

# **Traverse City Downtown Development Authority Special Meeting**

**December 10, 2021**

**9:00 am**

Commission Chambers, Governmental Center  
400 Boardman Avenue  
Traverse City, Michigan 49684



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If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the ADA Coordinator.

The City of Traverse City and Downtown Development Authority are committed to a dialog that is constructive, respectful and civil. We ask that all individuals interacting verbally or in writing with board members honor these values.

Downtown Development Authority:  
c/o Jean Derenzy, CEO  
(231) 922-2050  
Web: [www.downtowntc.com](http://www.downtowntc.com)  
303 East State Street, Suite C  
Traverse City, MI 49684

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**Welcome to the Traverse City Downtown Development Authority meeting!**

**Agenda**

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<b>1. CALL TO ORDER</b>	
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<b>2. ROLL CALL</b>	
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<b>3. REVIEW AND APPROVAL OF AGENDA</b>	
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<b>4. SPECIAL ORDER OF BUSINESS</b>	
A. Strategic Planning Discussion	3 -
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<a href="#">Attachment A. Downtown District/TIF Map - PDF</a>	
<a href="#">Attachment B. TIF 97 Revenue and Expenditure Projections Spreadsheet - PDF</a>	
<a href="#">DDA Vision Mission and Values - PDF</a>	
<hr/>	
<b>5. CLOSING PUBLIC COMMENT</b>	
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<b>6. ADJOURNMENT</b>	



Downtown Development Authority  
303 E. State Street  
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## Memorandum

To: DDA Board of Directors  
From: Jean Derenzy, DDA CEO  
Date: December 2, 2021  
Subject: Strategic Project Planning Meeting

This strategic project planning meeting is scheduled for December 10<sup>th</sup>, from 9:00 to noon in the commission chambers at the Governmental Center. The reasons and objectives of this meeting are three-fold:

1. Given the number and significant nature of projects the DDA is (and will be) working on, as well as the need to extend TIF 97, it is important that we identify, discuss and prioritize the infrastructure projects identified in the TIF 97 Plan.
2. Based on the results of the prioritization discussion, I would like the Board to provide direction and clarity around the framework for how the DDA intends to fund and implement our project priorities. (e.g., do we need to issue a bond to fund certain projects? When do we start the process to extend TIF 97 and for how long should it be extended?).
3. As we discussed at our November meeting, the City Commission intends to facilitate a strategic planning session to determine the City Commission's goals and objectives through 2023. A date for the planning session has not been set, but will likely take place just after the first of the year. I would like to provide the results of our strategic project planning meeting to the city commission prior to their goal setting session.

Megan Motil will help facilitate the strategic project planning session. Megan has years of experience and an expertise in community and organizational development and strategic planning.

### **Brief History of the DDA and TIF**

Like many downtowns in post-industrial cities throughout the Midwest during the second half of the 20<sup>th</sup> century, downtown Traverse City suffered from a lack of private investment, job loss, empty storefronts, crumbling infrastructure, polluted property's and underutilized parcels. Looking to spark new investment and promote additional

opportunities for community and economic development, city leaders established the Downtown Development Authority (DDA) in 1978.

Considered a “component unit” of the city, the DDA serves as the lead agent for downtown development, focused on placemaking, infrastructure, events, parking and business procurement, promotion and growth. The DDA is funded through a 2-mill levy on property owners within the Downtown District as well as management contracts for services that include parking, community arts and events and promotions. **Public infrastructure improvements** within the downtown district are funded through two TIF Districts – “Old Town TIF” which was created in 1985 and renewed in 2016 for an additional 25 years and “TIF-97” which was established in 1997 for a period of 30 years. TIF 97 (and its associated plan) is scheduled to end on June 30, 2028.

The boundary of the two TIF Districts (which constitute the “downtown district”) is attached (attachment A). Despite its small footprint, the economic growth over the last 25-years within the downtown district is substantial – the value of property within the TIF 97 district has increased 286% while the value of property in the Old Town TIF district has increased 34%. Today, the two TIF Districts generate over five times as much tax revenue per acre than the City as a whole and roughly 50 times that for all of Grand Traverse County.

As a DDA board member, it is important to remember that although the geographic footprint of the downtown district is small, the social and economic impact of the downtown district for the entire region is significant. When thinking about future infrastructure projects and return on investment, the DDA Board should always consider what’s best for the businesses, property owners and residents within the downtown district but also understand the return on investment will also benefit the entire region.

