

AUTOMOBILE PARKING COMMISSION MINUTES

February 12th, 2009

Call to Order: Chairperson Haynes called the meeting to order at 8:00 am.

Attendance:

Members Present: Lisa Haynes (Chairperson), Commissioner Lumpkins, Monica Sekulich, David Leonard, John Tully, Gerald Schildroth, Mike Ellis and Dwayne Moore.

Members Absent: None.

City Staff Present: Pam Ritsema, Kim Miller, Allen Ganic, Dick Wendt, Mitch Schutter, Henry Bouman, and Connie Bohatch.

Visitors Present: Kevin Wisselilnk (ITP), Akeram Suleiman (Creston High School Student), Jack Buchanan (Irish Twins III, LLC), Michael Daniel (Intern), and Simon Fog. (Intern)

I. Review and Approval of January 8th, 2009 Minutes:

Monica Sekulich moved for the approval of the Minutes of January 8th 2009 and Mr. Schildroth supported. Motion passed unanimously.

II. Introduction of New Commissioner and Student Commissioners:

Director Ritsema announced that the City of Grand Rapids has 10 interns that are working for six weeks in various City departments. Parking has 2 interns: Michael Daniel and Simon Fog.

Chairperson Haynes introduced new Commissioner Mike Ellis to the Parking Commission.

Chairperson Haynes also recognized the student Commission representative from Creston High School Akeram Suleiman.

III. Action Item-Request for Eastown Business District Parking Study:

Director Ritsema reported that the East Town Business District has requested a parking study. Eastown has had a streetscape plan created. The goal is not to increase the

number of spaces, rather to redistribute spaces to better serve the area. The Eastown Business District has asked Parking Services to do a count/analysis of the existing parking supply and spaces. In addition, the number of public vs. private spaces would be determined. There are also questions about meter revenue, transit patterns, and parking occupancy patterns.

Director Ritsema added that the Eastown Business District has been given a copy of the Parking Services and Neighborhood Business Area City Commission Policy and are aware of the 10% responsibility for any parking study. There has been a further request by the Business District to use volunteers to collect and analyze the parking information. A parking or planning consultant may be considered in the future. Director Ritsema recommended going forward with the plans and put together a work plan.

Commissioner Lumpkins inquired if Neighborhood Ventures has been involved with the project to this point.

Director Ritsema explained that she was unsure at this time but would look into the matter and get the information.

Mr. Schildroth asked for clarification about the Eastown Business District's parking study.

Director Ritsema responded that the area is in a transitional phase with a number of buildings being renovated currently. The north end of Eastown has never had sufficient parking. The Lake Dr/Robinson area is of some concern as well. The end result would be better use of shared parking rather than creation of new/additional parking.

Chairperson Haynes asked if educational and promotional material may also be a benefit from the study.

Director Ritsema agreed and added that there is most likely sufficient parking for the area, however for some locations; parking may require a three block walk.

Director Ritsema requested that the work plan be brought back to the parking commission once it more defined.

Mr. Leonard moved to support Director Ritsema's recommendation to go forward and determine the scope of the study. The proposal will be brought back before the Parking Commission. Motion supported by Commissioner Lumpkins. Motion carried unanimously.

IV. Action-Item North Monroe Surface parking Lot- 801 Ionia – Development Plan:

Director Ritsema reported on the term sheets between the City of Grand Rapids and Irish Twins III. The City is to purchase a portion of a parcel and construct a surface parking

lot that is two levels. Irish Twins is going to renovate the building that is currently there. The main condition in question, with regards to the term sheet, is that Irish Twins III is to provide proof that a financial institution has financing in place, in a form acceptable to the City. The developer reported back to the City that Pioneer Construction would be used for financing. \$750,000 would be financed towards the first renovation phase. To protect the City's interest, they have done a financing provision worksheet that includes a third letter of credit related to the Tax Increment Finance (TIF) Revenue stream. Irish Twins is to guarantee the TIF Revenues and a development plan would also need to be submitted and approved by the City Commission. Director Ritsema explained the potential risks for the City of Grand Rapids are that the City could acquire the property and build the parking lot in 2009, all without a guarantee of occupancy until the end of 2011.

Jack Buchanan, Irish Twins III LLC, explained that Greg Lankford's plan is based off the Brownfield Plan which represented the worst case scenario. Mr. Buchanan added that they are expecting activity despite the tough market conditions.

Mr. Ellis asked what risks are associated with a lapse of time and also what happens if the Irish Twins III commitment is never finished.

Director Ritsema responded that there is still the personal guarantee as well as the additional revenue from the surrounding area.

Mr. Leonard inquired about how many parking spaces will be in the proposed lot.

Director Ritsema reported there will 139 spaces.

Mr. Leonard asked if, under the worst circumstances, the lot could be added to a DASH route.

Director Ritsema explained that typically a DASH route would have more than 139 spaces. The City also has the option to only build the first level of the two level structure if there is a default from the term sheet.

Chairperson Haynes asked was the cost is estimated to be for the first level construction only.

Director Ritsema responded that she would estimate the cost to be \$1.6 million for the land and a rough estimate of \$500,000 for the first level construction.

