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TO: Mayor and Council

FROM: Howard S. Lazarus, City Administrator

CC: Tom Crawford, CFO  
Susan Pollay, Executive Director, DDA

SUBJECT: Questions and Responses Regarding Core Spaces Proposal/Library Lot

DATE: April 5, 2017

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**CBRE (REAL ESTATE ADVISOR) CONTRACT**

**Question 1.** Since sending you my request for the October 2014 agreement, I see, as noted below, that it has been added as an attachment to the March 2014 and April 2014 resolutions where Council authorized listing the property for sale and entering into an agreement with a broker. Is it typical to add documents after the fact to resolutions in Legistar and when was this added to Legistar? Obviously you must understand my confusion since I was told initially that I could not see the agreement when I asked to see it. (Councilmember Lumm)

RESPONSE: The “typical” process has changed over time. Recently, the standard process is a draft contract is attached to an agenda item at time of Council consideration, and when the final executed copy becomes available it’s attached. In this case, the resolution Council considered in March 2014 directed the City Administrator to solicit a broker and authorized the execution of a contract. Council approved the resolution. It was re-considered in April with the same language with direction to the City Administrator and passed again. The City issued a solicitation for a broker in May 2014. The contract was signed with an effective date of July 8, 2014.

**Question 2.** The agreement states the agreement shall become effective July 8, 2014, but was signed on October 2, 2014. When did the clock start ticking on the \$4,000 a month termination fee? (Councilmember Lumm)

RESPONSE: July 8, 2014

**Question 3.** The “success fee” is defined in the agreement as based on economic value and the language suggests the economic value is the sum of all the developer’s investment in construction, purchasing the land from the City, and the associated fees for design, etc. Is that correct or is it just the \$10M purchase price? And if that is correct, what is the rough estimate of the “economic value” of the current proposal that if approved, would be the basis for the “success fee”? (Councilmember Lumm)

RESPONSE: CBRE is to be paid a "success fee" of 3.0% of the Overall Project Value of the development by the developer. CBRE's fees are structured such that they are to be fully assumed by third parties as part of a successful transaction with no "out of pocket" cost to the City. For purposes of this Agreement, "overall project value" is defined as the total economic value of the Project, including land, construction, architectural and design fees of all elements of the Project. Core Spaces and CBRE agreed to a cap of \$2.4 million fee that will be paid by Core Spaces to CBRE and which does not impact the City receipt of \$10 million.

**Question 4.** Your email, Tom, indicates that there is no payment to the developer if the project is successful. While that may be technically accurate (the developer pays CBRE the “success fee”) isn’t that a bit misleading and just a function of the mechanics? The developer is most certainly aware of the “success fee” so if the developer is willing to pay the City \$10M and a “success fee” to CBRE of say \$1M (\$11M in total), then the developer would be willing to pay the City \$11M if there was not a broker involved which means there is a cost to the City for the foregone \$1M in revenue – correct? (Councilmember Lumm)

RESPONSE: No. The “success fee” was structured so it was fully assumed by the selected developer with no “out of pocket” cost to the City. It would be speculative to say the City, acting on its own without a broker, could have obtained substantially the same proposals. It’s noteworthy that the next qualified developer (CA/Hughes) only proposed \$5.11 million. Had the City not utilized a specialized advisory firm, the second proposal could have been the highest offer. Furthermore, CBRE provided a number of services that added value such as the following:

- Completed a market study
- Prepared Offering Memorandum
- Led competitive offering process including national firms
- Supported due diligence process with their expertise and resources
- Led proposal evaluation and selection process (vetting, interviews, & Q&As)
- Assisted with community engagement meetings
- Assisted with selection of preferred development team
- Prepared briefing memos as requested

**Question 5.** Have there been any amendments or additions to this contract since October 2014 or any scope or other changes that result in compensation to the consultant beyond what’s contemplated in this original agreement? (Councilmember Lumm)

RESPONSE: No.

## **REVENUE TO THE CITY**

**Question 1.** What is a directional estimate of closing costs the City could incur and an estimate of the net proceeds to the City? (Councilmember Lumm)

RESPONSE: The allocation of closing costs is part of the purchase agreement negotiation process. It can be estimated that the City will be responsible for the cost of the Owner's title insurance policy insuring the Purchaser in the amount of the purchase price. In addition, the City will be responsible for its own closing costs, including any outside legal counsel fees, and ½ of the Title Company Closing Fee. The property under City ownership has not been subject to taxation so no pro-ration of tax liability is required.

**Question 2.** What is the economic impact to the City if this project is approved? (Councilmember Ackerman)

RESPONSE:

Property Taxes – new property tax revenues would be approx. \$2.3 mil / year in total (all jurisdictions), of which approx. \$600k /yr would go to the City. Roughly half of the City portion (or \$300k) would go to the General Fund.

Parking Revenues - Since contract permits have a 20% surcharge, the DDA will receive \$665k per year in revenue from this contract, of which \$133k (20%) is shared with the City's General Fund. (See related question under Parking Related Questions for additional detail.)

Hotel Room Tax – a 5% room tax is collected and provided to the Convention and Visitor's Bureau and a small portion to the county. For a 131 room hotel this is directionally estimated to be \$200k per year.

Indirect Economic Benefits – There are a variety of other economic benefits (which staff has not attempted to quantify) including:

Construction – temporary construction jobs and related economic activity

New Permanent Jobs – new jobs related to the operations of the various businesses (ie. Hotel, retail, office management, etc.)

Increased number of downtown residents – positive impact for local businesses

Office space – provide office space in the downtown market which has very low vacancy

**Question 3.** What is an estimate of the economic value of the plaza (cost to build, maintain, program, etc.)?

RESPONSE: See attached letter from Core dated March 31, 2017.

## **ENERGY EFFICIENCY**

**Question 1.** Since Core indicated at the working session that they'd report back to the City regarding their energy usage to demonstrate that they were operating at the equivalent of a high-level LEED certification, how does the CORE proposal fit into the City's Carbon Action Plan? (Councilmember Grand)

RESPONSE: Buildings that pursue energy efficiency credits in LEED are typically compared against a baseline building, in order to determine how much better they perform than a typical building built to Code Minimum (IECC/ASHRAE) standards. The performance in LEED is tied to a hypothetical model building, and not to any performance data for real, existing buildings.