**Project Prioritization and TIF Table:**

TIF 97 - the largest source of funding revenue for critical infrastructure within the downtown - is scheduled to expire in June of 2028. There are a number of projects identified within the existing TIF 97 Plan that are currently in the planning and/or development phase and will require several years to fully mature and ultimately realized. In addition, there are a handful of projects that have not yet started, but are critical to the future development and growth of the downtown.

I have attached a spreadsheet (Attachment B), that includes the current and future projects (listed as “capital improvement projects”) within the context of *TIF 97 revenue and expenditure projections* for the next seven years. I will go through the spreadsheet in more detail on Friday. However, here a just a few notes about it:

- The top of the spreadsheet identifies the projected amount of dollars captured each year.
- New to tax rolls are private investment projects currently breaking ground. This is a conservative approach in building a tax capture table.
- Each capital project (and its dollar amount) is listed with the amount for each project identified – projects listed in red are considered completed.

- I have added a line item for “clean and green” maintenance under professional services

**Project Prioritization as it Relates to Parking:**

The importance of parking is sometimes understated when talking about downtown development. Make no mistake, parking is an essential component to any healthy retail core and successful downtown. A third parking structure is critical for the downtown, especially as the 100 block alley and surface parking lots transition to infill development over time. Much like the areas around the Hardy and Old Town parking structures, we expect the third parking structure to spur and support additional economic growth and development. Over the last several decades, it has been the policy and tract of the city and DDA to eliminate parking minimums and focus on “stacking” parking. Stacking parking is a more efficient way to utilize land as well as provide adequate parking for the downtown district. However, as you know, parking structures are not built overnight. Therefore, as we examine the projects listed on the spreadsheet, we must consider how the potential elimination of parking spaces impacts the downtown district until such time as a parking structure is built. For example, infill development would not be recommended prior to developing a west end parking structure.

**Structure and Scenario for Implementation**

Each of the projects listed are important to the long-term success and viability of the downtown. However, it is clear that not every project can be completed within the current budget framework or remaining lifespan of TIF 97. Therefore, we need to consider which projects are most important. In addition, we need to decide when (and for how long) we need to extend TIF 97.

At the bottom of the attached spreadsheet (Attachment B) I have included a “bond scenarios” line. Given the number of projects (and associated expenses) and our limited time under the current TIF 97 plan, we could consider a scenario in which we issue a bond for the riverwalk/pedestrian alley, East Front Street and Civic Square. At this time, projections show that there would be no way to pay for these three projects (as well as other infrastructure projects) with current funding levels.

In thinking about the entire list of projects as well as funding needs, it can be helpful to boil it down to a simple consideration of the financial implications of these project (individually and in the aggregate) - which of these project(s) have the most impact on the long-term economic health of downtown? And, what project(s) provide the best return on investment for the downtown district and region.

I will have my computer at the meeting to allow us build scenarios based on what the Board determines are the highest priority project(s).

***Contributing Factor: TIF 97 Extension***

The DDA has initiated efforts to discuss and explore how a new, more nimble, organizational structure and TIF Plan would better address the current and future needs of downtown. To that end, staff issued an RFP to review the current

organizational structure, long-term needs of the downtown and a revenue-sharing funding model. Responses to this RFP are due on January 5<sup>th</sup>.

**Capital Project Description and Estimated Costs**

<b><i>Project</i></b> <b><i>100 and 200 Block Alley Riverwalk/Pedestrian Plaza</i></b>	<b><i>Estimated Cost:</i></b> <b><i>\$10 Million</i></b>
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Bids for design and engineering consulting services were received on December 3<sup>rd</sup>. We hope to conduct interviews before the end of the year and have a recommendation before the Board for consideration in January. Property owners along the 100 block are very supportive of this project, despite the loss of roughly 81 parking spaces.

***Contributing Factor: Sewer Realignment and Cass Street Bridge Reconstruction***

As you may recall, the City of Traverse City was recently approved for a 20-year loan from Michigan’s Clean Water State Revolving Fund. The loan will be directed toward several wastewater repairs throughout the city, including relocating the sewer line along the Boardman River in the 100-block alley (as well as sheet-piling along the 200-block alley).

The Unified Plan for the Lower Boardman River calls for significant placemaking improvements along the 100 and 200-block alleys - part of our effort to “turn and embrace” the river. The sewer relocation project provides an opportunity for the DDA to consider how and to what extent those placemaking improvements can be implemented. The sewer relocation project is scheduled to begin in April.

In addition, this spring (tentatively in April) the city has plans to begin reconstruction efforts on the Cass Street Bridge. Reconstruction efforts will likely carry through the summer.