Ms. Sekulich inquired if the City has the option to delay construction if there is not action from Irish Twins.

Director Ritsema explained that there are planning and closing conditions that still needed to be met before the parcel is acquired.

Ms. Sekulich asked for clarification about the City's commitment to begin construction after the closing. Could the City delay until the milestones are met by Irish Twins?

Director Ritsema agreed that is a possibility.

Chairperson Haynes asked if financing is in any way based on available parking.

Mr. Wendt explained that construction would start after closing and would be completed 120 days later. The up front costs for planning would be covered by the \$115,000 down payment made from Irish Twins.

Chairperson Haynes asked where the \$1.6 million dollar purchase price money comes from.

Mr. Wendt explained that the funds would come from Parking.

Commissioner Lumpkins stated that he appreciates the concern that the Parking Commission has for the City's interest.

Mr. Wendt reiterated that there has been significant change in the term sheet by adjusting the financing from a traditional financial institution to Pioneer Construction. The City Commission will meet on Tuesday and discuss the matter further.

Mr. Buchanan explained that Irish Twins did have a bank commitment in the summer but Pioneer Construction offered a better deal. He added that all of his projects on Monroe have been huge successes and it is the lack of parking that is bringing a halt to new development in the North Monroe area.

Mr. Wendt offered a correction for the Commission. A one page document was submitted and that is not a bank commitment. There is an existing mortgage on the property and no financial institution offers a one page bank commitment.

Mr. Tully asked about the projected income for the proposed lot.

Director Ritsema explained that the revenue would be \$60 per space per month, with \$20 per space per month for upkeep and operating cost.

Mr. Leonard mentioned about the 2028 break even point.

Mr. Schildroth asked what is meant by mixed use.

Mr. Buchanan explained that it would be primarily office and potentially restaurant usage with no residential use.

Director Ritsema explained that the comments would be passed along to the City Commission at their Tuesday meeting.

Mr. Leonard expressed that the City should encourage development in a growing area such as North Monroe. However, the return on City investment does not look good when the City doesn't break even until 2028 under optimal circumstances. Mr. Leonard added that with the difficult time in the City's budget he would like to support it if it were a more viable fiscal option for the City.

Chairperson Haynes restated that \$1.6 million would come from Parking.

Director Ritsema agreed that the land acquisition, construction, and maintenance would come from the Enterprise Fund.

Mr. Leonard asked if it is a good risk profile, knowing all the other factors.

Director Ritsema explained that there has not been a large decline in parking revenue so far. Revenue remains uncertain in the future due to the economy. All parking structures take a few years to become profitable.

Mr. Schildroth asked what happens if revenues do drop.

Director Ritsema explained that it might put parking services in a position that they are unable to move forward on other projects.

Chairperson Haynes asked if the change in the term sheet is the primary reason why the topic is on the agenda for Parking Commission today.

Mr. Wendt explained that as far as risk is concerned, bank financing equates to tenants in the building. No tenants equate to significantly greater risks for the City as revenues are unknown.

Ms. Sekulich explained that when the Parking Commission originally looked at the matter, financing was not an issue. With financing being an issue now, she is not as comfortable with the project.

V. Project Updates:

Director Ritsema reported that the 26 Monroe project has two agreements underway. First, the development agreement, addresses what Mr. Greg Gilmore needs to accomplish on that site. The development agreement will need to go the DDA under the Major Investment Policy and to the Planning Commission also due to the alcohol usage and other use issues. The Parking Agreement, in which the City will operate parking during the time Gilmore owns the land, but prior to construction start will come back to the Parking Commission for review at a future date.

Director Ritsema reported the Imperial Metal site is relying on TIF Revenues whereas 26 Monroe does not.

Director Ritsema further reported that the 12-14 Diamond project has a new drawing which added three additional parking spaces. It will be brought in front of the Board of Zoning Appeals in March, 2009.

Mr. Mitch Schutter reported that the Weston/Commerce ramp is under construction. The City is being very conscious of neighbor concerns and there is a seismograph to monitor noise and vibrations.

Chairperson Haynes asked what the timeline is.

Mr. Schutter explained that things are going well and there are no significant delays. The Gallery on West Fulton is progressing as well but is going a different route. The lot is being built and the City will be purchasing it from the construction company.

Director Ritsema added that the City has different standards for construction than the contractor on a number of small details. This is the first joint project of the type so far.

Commissioner Lumpkins asked if there have been any finance glitches with these other projects.

Director Ritsema explained that the Weston/ Commerce project has had bonds issued already. They were issued for a shorter term than normal to keep the interest rate lower; all bonds have been sold. For the Gallery on Fulton, bonds will be issued after project completion; approximately 24 months.

VI. Correspondence from Kevin Denhof:

Director Ritsema reported that a letter from Kevin Denhof was received and submitted to the City Commission thanking Parking Services for an excellent job.

VII. Other Business:

Chairperson Haynes asked if there was any other business. There was no other business.

VIII. Public Comment: Chairperson Haynes asked if there were any additional public comments.

There were no public comments.

IX Adjournment:

Chairperson Haynes adjourned the meeting of the Parking Commission at 8:50 am.