Real time monitors and meters for energy consumption (electricity, natural gas, water) can be installed in a building and tied to a building automation system, and data collected at predetermined intervals. Core is considering monitoring with a meter the central chiller system for the building. This system is by far the largest energy use item and this information might be useful to both Core and the City.

The collected data will be uploaded to Energy Star's Portfolio Manager's website for analysis and comparison with other buildings of the same building type, and can also be given a score (1-100) based on performance. The analysis and monitoring can be supplemented with DTE (Detroit Edison) Monitoring Services such as LOAD-Watch, their internet-based energy monitoring service that provides real time and historical energy usage and demand data for the facility. Core agrees to do this as a part of their annual operations and share the data with the City.

The project will also achieve LEED Energy and Atmosphere points through a minimum 20 percent energy performance improvement over the baseline for a non-optimized/code compliant building. The project is evaluating solar and green roof features to also gain LEED points and reduced emissions for this building relevant to the City's carbon reduction goals.

**Question 2.** What are some of the actions Core is going to take to achieve equivalent LEED gold? (Councilmember Smith)

RESPONSE: See attached.

## **PLANNING-RELATED QUESTIONS**

The issue of the lot size used in computing the FAR (and resulting size/mass of the building) has been raised in emails to Councilmembers and by speakers at the work session.

As I review the information provided me and look at the county's property/parcel lookup, it appears to me the basis for computing the FAR consisted of the following:

- Parcel 09-09-29-403-012 (319 South Fifth Ave.)
  - Buildable portion of parcel (132 X 264 = 34,848 sq. ft)
  - Library Lane adjacent to buildable portion (66 X 264 = 17,424 sq. ft)
- Parcel 09-09-29-403-006 (326 S. Division St.)
  - Library Lane not adjacent to buildable portion (66 X 231 = 15,246 sq. ft)

The emails reminded me I had asked this same question a year ago when Council approved negotiating with Core on January 19, 2016. My Q was, *“My understanding (may be wrong) is that the 520% FAR calculation and set-backs are not based on just the lot itself, but include Library Lane. Is that correct, and if so, why, and what would the FAR and set-back’s be based on just the lot itself?”* The response to my question was, *“The calculations of the FAR include the entire site which includes “Library Lane”. “Library Lane” is not within the public right-of-way; it is located on the Library Lot parcel. Therefore it can be included toward the FAR calculation.* At the time, the response didn’t make a lot of sense to me, but I figured I’d follow-up later – well, later is now. So, couple of questions on all this:

**Question 1.** Can you please confirm if I’m correct that the basis for the FAR was as indicated above? If not, please provide the data on how it was calculated? (Councilmember Lumm)

RESPONSE: Yes, the FAR is calculated based on both parcels, which combined include 67,734 square feet. 353,057 square feet/67,734 square feet of lot area = 520% FAR.

**Question 2.** Obviously I’m not an attorney, but can you please explain how a street (which is what Library Lane is) is “not within the public right-of-way” and independent of the legal treatment, how it makes any logical sense to include a street in computing a FAR when there is no intention of closing the street or allowing building or encroachment on it? Also, is there any precedent for using a street in the lot size basis for a FAR computation? (Councilmember Lumm)

RESPONSE: Library Lane is not a public right-of-way, it is more akin to a parking lot or access drive on a parcel of land. Public right-of-way near this parcel is limited to S. Division and S. Fifth. FAR is calculated by the development parcel, and in this case both parcels comprise the available development parcel. No street is being used in the basis of the FAR computation.

**Question 3.** While it makes very little sense to me to use a street in the lot size computation of a FAR, it makes absolutely zero sense to use a street that’s not even adjacent to the site..... AND has a separate parcel ID... which is what we’re doing here. Please explain the rationale for including the Division Street portion of Library Lane (326 S. Division) in the basis for the FAR? And is there any precedent for doing that? (Councilmember Lumm)

As noted by the work session speakers/residents, this isn’t just an academic exercise. If Library Lane – the portion adjacent to the buildable site and/or the portion not adjacent - were excluded, there would not only be significant implications on the allowable building size and mass, but also implications on the affordable housing and energy efficiency requirements.

RESPONSE: 326 S. Division is included in the basis for FAR as the parcel has been included in the proposed sale from the outset. 603 E. Huron, the Foundry, and Arbor Blu are recent examples of multiple parcels being combined to form the basis of FAR calculation.

**Question 4.** If the Library Lane is excluded, and the base lot size equals the buildable area of the parcel (i.e., buildable lot size = 34,848 sq. ft.), what would be the maximum allowable FAR, and how would this change the affordable/workforce housing unit requirement and energy efficiency standard? (Councilmember Lumm)

RESPONSE: If a development parcel were 34,848 square feet, the maximum allowable FAR would be 139,392 square feet without premiums, a maximum of 243,936 square feet with residential use premiums, and 313,362 square feet with the affordable housing premium. The standards for affordable housing and energy efficiency don't change from a percentage perspective.

**Question 5.** At the work session. I asked if there were shade renderings or modeling and the developer indicated there were. Can you please provide whatever is available for the recommended alternative (Option B on slide 42)? (Councilmember Lumm)

RESPONSE: See attached.

**Question 6.** Can the developer provide a rendering from the north looking south? (Councilmember Lumm)

RESPONSE: See attached.

**Question 7.** Can the developer provide a draft project plan so the community has a sense for how long and what the next steps are? (Councilmember Lumm)

RESPONSE: See attached.

**Question 8.** How will the developer mitigate the impacts on the neighborhood during the construction phase? (Councilmember Grand)

RESPONSE: See attached Memorandum from Core.

## **AFFORDABILITY RELATED QUESTIONS**

**Question 1.** A concern has been raised about the affordability of the workforce units – i.e., 43 at 150% FMR or 32 at 120% FMR. The rental rates still appear quite high, and I'm wondering if there was any conversation about those rates and making them more affordable?

RESPONSE: The rental rates at 150% (recommended option) are consistent with HUD Area Media Income levels between 60%-100%. The equivalent income levels are \$38,364 - \$63,940. The rents starting with an efficiency are \$1,154/month. Rents include utilities like gas, electric, water, sewer, garbage).

**Question 2.** Can you please provide information on other developments in the pipeline for downtown and the parking demand they likely will generate? And if any are in this immediate area, how large are the buildings?

RESPONSE: See below summary of projects.