<b><i>Project</i></b> <b><i>Farmers Market</i></b>	<b><i>Estimated Cost:</i></b> <b><i>\$3 to \$4 Million</i></b>
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A permanent structure for the Farmers Market has been a long held project for the DDA. While business owners along the 100 block of Front Street have been supportive of the riverwalk/pedestrian plaza project, many have expressed a desire for the DDA to consider a different location for the farmers market. Given the number of open spaces throughout downtown (including the future civic square) we may want to consider an alternative location for the Farmers Market.

<b><i>Project</i></b> <b><i>East Front Street &amp; Two-Way Conversion</i></b>	<b><i>Estimated Cost:</i></b> <b><i>\$6.5 Million</i></b>
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As you are aware, we are working with the city and Progressive AE on a streetscape/engineering design plan for East Front Street.

This effort also includes a downtown circulation study to potentially convert several one-way streets to two-way streets. While there is general consensus on a recommended street design, debate remains on the need/desire for a dedicated bike lane. What is clear from this process is that the lack of a comprehensive, city-wide, non-motorized plan has contributed to the debate as to the merits of the recommended street design. This lack of clarity on non-motorized infrastructure will likely lead to other debates on future road/streetscape projects.

Based on the lack of full consensus for the recommended design as well as a desire to give our East Front businesses time to prepare for a rather substantial and disruptive construction season, I am recommending this project move to 2024.

We expect the recommendation for the conversion of one-way streets will include a "pilot" for the 2023 winter season. The pilot will require some infrastructure improvements (.e.g. stripping and signage). A permanent conversion of streets would require additional infrastructure investments (some of which we would look to cost-share with the city)

***Contributing Factor: Reconstruction of Grandview Parkway***

MDOT is scheduled to reconstruct Grandview Parkway (from Garfield to Division) in the summer of 2023. As part of this reconstruction, MDOT will be making substantial improvements to the East Front Street/Grandview Parkway intersection.

***Project  
Civic Square***

***Estimated Cost:  
\$6 Million***

As you are aware, the property for the civic square has been secured, with funding through a \$2 million grant from the State of Michigan. Another \$1 million has been secured from Rotary for visioning, design and engineering.

***Project  
Lower Boardman Plan Implementation***

***Estimated Cost:  
\$22 Million***

Overall improvements included in the Lower Boardman Unified Plan are estimated to cost roughly \$22 million. If we separate the 100 & 200 block alley project, there are roughly \$12 million worth of infrastructure projects remaining.

***Project  
West End Parking Structure***

***Estimated Cost:  
\$22 Million***

The west end parking structure is one of the largest infrastructure projects on this list. It also has the potential to have the highest return on investment for the DDA and city. As noted earlier, parking is an essential component to any healthy retail core and successful downtown. A third parking structure is critical for the downtown, especially as the 100 block alley and surface parking lots transition to infill development.

**Contributing Factor: Building Height Limits**

In order to maximize our investment (and parking spaces), we will likely need to develop a parking structure with at least five stories. Based on the most recent court ruling, our current configuration for the parking structure would exceed the 60-foot height limit (because the elevator shaft and other utilities).

<b>Project</b> <b>Stormwater Management</b>	<b>Estimated Cost</b> <b>\$2 million</b>
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As you may recall, our 2017 AECOM study identified several locations where the DDA could implement stormwater management projects. In addition, I believe that stormwater management will be part of several projects identified on this list (e.g., 100 block alley, civic square, East Front Street).

<b>Project</b> <b>Tree Replacement</b>	<b>Estimated Cost</b> <b>\$100,000</b>
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As you may recall, this year the DDA approved a Downtown Tree Management Plan. Among other things, the plan calls for the replacement of roughly 85 trees throughout the downtown. We hope to begin work on this effort in the spring of 2022.

<b>Project</b> <b>State and Front Street Improvements</b>	<b>Estimated Cost</b> <b>\$4-6 million</b>
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These improvements along Front and State Street would include updated streetscaping (with wider sidewalks), potential non-motorized facilities and a snowmelt system.

<b>Project</b> <b>Clean and Green Maintenance</b>	<b>Estimated Cost</b> <b>\$200,000 (Annually)</b>
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This is a new line item for the DDA - focused on the maintenance of downtown infrastructure, including tree-pruning, cleaning sidewalks, pulling weeds maintaining tree grates, graffiti removal and boardwalk maintenance. At this time, we are considering contracting for some of these services, hiring our own maintenance person or contracting with the city to implement a cost-sharing position. Funding would also be used to purchase equipment (e.g., the sidewalk cleaner). These efforts may also lead to a more comprehensive "ambassador program" for downtown.

