood siding and trim, refurbishing existing wood windows, new front door and enlarged opening to meet code requirements, incorporation into proposed Addition (described below), including minor modification to the south eave overhang and modifications to interior.
 - Construction of the proposed Addition, including the Atrium (described below), renovations to the Deli and the associated site work (which site plan has been approved by the Ann Arbor Planning Commission and the Ann Arbor City Council).
- As noted below, the Project has obtained all necessary planning and zoning approvals, financing, and environmental clearances.
- As further noted below, the Project will be of substantial benefit to the community.

Project Description:

- The Project consists of a proposed Addition of approximately 10,400 square feet on two floors and a basement (about 3,500 square feet/floor), including an Atrium connection to the historic Deli (described below) and the Annex and is designed to be compatible with the historic resources on site as well as with the Old Fourth Ward Historic District.
- More specifically, the proposed Project includes:
 - The temporary relocation of the Annex to allow for new foundations and re-grading of the site (to meet accessibility requirements); however, the courtyard will be retained and the relationship of the existing structures will be enhanced.
 - The view of the Annex and the courtyard from Detroit Street will be virtually unchanged, although the grade will be lowered by nearly two feet.
 - Rehabilitation of the Annex and incorporation into the Addition.

- Renovation of portions of the Deli interior, restoration of exterior masonry, and refurbishing steel casement windows at the second level of the Deli.
- Removal of the current structure at Kingsley and the removal of the Garage (described below) and the construction of the Addition. The current structure at Kingsley is a deterrent to constructing the Addition and the Garage is a non-contributing structure for which the HDC has issued a certificate of appropriateness to remove.
- Construction of the Addition (including the Atrium) to house new kitchen and prep areas, indoor and outdoor dining areas, restrooms, storage, mechanical areas, an elevator, and additional retail areas.
- Associated site work, including re-grading to allow better accessibility, conformance with City of Ann Arbor storm-water requirements, retaining the unique courtyard dining area, adding sensitively designed landscape and lighting, a covered picnic pavilion, provide improved screened refuse handling areas and loading/receiving areas, and screening of major mechanical equipment.

Background - General:

- Deli Partners owns and leases to Zingerman’s Delicatessen 3 parcels located in the Old Fourth Ward Historic District and described below:
 - 422 and 420 Detroit Street
 - 422 Detroit Street – A two-story building constructed in the 1890’s and a one-story addition constructed in the 1980’s from which Zingerman’s Delicatessen operates its restaurant, retail and catering operations (collectively referred to as “Deli”).
 - 420 Detroit Street – A one and one-half story former house (referred to as “Annex”) that is used for the storage of limited quantities of dry goods. The Annex was originally located at the corner of Detroit and Kingsley, facing Detroit. There is evidence that the structure was pushed back and rotated to face Kingsley in the 1890s. In 1902 the structure was moved to its present location and oriented again toward Detroit Street. In 1987 Deli Partners reconstructed the front porch of the Annex to accommodate an addition to the Deli.
 - 418 and 418-1/2 Detroit Street
 - 418 Detroit Street – A two-story structure in which Zingerman’s Delicatessen provides guest seating for dining and sells coffee, pastries, gelato and candy to its guests (referred to as “Next Door”). Next Door was substantially rehabilitated in the 1990’s in accordance with a certificate of appropriateness issued by the HDC.
 - 418-1/2 Detroit Street – Is a former one and one-half story garage (referred to as “Garage”) that currently houses a cooler and some storage for the Deli’s operations.
 - 322 East Kingsley Street
 - 322 East Kingsley Street - A one and one-half story wood structure (referred to as “Kingsley”) that was used as a residence prior to being damaged substantially by a fire in 2006.

Background – Prior HDC Actions and Relevant Ordinance Provisions:

- In May 2008 Deli Partners applied to the HDC for certificates of appropriateness to remove the Garage, the Annex and Kingsley.

- In June 2008, at a meeting of the HDC, the request for a certificate of appropriateness was granted with respect to the Garage and was denied with respect to the Annex and Kingsley.
- The City's Historic District Ordinance provides for the issuance of a notice to proceed by the HDC to approve work that does not qualify for a certificate of appropriateness.
- The language of the relevant Section of the Historic District Ordinance (Section 8:416) reads:
 - (1) Work within a historic district shall be permitted through the issuance of a notice to proceed by the commission if any of the following conditions prevail and if the proposed work can be demonstrated by a finding of the commission to be necessary to substantially improve or correct any of the following conditions:
 - (b) The resource is a deterrent to a major improvement program that will be of substantial benefit to the community and the applicant proposing the work has obtained all necessary planning and zoning approvals, financing, and environmental clearances.
- Given the significant undertaking in time and money to pursue a notice to proceed, Deli Partners requested, and the HDC scheduled, a series of HDC working sessions where Deli Partners' presented proposals regarding the expansion of the Deli (with particular emphasis on the Annex and Kingsley) and to solicit feedback from the HDC.
- Working sessions occurred in November 2009, January 2010 and March 2010.
- The presentation by Deli Partners at the March 2010 working session generated positive feedback from the members of the HDC.
- Deli Partners, through its architectural and engineering firms, refined the design that was reviewed at the HDC working session in March 2010 and has obtained all necessary planning and zoning approvals, financing, and environmental clearances.