**Projects Approved and/or under construction**

- 611 E. University – 56 parking spaces required, 56 provided on site
- 213 W. Kingsley – Parkside – 3 spaces required, 5 provided on site
- 233 S. State – No parking required
- 121 E. Liberty – Running Fit Addition – No parking required

**Projects submitted/Under Review**

- 1209 S. University – Collegian East – 32 spaces required, proposing 12 on site and 20 through DDA permit or Fee In Lieu
- 1107 S. University – Collegian North – 50 spaces required, 50 provided through contract with DDA
- 1215 S. University – No parking required
- 315-317 S. Main – No parking required, 4 spaces provided on site

**PARKING RELATED QUESTIONS**

**Question 1.** Can you provide information about the parking permit wait list? (Councilmember Lumm)

RESPONSE: When providing data about the parking permit wait list, it must be emphasized that these figures should not be interpreted necessarily as representing an unmet demand. For instance, it is not uncommon for large quantities of permits to be requested in excess of what is needed by a company immediately but their request serves as a placeholder in case future staffing levels may increase. Many people request permits on multiple lists to increase chances of getting permits more quickly, so their single request is duplicated. There are current permit holders on the wait list waiting to move their permits to a different/more convenient structure. And finally, many people on the wait list are already parking in the facilities, but paying by the hour while they wait for a permit.

Any report on wait list numbers should be viewed as moment in time figures, as they fluctuate constantly. Regularly, new requests are added and permits are returned. Information current as of March 20, 2017 is as follows:

**Standard monthly permit requests**

2,462 permits requested

588 unique requesters. Of this:

- 537 requesters are asking for 5 or fewer permits (91% want 5 permits or less)
- 52 requesters (9%) are asking for a total of 1,614 permits (66% of the total 2,462)
- 3 requesters (1%) are asking for a total of 485 permits (20% of the total 2,462)

**Reserved monthly parking permit requests**

131 permits requested

85 unique requesters. Of this:

- 79 requesters are asking for 2 or less (93% want 2 or fewer)
- 6 requesters are asking for a total of 41 permits (31% of the total 131 requested)

Off-peak/Overnight monthly parking permit requests

No one on the wait list, permit requests can be readily provided

**Question 2.** Will current monthly permit holders and hourly patrons be displaced at Library Lane and Fourth & William if the Core Spaces parking request is approved? (Councilmember Lumm)

RESPONSE: Library patrons and other hourly parking users will likely see no change in availability of parking at both structures as this is a priority for DDA management. If the City approves the Core Spaces project, it was projected that it would take at least nine months for the site plan process to be completed and approximately 22 months to construct the project. During this nearly three year period, the DDA would assemble monthly parking permits that have been returned to the system. If by the time the Core Spaces project is constructed the necessary number of monthly permits are not in hand, the DDA would work with permit holders in these garages to move their parking to alternate locations within the parking system. Month-to-month parking permits are not the same thing as permits guaranteed by a parking contract, and the DDA has latitude to manage them as necessary for the parking system, including moving permit holders to a new location

**Question 3.** Will the parking for Core Spaces be provided free? And/or will the parking for Core Spaces be subsidized by the public? (Councilmember Lumm)

RESPONSE: No. In fact, Core Spaces will be treated just like other developers, on South U, for example, who have paid a premium for reserved permits. Core Spaces would be asked to pay the standard monthly rate for its parking permits plus a 20% surcharge. As an example, a permit at Library Lane currently costs \$155/month, and with the 20% surcharge, this permit would cost \$186/month.

Assuming Core Spaces' construction is completed in 2020, in its first year of paying for parking, it is anticipated that Core will spend \$665,467 (the City portion of this is 20% or \$133,093).

In the years thereafter, parking rates would continue to increase. Assuming parking rate increases of 3%, it is estimated that during the time of the parking contract, Core's total projected parking payments will be \$75 million. Using a discount rate of 4%, these revenues translate into a net present value of \$26 million.

**Question 4.** It was reported that people are regularly seeing 60 spaces or less at the Fourth & William garage: is this true? (Councilmember Lumm)

RESPONSE: This is a rare occurrence. Republic Parking reports that during the entire last year, from January 1, 2016 to December 31, 2016, the Fourth & William structure had 12 point-in-time occurrences (6 occurrences before 6pm and 6 occurrences after 6pm) when the garage had 60 spaces or less: 2 instances in January, 1 instance in February, 4 instances in April, 1 instance in June, and 4 instances in December. These generally coincide with special events.

**Question 5.** Core Spaces has asked to fluctuate the number of permits during the first three years. Who will be involved in this discussion? (Councilmember Lumm)

RESPONSE: Core Spaces has asked that it be allowed to fluctuate the total number of leased parking permits during the first three years by a maximum number of 50 permits. As managers of the public parking system, the DDA would be most closely involved and we see this as a positive request because we can work with the eventual occupants of the building to reduce the need for these parking spaces.

**Question 6.** How can the Library Lane structure remain open to the public during construction? (Councilmember Lumm)

RESPONSE: The structure was designed to facilitate construction of a building on top, including enabling patrons to enter the structure from Fifth Avenue and exit onto Division Street, thereby keeping them separated from the construction in the center of the site. During key points in the construction, such as when future stairs or elevators from the new building are connected into the garage, patrons will be directed to park in locations away from this work zone.

**Question 7.** The night of the City Council work session it was reported that Fourth & William permits were available, yet the next day, permits were no longer available: what happened? (Councilmember Lumm)

RESPONSE: As mentioned at the work session, the availability of parking permits and the numbers on the permit wait list fluctuates constantly. On Thursday, March 16, the day of the work session there were permits available at Fourth & William, with no wait list. The following morning patrons called and acquired these permits; thus by that afternoon when an additional request came in, permits were no longer available. At the time of this memo, there are once again monthly parking permits available at Fourth & William.

**Question 8.** What is the rationale and justification for the City to agree to such a long term commitment (50 years)? While I recognize that Core Spaces' Director of Acquisitions, Tom Harrington, Jr. , indicated that securing a long-term parking commitment is of financial value to potential future investors, a developer's equity/private financing needs is not the City's concern, and so would like to understand how the City benefits from a 50 year parking commitment versus a more typical shorter term lease. What is the longest commitment we've made previously? (Councilmember Lumm)

RESPONSE: The City sale of land to Village Green at First and Washington for City Apartments included a parking agreement providing Village Green with a twenty-year term, in addition to four successive additional terms of five years each, for a total of forty-five years. The parking agreement with Corner House Lofts in 2002 provided permits for twenty years, with possible renewals, and 29 of these permits were called out to be provided "with renewals offered in perpetuity, except if the building is demolished or these 29 permits are no longer required as a condition of the State Street Lofts site plan." The benefits to the City for a longer term parking contract includes the stability of a guaranteed parking revenue stream to help pay for the future repair and operations cost of the parking facilities, which is important, as parking demand can ebb and flow over the long term.