**Estimated Total**  
**\$56,730,000**

I look forward to talking through the project prioritization with you on Friday. Should you have any questions prior to the meeting, feel free to reach out.

Attachment A.

DDA DISTRICT MAP



**Legend**

- DDA\_boundary
- TIFF Boundary**
- TIF**
- Old Town
- TIF 97

Document Path: G:\GIS\DDATIF District Maps\2017\maps\DDA one\_half\_mile\_buffer\_zone.mxd

1 inch = 500 feet  
8-02-17  
JPT

This map is based on digital databases from the City of Traverse City. Traverse City cannot accept any responsibility for errors, omissions or positional accuracy. There are no warranties expressed or implied.



**TIF 97 REVENUE AND EXPENSE PROJECTIONS - FISCAL YEARS ENDING 6/30/19 TO 6/30/28**  
**DISCUSSION AND PLANNING PURPOSE ONLY - (Dec 1, 2021)**

<b>FISCAL YEAR</b>	<i>FY 2020-2021 unaudited</i>	<i>FY 2021-2022 projected</i>	<i>FY 2022-2023 estimated</i>	<i>FY 2023-2024 estimated</i>	<i>FY 2024-2025 estimated</i>	<i>FY 2025-2026 estimated</i>	<i>FY 2026-2027 estimated</i>	<i>FY 2027-2028 estimated</i>
TAXABLE REAL PROPERTY <b>INFLATION GROWTH</b> - (Estimated @ 1.5%)			2,209,490	2,507,824	2,629,442	2,721,383	2,762,204	2,803,637
TAXABLE REAL PROPERTY <b>NEW TO ROLL</b> (100%) - includes uncapping			17,679,450	5,600,000	3,500,000	0	0	0
REAL PROPERTY TAXABLE VALUE	131,501,172	147,299,350	167,188,290	175,296,115	181,425,556	184,146,940	186,909,144	189,712,781
PERSONAL PROPERTY TAXABLE VALUE	9,319,100	8,262,900	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
<b>TOTAL TAXABLE VALUE (audited)</b>	140,820,272	155,562,250	175,188,290	183,296,115	189,425,556	192,146,940	194,909,144	197,712,781
BASE TAXABLE VALUE - 1997	32,860,088	32,860,088	32,860,088	32,860,088	32,860,088	32,860,088	32,860,088	32,860,088
<b>CAPTURED TAXABLE VALUE FOR DISTRICT</b>	107,960,184	122,702,162	142,328,202	150,436,027	156,565,468	159,286,852	162,049,056	164,852,693
Increase/Decrease	13,705,649	14,741,978	19,626,040	8,107,824	6,129,442	2,721,383	2,762,204	2,803,637
<b>TOTAL CAPTURED MILLAGE RATE</b>	25.8484	25.7394	25.6115	25.4842	25.1795	24.9561	24.8313	24.7072
<b>REVENUE &amp; EXPENSE</b>	<i>FY 2020-2021 unaudited</i>	<i>FY 2021-2022 estimated</i>	<i>FY 2022-2023 estimated</i>	<i>FY 2023-2024 estimated</i>	<i>FY 2024-2025 estimated</i>	<i>FY 2025-2026 estimated</i>	<i>FY 2026-2027 estimated</i>	<i>FY 2027-2028 estimated</i>
<b>REVENUE</b>								
TAXES - ((Captured Taxable Value / 1,000) x Total Captured Millage Rate)		3,156,550	3,645,233	3,833,735	3,942,246	3,975,181	4,023,894	4,073,044
ALLOWANCE FOR TRIBUNAL REFUNDS		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
SUB-TOTAL TAXES	2,770,871	3,106,550	3,595,233	3,783,735	3,892,246	3,925,181	3,973,894	4,023,044
INTEREST	1,816	4,500	4,500	4,500	4,500	4,500	4,500	4,500
PARK ST BRA REIMBURSEMENT	203,447	130,000	130,000	130,000	55,000	0	0	0
<b>TOTAL REVENUE</b>	2,976,133	3,241,050	3,729,733	3,918,235	3,951,746	3,929,681	3,978,394	4,027,544
<b>EXPENSE</b>								
PROFESSIONAL SERVICES	735,355	739,300	650,829	676,498	687,837	698,829	710,015	721,398
Downtown Development Authority Administration (total captured value x .002)		311,125	284,656	300,872	313,131	318,574	324,098	329,705
City of Traverse City Administration (total captured value x .001)		155,562	142,328	150,436	156,565	159,287	162,049	164,853
Legal		20,000	20,000	20,000	20,000	20,000	20,000	20,000
Community Policing (w/ 2.5% annual increase ---INCREASE FOR FULL TIME'24/25)		52,531	53,844	55,190	113,140	115,969	118,868	121,840
Arts Commission - Administration		15,000	15,000	15,000	15,000	15,000	15,000	15,000
Arts Commission - Project		15,000						
Downtown WIFI (ENDS 24/25)		65,000	65,000	65,000				
Public Restroom (6 Private Sector downtown locations)		20,000	20,000	20,000	20,000	20,000	20,000	20,000
Retail/Office Assistance Program		50,000						
Miscellaneous		50,000	50,000	50,000	50,000	50,000	50,000	50,000
2017 DECK REFUNDING DEBT SERVICE (Hardy Deck)	892,922	931,550	973,160	953,440	913,720	874,459	825,656	782,541
GENERAL EXPENSES	10,082	200	200	200	200	200	200	200
REPAIRS & MAINTENANCE	5,322	15,000	0	0	0	0	0	0
CAPITAL IMPROVEMENT PROJECTS (per CIP Program for FY 2021/2022)	573,904	1,258,000	394,500	100,000	100,000	100,000	100,000	100,000
North Cass Street Bridge Rehabilitation			201,500					
Park Street Bridge Repair		150,000						
South Cass Street Bridge Repair		66,000						
South Union Street Bridge Repair			93,000					
West Front Street Bridge Replacement		220,000						
Civic Square - \$5,000,000								
Farmer's Market - \$3,000,000								
Lower Boardman River Unified Plan - \$22,000,000								
100 Block Alley - Plaza - \$8,800,000								
200 Block Alley - \$1,200,000								
West Front Street Parking Structure - \$22,400,000								
Stormwater Management		0	0	0	0			
Workforce Housing			0					
East Front Street Improvements - \$6,985,000								
State/Boardman/Pine Street Two-Way Conversion - \$400,000		25,000						
Healthier Drinking Culture Investment (Lights & Cameras) \$150,000				0				
Front Street Streetscapes/Snow Melt Projects -- \$3,000,000		336,000	0					
Possible Two-way Street conversation \$900,000								
State Street Streetscapes/Snow Melt Projects - \$2,000,000		336,000	1	0				