Zoning and Planning Approvals, Financing and Environmental Clearances:

- All of the parcels comprising the Project are zoned D-2.
- The Planning Commission approved the Project site plan and further approved the modification of the conflicting land use buffer on the east property line at the Planning Commission meeting on May 18, 2010.
- City Council approved the Project site plan and further approved the development agreement for the Project at the City Council meeting on July 19, 2010.
- The Project has been underwritten with a combination of traditional and SBA guaranteed financing in an amount that is sufficient, when added to Deli Partners equity contribution, to complete the Project.
- An environmental site assessment was prepared for the Project. The Annex and Kingsley may require asbestos and lead-paint abatement and that Kingsley may have an underground oil storage tank that would require removal.
- All of the noted potential environmental conditions are typical for properties of their age, and will be addressed (if encountered) in the ordinary course of construction for the Project.
- Deli Partners has obtained the necessary planning and zoning approvals, financing, and environmental clearances for the Project.

Substantial Benefit to the Community:

- Deli Partners believes the Project substantially benefits the community for the following reasons:
 - The Project design is "neighborhood friendly", is in keeping with the scale and materials of the neighborhood, and is consistent with the mix of commercial and residential uses that typify the Old Fourth Ward Historic District.

- Kingsley and the Annex are functionally obsolete. The Project will result in the removal of the Kingsley structure and the rehabilitation of the Annex.
- The Project provides for the relocation of the production facilities from the Deli to the Addition. Relocating the production operations to the Deli will reduce the day-to-day wear and tear on the Deli and that will help preserve this historic resource.
- The Project preserves and improves the unique open space that currently exists between the Deli, the Annex and Zingerman's Next Door. The open space will become more accessible as a space to be used and enjoyed by the community.
- As noted by the Ann Arbor Area Convention and Visitor Bureau, the Deli is second to U of M Hospital as a destination and attraction to Ann Arbor. The Project will improve the ability of the Deli to deliver great food and great service and that will have a corresponding positive impact on the Deli's national/international reputation and draw additional visitors to the community.
- The Deli is an anchor for the Kerrytown neighborhood and the expansion will further solidify the neighborhood.
- Zingerman's Community of Businesses has been a significant supporter of local non-profit organizations including, among others, Food Gatherers, the Community Kitchen, Performance Network, Safe House Center, the Washtenaw Housing Alliance, Wild Swan Theater and The Ark. The expansion of the Deli is expected to generate a substantial increase in revenues, which will result in an increase in the amount of financial and like-kind support provided to local non-profit organizations serving our community members.
- The Project will inject in excess of \$6,700,000 into the community through construction jobs, the purchase of materials, supplies and equipment (with an emphasis on purchasing from local vendors when possible), the payment of fees to local architects, engineers, and consultants and the creation of approximately 65 more permanent jobs within Zingerman's Community of Businesses.
- As more individuals work within the Zingerman's Community of Businesses, the entrepreneurial culture that is encouraged and taught within the Zingerman's Community of Businesses is expected to generate additional businesses within and outside of the Zingerman's Community of Businesses. Local businesses established by former Zingerman's staffers include Beezy's, Morgan & York, Logan, Zola's, Sylvia's and Cake Nouveau). Each new business creates more local jobs and helps to bring additional visitors and residents to the community at large.
- The increased kitchen production area will allow the Deli to hire additional graduates of Food Gatherers' job-training program and that will result in full time employment for young adults that otherwise might be at risk.
- The Project will result in the Deli paying a substantial increase in property taxes and that increase in revenue to the taxing jurisdictions ultimately accrues to the benefit of the entire community.
- Deli Partners is committed to the community wide initiative to make Ann Arbor a sustainable community. The Project will incorporate green construction methods, which will reduce energy consumption and carbon emissions. The Project is expected to obtain LEED silver or gold certification.
- The Project design will improve the loading, unloading and storage capabilities of the Deli. That should result in fewer delivery vehicles each week and a decrease in the "standing time" of delivery vehicles. That will translate to reduced wear and tear on city streets and a reduction in carbon emissions by delivery vehicles at the Deli.

- The Project includes a joint initiative with Community High School to compost, recycle and substantially reduce waste. This example of “public/private partnership” can serve as an example to foster other private companies to partner with local schools.
- The Project and the on-going discussions and working sessions that Deli Partners has engaged in with the HDC validate the HDC “notice to proceed process”. Deli Partners’ experience can be used as an example to other parties of how to respect the goals and objectives of the HDC as well as a for-profit enterprise and to develop a creative and exciting design that respects the historical elements of the surrounding neighborhood, and simultaneously provides for the incorporation of new construction and technology methods to allow for the operation of a state of the art facility.

Submittals:

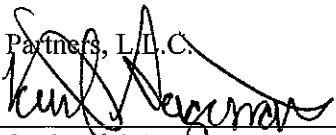
- Submitted with this letter are the following:
 - An Application on the form prescribed by the HDC.
 - The various drawings and photographs referenced in the Application.
 - The Application Fee required by the HDC.
 - Letters and e-mails from various members of the community evidencing support for the Project.

Conclusion:

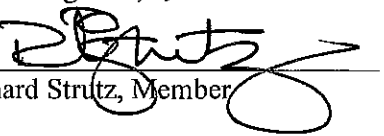
- In summary, Deli Partners believes there is strong justification for the HDC to make a finding that the Project will be a substantial benefit to the community and that the issuance of a notice to proceed for the Project is a proper action by the HDC.
- Deli Partners looks forward to making its presentation to you on September 9, 2010 and discussing the merits of our application.

Sincerely,

Deli Partners, L/L.C.

By: 
Paul Saginaw, Member

By: 
Grace Singleton, Member

By: 
Richard Strutz, Member

cc: Deli Build Team