**Question 9.** I share the equity concerns articulated by speakers at the work session indicating that it was not fair or equitable to existing customers on the parking wait list to dedicate 361 spaces to this one project/business. What is the plan to address this fairness Q, and how does the City view these concerns? (Councilmember Lumm)

RESPONSE: For clarification, 281 permits (instead of the 361) are at times when there is a waiting list. Eighty of the permits are at off-peak times when there is no waiting list and an ample supply.

Public parking permits serve a number of purposes for the community. One of which is to encourage new development in the downtown. When a project is determined to provide substantial benefit to the community, a private contract for some permits may be considered to be in the best interest of the City. The parking system is actively managed as part of a larger transportation network to serve those who need it. The DDA and others work to address the needs of all the existing and potential users of the system.

**Question 10.** I also share the views of the Main Street and State Street Business Associations and individual businesses who are concerned about the potential adverse impacts on their customers and employees and have expressed their opposition to dedicating 361 spaces to this one downtown site. What is the plan to address the impact on our existing businesses and their needs? (Councilmember Lumm)

RESPONSE: Maintaining the availability of hourly parking at both structures will remain a priority for the DDA. Of the total 361 permits mentioned, 80 would be overnight permits, and they are providing parking at an off-peak period, 3:30pm to 9am and all day Saturday and Sunday when there is nearly always parking available in the system for employees and customers. Regarding the other permits, it is anticipated that parking permits provided to Core would come from attrition/permits turned back into the system.

Regarding plans for the future, the DDA has begun exploring whether to add additional public parking spaces and has begun setting aside funds for a potential future project. The DDA continues to develop new parking strategies and one of them is aimed at relieving some of the demand for monthly parking permits. This Easy Pay card mimics many of the benefits of a monthly parking pass, and is currently available in three structures. It is a stored value/pre-paid proximity card, which makes for much speedier entries and exits, it can be paid for by an employer, and has the added advantage that patrons pay only for the parking they use, versus paying for a full month at a time.

Furthermore, it is anticipated that the hundreds of new residents, hotel guests, and office workers in the Core development would become potential new customers for State Street and Main Street area businesses. Research collected during the development of the 2012 Connecting William Street Project noted that downtown office workers spend on average \$134.30/week, and estimated that 350-400 new residents could be anticipated to bring \$7.5-\$8 million new household dollars annually to the local economy.

**Question 11.** What is your assessment of the number of current weekday midday parkers at the Library Lane and Fourth & William structures who are likely to be displaced by dedicating

361 spaces and where do you see them going to park? Also, will any current permit holders lose their permits or will the dedicated permits simply displace hourly parkers?

RESPONSE: See response above. Current monthly permit holders will retain permits, and the DDA will continue to work to maintain the amount of hourly parking in these facilities.

**Question 12.** In terms of the permit fees, I'd like to confirm that Core Spaces will be paying the same amount for permit fees as other permit holders over time and have two questions in that regard:

**Question A.** The March 9<sup>th</sup> memo from Core Spaces indicates that Core will pay the current monthly permit rates including surcharges for multi-permits – does “current” mean literally current (today’s rates) or the rates in effect when the project is completed and the spaces are needed? And specifically, if we raise permit rates by the 20% mentioned last month at the work session either before the project is completed or after, please confirm Core Spaces will be paying those higher rates? (Councilmember Lumm)

RESPONSE: Yes, Core would pay the monthly parking rate (plus a 20% surcharge) that would be charged at the time a parking agreement was enacted. Thus if monthly permit rates were increased between now and the time of the project completion, that new monthly rate would be the rate charged to Core.

**Question B.** The Core Spaces memo includes the language “in no event shall rates increase more in any given year than the average increase in all garages located in the same parking district.” I’m assuming that means the average increase in just the permit fees, not an average of permit fees, hourly fees, meter fees, etc. – is that correct? (Councilmember Lumm)

RESPONSE: Yes. The parking agreement references only monthly parking permits. It has been proposed that Library Lane, Fourth & William, and Fourth & Washington be considered a parking district, and average increase would be for standard monthly parking permits within this three garage district.

**Question 13:** Can someone please provide the permit wait list information by structure?

RESPONSE: Wait list totals by structure, current April 3, 2017 morning is as follows:

First & Washington	147
Maynard	521
Forest	199
Fourth & William	6
Liberty Square	604
Ann Ashley	491
Library Lane	300
First & William	113
415 W. Washington	156

It must be emphasized that these figures should not be interpreted as meaning these are commitments to take permits when they become available or they necessarily represent an unmet demand. It is not uncommon for large quantities of permits to be requested in excess of what is needed immediately but are a placeholder for the future in case staffing may increase, moreover, some current permit holders are on the list so they can move to a different/more convenient structure, and many ask to be on multiple wait lists to increase chances of getting permits more quickly.

# MEMO



**TO:** Honorable Christopher Taylor, Mayor of Ann Arbor  
Mr. Jason Frenzel  
Ms. Sumi Kailasapathy  
Ms. Jane Lumm  
Mr. Kirk Westphal  
Mr. Zachary Ackerman  
Ms. Julie Grand  
Mr. Jack Eaton  
Mr. Graydon Krapohl  
Mr. Chip Smith  
Mr. Chuck Warpehoski

Ann Arbor City Council  
301 E. Huron Street  
Ann Arbor, MI 48104

**From:** Tom Harrington, Director of Acquisitions  
Core Spaces  
1643 N. Milwaukee Avenue  
Chicago, IL 60647

**Date:** March 31<sup>st</sup>, 2017

**Re:** Public Plaza Information & Maintenance Standards for "Collective on 5<sup>th</sup>" at 5<sup>th</sup> Ave. and Library Ln., Ann Arbor, MI

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Core Spaces ("Core") is committed to creating a heavily utilized public plaza at the Collective on 5<sup>th</sup>. This memorandum outlines the specifications and planned operations schedule for the Plaza.

Core will build the approximately 12,000 square foot plaza with at least five of the design amenities shown on the Plaza area plan on the following page.