Tree Replacement \$300,000		25,000	0	0	0	0	0	0
Clean/Green Maintenance (\$200,000 annually)								
Miscellaneous		100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>TOTAL EXPENSE</b>	2,217,586	2,944,050	2,018,689	1,730,138	1,701,757	1,673,488	1,635,871	1,604,139
<b>CHANGE IN FUND BALANCE</b>	<u>758,547</u>	<u>297,000</u>	<u>1,711,044</u>	<u>2,188,097</u>	<u>2,249,989</u>	<u>2,256,192</u>	<u>2,342,523</u>	<u>2,423,406</u>
<b>FUND BALANCE END OF FISCAL YEAR</b>	3,732,748	4,029,748	5,740,793	5,290,674	2,620,890	2,277,725	2,045,153	1,892,413
Scenario 1 Debt Service			2,638,215	2,620,890	2,599,357	2,575,095	2,576,145	2,587,740
<b>Scenario 1 Ending Fund Balance</b>			3,102,578	2,669,784	21,533	(297,370)	(530,992)	(695,327)



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## Memorandum

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To: DDA Board of Directors  
From: Jean Derenzy, DDA CEO  
Date: December 2, 2021  
Subject: Strategic Project Planning Meeting

### **Additional Considerations – Mission, Vision and Values**

In prioritizing projects it can be useful to refer back to the mission, vision and underlying values the DDA established under its Strategic Plan – ask yourself, how and to what extent do the project priorities match these statements?

#### Underlying Values

- Long-term *sustainability* of the DDA and Downtown district
- *Inclusivity and collaboration* in developing and implating the strategic plan
- An *economically healthy* and vital DDA and downtown district
- *Transparency* in the DDA's strategies, priorities and plans for downtown

#### Mission

To create, support and promote critical infrastructure and other improvements that enhance the downtown experience, promote business growth, serve as a catalyst for private investment and contribute to the year-round vitality and unique sense-of-place of downtown Traverse City.

#### Vision

Serve as the regional hub for commerce, culture, arts and entrepreneurship. By 2030, downtown Traverse City will make needed infrastructure and institutional investments that provide for added business, residential, and retail capacity in the downtown. These investments will attract new private investment and create jobs.