The preliminary estimated cost of the plaza is approximately \$500,000. The final cost will depend on the specific site furnishings, lighting features, decorative paving and the actual feature items chosen such as fountains or sculptures.

Day-to-day operation and management of the plaza will be Core's responsibility. The below chart outlines the planned expenses associated with this operation and shows Core's commitment to providing a premier destination for Ann Arbor.

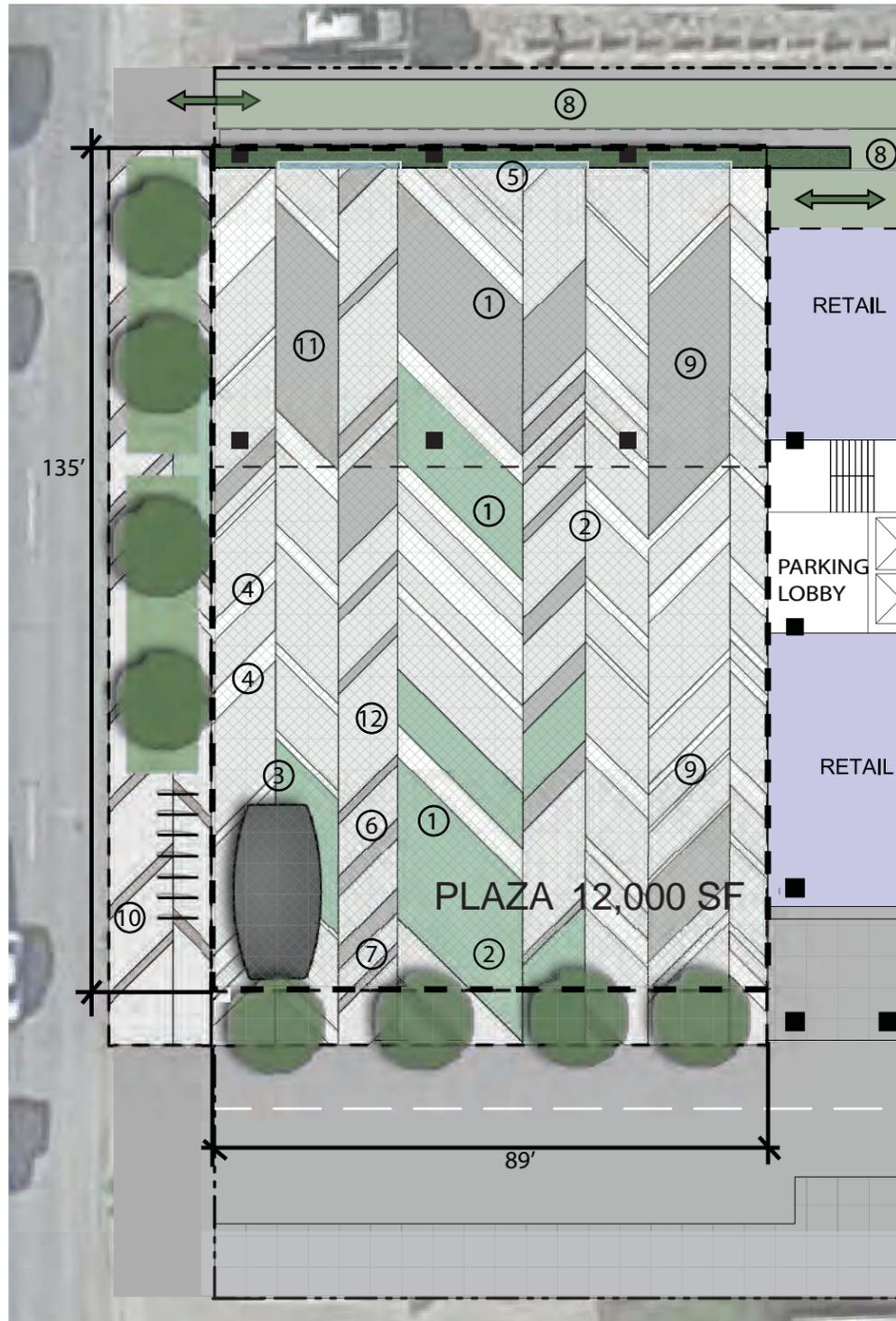
Payroll (administrative, cleaning, and security patrol)	\$93,600 / year
Seasonal Flowers	\$166 / month
Water / Electricity	\$200 / month
Staff general costs	\$200 / month
<b>*TOTAL</b>	<b>\$100,392 / year</b>

\*Core is required to spend \$25,000 in support for Plaza programming which is included in the Payroll administration

Staff will include an administrative member whose duties will include seeking ways to engage the plaza including planning events, marketing, coordinating rentals, and scheduling all activities. This person will identify partners within the community to help provide programming in the plaza and hold at least one meeting annually.

The final design of the Plaza will be subject to the approval of Ann Arbor City Council after receiving a recommendation from the Parks Advisory Commission. The ADA compliant plaza will have an easement or otherwise will be permanently dedicated to the City for public use. The plaza will be operated in accordance with park rules in Chapter 39 of Ann Arbor City Code with the exception that hours may be extended beyond what is allowed by code. All rental fees will be consistent with other parks facilities rental fees in the City. Core reserves the right to temporarily cordon off up to 2,000 square feet of the Plaza to be use as an outdoor dining area in association with retail or hotel uses within the building.

Please let us know if there are any other comments or questions.



① FLEXIBLE ACTIVITY AREA



② GARDEN PLAZA



③ FOCAL POINT SCULPTURE



④ SEATING PLATFORM



⑤ WATER FEATURE



⑥ CHILDREN'S AREA



⑦ INFORMATION SPOT



⑧ PEDESTRIAN LINKAGE



⑨ OUTDOOR DINING TERRACE



⑩ BIKE PARKING



⑪ REMOVABLE STAGE



⑫ PLAZA FOUNTAIN

## PLAZA FEATURES

# MEMO



**TO:** Honorable Christopher Taylor, Mayor of Ann Arbor  
Mr. Jason Frenzel  
Ms. Sumi Kailasapathy  
Ms. Jane Lumm  
Mr. Kirk Westphal  
Mr. Zachary Ackerman  
Ms. Julie Grand  
Mr. Jack Eaton  
Mr. Graydon Krapohl  
Mr. Chip Smith  
Mr. Chuck Warpehoski

Ann Arbor City Council  
301 E. Huron Street  
Ann Arbor, MI 48104

**From:** Tom Harrington, Director of Acquisitions

Core Spaces  
1643 N. Milwaukee Avenue  
Chicago, IL 60647

**Date:** March 31<sup>st</sup>, 2017

**Re:** Construction Impact of "Collective on 5<sup>th</sup>" at 5th Avenue and Library Lane, Ann Arbor, MI

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Core Spaces ("Core") has taken considerable precaution to ensure the safe construction of the Collective on 5<sup>th</sup> that minimizes disruption to normal daily activities. This memorandum outlines the potential impacts of construction and Core's strategy to limit the extent of them.

Core Spaces specializes in developing urban infill projects across the nation and recognizes the increased potential for disruption to neighbors and community stakeholders in these locations due to higher vehicular and pedestrian traffic counts. We plan to use a local contractor as our partner to better understand the issues specific to this site. We will leverage our collective expertise to help us better understand the potential problems that may arise specifically at this site. One proposed partner for this project, Spence Brothers, is currently building our project at 603 E. Huron Street. Spence Brothers has been in the construction business for over 124 years and has repeatedly demonstrated the ability to complete projects in areas with high activity like Downtown Ann Arbor.

Core's strategy to mitigate the impact of construction is focused on: 1.) ensuring the safety of employees and citizens, 2.) minimizing the disruption to pedestrians and neighboring businesses, and 3.) completing the project on schedule to limit the timeline of any interruption and doing so without sacrificing quality craftsmanship.

The main ways in which Core plans to accomplish these goals are through the:

- 1.) Creation of a 6' wide, ADA-compliant tunnel  
This tunnel will serve to diminish the burden and increase safety for pedestrians. Without a tunnel, many pedestrians will use the street and bypass detour routes. The tunnel alleviates this inevitable problem.
- 2.) Employment of safety and traffic control personnel to help direct the vehicular and pedestrian traffic around the site  
A person dedicated to assisting the deliveries at the site further promotes pedestrian safety. It also reduces vehicular congestion by preventing situations of cars attempting to sidestep trucks leading or needing to reverse. The main garage access points will be temporarily closed intermittently. The availability of someone



on street-level will be instrumental to avoid confusion at these times. It will also be helpful during the brief period of sidewalk closure while we are working in the right-of-way for utility work.

3.) Organization of deliveries and work to maximize inactive hours

We plan to take input from the city, Downtown Development Authority (DDA), and neighbors to create an effective schedule for logistics that will minimize the effect of deliveries on traffic. Through proper coordination and time management, we will maximize efficiencies and limit confusion. Effective time management will expedite the construction schedule.

4.) Installation of a 6' tall fence surrounding the site

A construction fence and barricades will serve to limit visual distractions to neighbors and to create a safe and secure working environment.

5.) Establishment of a website providing updated, detailed information to help keep the community property informed

In addition to appropriate site signage and ROW permits, Core Spaces will have a project-specific website created with the sole intent of keeping the public informed about this project. It will be updated regularly and will be properly marketed to increase its effectiveness.

We will plan to regularly meet with the City, DDA, and other stakeholders in the community to address current and future concerns and obtain feedback. We are excited for the opportunity to work with you to help deliver this project.



# LEED 2009 for New Construction and Major Renovations

Preliminary Project Checklist

Collective on 5th - Library Lane - 319 S 5th Ave, Ann Arbor, MI 48104

Updated 5/11/2016

18 6 2

## Sustainable Sites Possible Points: 26

Y	?	N	d/C	Description	Points	Category
Y			C Prereq 1	Construction Activity Pollution Prevention		GC
1			d Credit 1	Site Selection	1	Arch
5			d Credit 2	Development Density and Community Connectivity	5	Arch
		1	d Credit 3	Brownfield Redevelopment	1	NA
6			d Credit 4.1	Alternative Transportation—Public Transportation Access	6	Arch
1			d Credit 4.2	Alternative Transportation—Bicycle Storage and Changing Rooms	1	Arch
	3		d Credit 4.3	Alternative Transportation—Low-Emitting and Fuel-Efficient Vehicles	3	Arch
2			d Credit 4.4	Alternative Transportation—Parking Capacity	2	Arch
	1		C Credit 5.1	Site Development—Protect or Restore Habitat	1	Land
1			d Credit 5.2	Site Development—Maximize Open Space	1	Land
	1		d Credit 6.1	Stormwater Design—Quantity Control	1	Civil
		1	d Credit 6.2	Stormwater Design—Quality Control	1	Civil
1			C Credit 7.1	Heat Island Effect—Non-roof	1	Land
1			d Credit 7.2	Heat Island Effect—Roof	1	Arch
1			d Credit 8	Light Pollution Reduction	1	Elec

Notes:

- Erosion and sedimentation plan for construction activities
- Previously developed site
- Community connectivity option appears possible, verify
- It is assumed site is not contaminated
- Within 1/2 mile of commuter lines, 1/4 mile to bus lines
- Showers and bike storage
- Need to verify if possible to include from existing parking garage
- No new parking
- Investigate if green roof can get this credit, 20% of site with native plants
- 20% site need to be open space, Adding public plaza, 25% of open space must be vegetated, use green roof
- Reduce stormwater runoff
- Reduce impervious cover and promote infiltration
- Specify light colored reflective pavers, concrete
- Possible using High SRI roof color or vegetated roof
- Reduce light trespass

7 1 2

## Water Efficiency Possible Points: 10

Y	?	N	d/C	Description	Points	Category
Y			d Prereq 1	Water Use Reduction—20% Reduction		Plum
2		2	d Credit 1	Water Efficient Landscaping	2 to 4	Land
	2			Reduce by 50%	2	
	2			No Potable Water Use or Irrigation	2	
2			d Credit 2	Innovative Wastewater Technologies	2	Plum
3	1		d Credit 3	Water Use Reduction	2 to 4	Plum
				Reduce by 30%	2	
				Reduce by 35%	3	
				Reduce by 40%	4	

Notes:

- Low flow fixtures required
- Assume 3 points achievable, possibly additional 1 point
- Reduce potable water use by 50%
- No irrigation, native landscaping or use rain water cisterns, likely will not achieve this
- Use ultra high water efficiency fixtures
- Use ultra high water efficiency fixtures, assume 3 out of 4

11 17 7

## Energy and Atmosphere Possible Points: 35

Y	?	N	d/C	Description	Points	Category
Y			C Prereq 1	Fundamental Commissioning of Building Energy Systems		CxA
Y			C Prereq 2	Minimum Energy Performance		Mech
Y			d Prereq 3	Fundamental Refrigerant Management		Mech
5	14		d Credit 1	Optimize Energy Performance	1 to 19	Mech
				Improve by 12% for New Buildings or 8% for Existing Building Renovations	1	
				Improve by 14% for New Buildings or 10% for Existing Building Renovations	2	
				Improve by 16% for New Buildings or 12% for Existing Building Renovations	3	
				Improve by 18% for New Buildings or 14% for Existing Building Renovations	4	
				Improve by 20% for New Buildings or 16% for Existing Building Renovations	5	
				Improve by 22% for New Buildings or 18% for Existing Building Renovations	6	
				Improve by 24% for New Buildings or 20% for Existing Building Renovations	7	
				Improve by 26% for New Buildings or 22% for Existing Building Renovations	8	
				Improve by 28% for New Buildings or 24% for Existing Building Renovations	9	
				Improve by 30% for New Buildings or 26% for Existing Building Renovations	10	
				Improve by 32% for New Buildings or 28% for Existing Building Renovations	11	
				Improve by 34% for New Buildings or 30% for Existing Building Renovations	12	
				Improve by 36% for New Buildings or 32% for Existing Building Renovations	13	
				Improve by 38% for New Buildings or 34% for Existing Building Renovations	14	
				Improve by 40% for New Buildings or 36% for Existing Building Renovations	15	
				Improve by 42% for New Buildings or 38% for Existing Building Renovations	16	
				Improve by 44% for New Buildings or 40% for Existing Building Renovations	17	
				Improve by 46% for New Buildings or 42% for Existing Building Renovations	18	
				Improve by 48%+ for New Buildings or 44%+ for Existing Building Renovations	19	
		7	d Credit 2	On-Site Renewable Energy	1 to 7	NA
				1% Renewable Energy	1	
				3% Renewable Energy	2	
				5% Renewable Energy	3	
				7% Renewable Energy	4	
				9% Renewable Energy	5	
				11% Renewable Energy	6	
				13% Renewable Energy	7	
2			C Credit 3	Enhanced Commissioning	2	CxA
2			d Credit 4	Enhanced Refrigerant Management	2	Mech
	3		C Credit 5	Measurement and Verification	3	Mech
2			C Credit 6	Green Power	2	Owner

Notes:

- Need to contract with Commissioning Agent (CxA)
- Achieve a minimum level of efficiency for the building
- Do not use CFC based refrigerants
- Improve building envelope, lighting, mech system and ERV
- Contract with MEP engineer for energy model analysis, 3 out of 19 based on similar project with central system
- Begin commissioning early in the process and execute additional activities
- Use select refrigerants following LEED guidelines
- Provide ongoing accountability of energy consumption over time, costly and likely will not pursue, but possible
- Contract to purchase green power, pursue this credit as needed

7 1 6			Materials and Resources		Possible Points: 14		
Y	?	N					
Y			d Prereq 1	Storage and Collection of Recyclables		Owner	Notes: Provide dedicated area for recyclables
		3	C Credit 1.1	Building Reuse—Maintain Existing Walls, Floors, and Roof	1 to 3	NA	New building, credit not possible
				Reuse 55%	1		
				Reuse 75%	2		
				Reuse 95%	3		
		1	C Credit 1.2	Building Reuse—Maintain 50% of Interior Non-Structural Elements	1	NA	New building, credit not possible
2			C Credit 2	Construction Waste Management	1 to 2	GC	Divert construction waste and debris from landfills during construction
				50% Recycled or Salvaged	1		
		2		75% Recycled or Salvaged	2		
		2	C Credit 3	Materials Reuse	1 to 2	GC	
				Reuse 5%	1		
				Reuse 10%	2		
2			C Credit 4	Recycled Content	1 to 2	GC	Use materials with high recycled content
				10% of Content	1		
		2		20% of Content	2		
2			C Credit 5	Regional Materials	1 to 2	GC	Use regionally sources materials
				10% of Materials	1		
		2		20% of Materials	2		
		1	C Credit 6	Rapidly Renewable Materials	1	GC	Use rapidly renewable materials, i.e. wheat board, bamboo, soy-based insulation, etc, costly, likely no
1			C Credit 7	Certified Wood	1	GC	Use FSC Certified wood products, doors and millwork

9 6 0			Indoor Environmental Quality		Possible Points: 15		
Y	?	N					
Y			d Prereq 1	Minimum Indoor Air Quality Performance		Mech	Notes: Provide mechanical ventilation per Ashrae 62.1-2007 standard
Y			d Prereq 2	Environmental Tobacco Smoke (ETS) Control		Owner	No smoking policy
		1	d Credit 1	Outdoor Air Delivery Monitoring	1	Mech	Install permanent ventilation system monitoring
		1	d Credit 2	Increased Ventilation	1	Mech	Provide additional outdoor air ventilation
1			C Credit 3.1	Construction IAQ Management Plan—During Construction	1	GC	Reduce Indoor Air Quality problems resulting from construction
1			C Credit 3.2	Construction IAQ Management Plan—Before Occupancy	1	GC	Building flushout after construction
1			C Credit 4.1	Low-Emitting Materials—Adhesives and Sealants	1	GC	Use low emitting materials
1			C Credit 4.2	Low-Emitting Materials—Paints and Coatings	1	GC	Use low emitting materials
1			C Credit 4.3	Low-Emitting Materials—Flooring Systems	1	GC	Use low emitting materials
1			C Credit 4.4	Low-Emitting Materials—Composite Wood and Agrifiber Products	1	GC	Use low emitting materials
		1	d Credit 5	Indoor Chemical and Pollutant Source Control	1	GC	Install walk-off mats, use MERV 13 filters in mechanical units, ventilate copy room to exterior
1			d Credit 6.1	Controllability of Systems—Lighting	1	Elec	Provide individual lighting controls for 90% of occupants and shared occupant spaces
1			d Credit 6.2	Controllability of Systems—Thermal Comfort	1	Mech	Provide controls for thermal comfort for 50% of occupants to enable adjustment
1			d Credit 7.1	Thermal Comfort—Design	1	Mech	Design mechanical system to ASHRAE 55-2004 standard
		1	d Credit 7.2	Thermal Comfort—Verification	1	Mech	Provide permanent monitoring system to ensure building performance meets design criteria
		1	d Credit 8.1	Daylight and Views—Daylight	1	Arch	Provide daylight to 75% of regularly occupied spaces
		1	d Credit 8.2	Daylight and Views—Views	1	Arch	Provide views for 90% of regularly occupied spaces

6 0 0			Innovation and Design Process		Possible Points: 6		
Y	?	N					
1			d/C Credit 1.1	Innovation in Design: Specific Title	1	GC	Notes: Exemplary performance for MRc4 Recycled Content
1			d/C Credit 1.2	Innovation in Design: Specific Title	1	GC	Exemplary Performance for MRc5 Regional Materials
1			d/C Credit 1.3	Innovation in Design: Specific Title	1	Owner	
1			d/C Credit 1.4	Innovation in Design: Specific Title	1	Owner	Public Education Campaign
1			d/C Credit 1.5	Innovation in Design: Specific Title	1	Owner	Exemplary performance for EAc6 Green Power
1			d/C Credit 2	LEED Accredited Professional	1	Arch	LEED Accredited Professional

3 0 3			Regional Priority Credits		Possible Points: 4		
Y	?	N					
		1	d/C Credit 1.1	Regional Priority: Specific Credit	1		Notes: Zip code 48104
		1	d/C Credit 1.2	Regional Priority: Specific Credit	1		MRc1.1 - Building reuse - maintain existing walls, floors and roof
1			d/C Credit 1.3	Regional Priority: Specific Credit	1		SSc3 - Brownfield redevelopment
1			d/C Credit 1.4	Regional Priority: Specific Credit	1		SSc4.1 - Alternative transportation - public transportation access
		1	d/C Credit 1.5	Regional Priority: Specific Credit	1		SSc4.2 - Alternative transportation - bicycle storage and changing rooms
1			d/C Credit 1.6	Regional Priority: Specific Credit	1		SSc6.2 - Stormwater design - quality control
							SSc7.2 - Heat Island Effect - Roof

61 31 20			Total		Possible Points: 110	
			Certified 40 to 49 points Silver 50 to 59 points Gold 60 to 79 points Platinum 80 to 110			



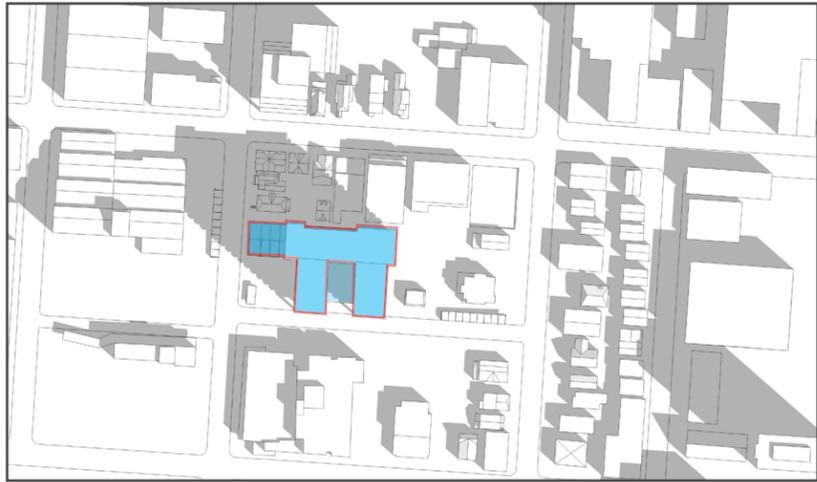


**CORE**  
S P A C E S

COLLECTIVE ON 5TH

VIEW LOOKING SOUTH ON 5TH AVE  
03.29.2017

**MA**  
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SEPT/MAR 21 - 9AM



SEPT/MAR - 12 PM



SEPT/MAR - 3PM



JUNE 21 - 9AM



JUNE 21 - 12 PM



JUNE 21 - 3PM



DEC 21 - 9AM



DEC 21 - 12 PM



DEC 21 - 3PM

**LIBRARY LANE, ANN ARBOR | SITE PLAN APPROVAL PROCESS**

Estimated schedule as of: March 23, 2017

<b>Date</b>	<b>Milestone</b>	<b>Notes</b>
Apr 18, 2017	<b>Release</b>	Follows City Council approval of sale
May 2, 2017	<b>Meetings with Neighbors/Community</b>	
May 18, 2017	<b>Design Charrette with Community</b>	
May 18, 2017	<b>Meetings with Business Community and Associations</b>	
May 30, 2017	<b>Meetings with Neighbors/Community</b>	
June 15, 2017	<b>Meetings with Neighbors/Community</b>	If required
June 15, 2017	<b>Meetings with Business Community and Associations</b>	If required
June 29, 2017	<b>Submit Application for Design Review Board</b>	At least four (4) weeks prior to Design Review Board meeting; at least eight (8) weeks before filing petition
Aug 16, 2017	<b>Design Review Board Meeting</b>	Advisory comments only
Aug 23, 2017	<b>Public Notice for Citizen Meeting</b>	At least ten (10) business days prior to Citizen meeting Notify all residents within 1,000 ft.
Sep 6, 2017	<b>Submit Revised Materials for Design Review Board</b>	Upload additional or revised materials to eTrakit
Sep 7, 2017	<b>Citizen Meeting</b>	Ten (10) business days before filing petition
Sep 11, 2017	<b>Pre-Submission Meeting</b>	Schedule one or two (1-2) weeks before filing petition Hard copy
Sep 20, 2017	<b>Continued Design Review Board Meeting</b>	Advisory comments only
Sep 25, 2017	<b>File Petition</b>	Upload to eTrakit account; occurs on the last Monday of each month
Sep 26, 2017	<b>Development Review Committee Internal Review</b>	Internal meeting staff determine if petition is complete
Sep 27, 2017	<b>Notice of Acceptance/Rejection</b>	
Oct 6, 2017	<b>Advisory Development Committee Comments / Staff Review</b>	Reviewed by the Advisory Development Committee
Oct 18, 2017	<b>Revised Plans Due</b>	
Oct 31, 2017	<b>Agenda Set for Planning Commission</b>	
Nov 17, 2017	<b>Staff Report Available</b>	
Nov 21, 2017	<b>Planning Commission Meeting</b>	Occurs on the first and third Tuesday of each month
Dec 5, 2017	<b>Continued Planning Commission Meeting</b>	
Jan 2, 2018	<b>City Council Meeting</b>	Occurs on the first and third Monday of each month
Jan 15, 2018	<b>Continued City Council Meeting</b>	