

# **Traverse City Downtown Development Authority Study Session**

**Friday, August 2, 2024**

**12:00 pm**

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 Harry Burkholder, Executive Director  
(231) 922-2050  
Web: [www.dda.downtowntc.com](http://www.dda.downtowntc.com)  
303 East State Street, Suite C  
Traverse City, MI 49684

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**Welcome to the Traverse City Downtown Development Authority  
Study Session**

**Agenda**

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<b>2. ROLL CALL</b>	
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Downtown Development Authority  
303 E. State Street  
Traverse City, MI 49684  
harry@downtowntc.com  
231-922-2050

## Memorandum

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To: Downtown Development Authority Board  
From: Harry Burkholder, Executive Director  
Date: July 30, 2024  
Subject: Moving Downtown Forward TIF Plan

The purpose of our August 2<sup>nd</sup> Study Session is to review and discuss a few of the outstanding components/concerns/questions regarding the proposed Moving Downtown Forward TIF Plan. As we have discussed for several months, we are planning to formally consider approving the Moving Downtown Forward TIF Plan at our August 16<sup>th</sup> regular meeting.

### **Moving Downtown Forward TIF Plan Background – Part One.**

Staff and board discussion regarding the extension of the TIF-97 Plan actually began in 2019. Working under the same conditions and assumptions as today – that, TIF-97 is scheduled to expire in 2027 and the lack of clarity on the future of the TIF tool creates significant financial uncertainty for the operational budgets of both the City and DDA. Those discussions were essentially tabled due to the COVID-19 pandemic, as opportunities for public engagement were unavailable and both City and DDA meetings were conducted remotely.

In 2020 and 2021, as the restrictions from the pandemic began to lift, the DDA revisited discussions regarding the extension of TIF-97, noting that the expiration of the TIF tool was now that much closer. In an effort to take a more comprehensive approach to a potential TIF extension, the DDA issued a Request for Proposal (RFP) to facilitate and develop a public planning process and study to provide: (1) a thorough examination and evaluation of the current and future needs of downtown; (2) identify and clarify priorities and improvements for Downtown and; (3) identify an organizational and funding structure that is best equipped to meet the needs of downtown and the region into the future. That planning process culminated in 2022 with the *Moving Downtown Forward Report*.

The final *Report* was informed through an assessment of the DDA's current organizational and funding mechanisms as well as a detailed assessment of local and regional market trends. The final report was also informed through an assessment of

interests and priorities collected through an extensive stakeholder and community engagement process, including meeting with nearly 100 downtown and community stakeholders and officials through virtual and in-person interviews, small group discussions and roundtable meetings. In addition, input was collected from more than 1,300 community members through an on-line survey and two in-person community open houses.

Among other things, the *Moving Downtown Forward Report* established our five Guiding Principles, highlighted a set of transformation physical improvements (including improvements along the Lower Boardman/Ottaway River, a civic square, and a west-end parking structure), identified a suite of DDA services that help make downtown a reliably vital and lively destination, clarified roles and the delineation between City and DDA responsibilities in Downtown (this was later codified in our base-level service agreement with the city) and set the table for the renewal of TIF-97 (now named the Moving Downtown Forward TIF), including the new revenue sharing component.

### **Moving Downtown Forward TIF Plan Background – Phase Two.**

With the DDA's adoption of the *Moving Downtown Forward Report* in December 2022, the DDA initiated a year-plus process to develop the proposed Moving Downtown Forward TIF Plan. A summary and "milestone and timeline" chart of the Plan's development and adoption process was included in each month's board meeting packet.

## **2023**

### **September**

The DDA Board reviewed and discussed the list of proposed projects to be included in the new Moving Downtown Forward TIF Plan. The list of proposed projects was informed by: (1) the remaining list of "unfinished" projects in the TIF-97 Plan; (2) the results of the Moving Downtown Forward Report and; (3) the current list of projects and initiatives already underway.

### **October**

A joint meeting with the DDA Board and City Commission was held to review and discuss the list of proposed projects in the Moving Downtown Forward TIF Plan.

### **November**

The first draft of the Moving Downtown Forward TIF Plan was presented to the DDA Board for review and discussion.

### **December**

The DDA Board approved to move the draft Moving Downtown Forward TIF Plan on to the Development Area Citizens Council (DACC) for input and advisement (in accordance with the statutory approval process).

## **2024**

### **January**

The Development Area Citizens Council, which included nine members who must be residents within the TIF District, were appointed by the City Commission.

### **February**

- A. The final costs of the West End Mixed Use Development (including three components – the parking structure, liner-building, and build AB) were presented to the DDA Board for review and discussion.
  
- B. The Development Area Citizens Council met on February 7<sup>th</sup> and again on February 28<sup>th</sup> to review and discuss the draft TIF Plan. The Citizens Council had great questions and extensive discussions regarding the draft TIF Plan. Their resolution of support - *That the Development Area Citizen Council recommends to the Downtown Development Authority and the City Commission approval of the Moving Downtown Forward Tax Increment Financing Plan and Development. This recommendation takes into consideration public infrastructure, cost sharing with regional taxing partners and the future needs of the Moving Downtown Forward District* - was approved unanimously.

### **March**

At the March DDA study session, the following elements were discussed and then added/removed into the draft Moving Downtown Forward TIF Plan. These revisions were discussed again at the regular March DDA meeting:

- The West End Mixed Use Development and Multi-Level Parking Structure (303 E. State Street – Park Place) have been removed from the table of infrastructure projects.
  
- Stormwater Infrastructure was added in the table of infrastructure projects. The dollar amount is based on the potential for infrastructure investment listed in the 2018 TIF-97 Stormwater Management Plan.
  
- Crosswalks were added to the “Streetscaping” item in the table of infrastructure projects.
  
- The description and dollar amount under the “Housing” item in the table of infrastructure projects was revised to reflect the housing opportunities in the West End Mixed Use Development project.
  
- “Climate Change” and “Resiliency” were added to the possible expenditures of tax increment revenue (page 8).

- “Payments for public improvements, including parking and land acquisition” remains listed under the possible expenditures of tax increment revenue (page 8).

#### **April**

After several meetings, constructive conversations and ultimately a handful of revisions (see above), the DDA Board agreed to pause on the approval of the Moving Downtown Forward TIF Plan, with a goal to revisit possible approval of the Plan at our August regular meeting.

#### **June**

At our June regular meeting, I asked that board members provide additional questions, feedback and/or concerns regarding the TIF Plan, so that we could discuss them at our July meeting.

#### **July**

A handful of questions were submitted for the July meeting - related to funding components outlined in the draft Moving Downtown Forward TIF Plan, “what if scenario’s” related to the charter amendment and plan approval, and the inclusion of the parking structure back into the TIF Plan. The board agreed to make one additional revision to the Draft TIF Plan - adding 330 E State Street (TC Lofts) and 232 E. State Street (current Socks development) to the “table of private investment”.

#### **Other Considerations and Next Steps**

The remaining item that continues to be of debate is whether the parking element of the West End Mixed Use Development Project should be placed back in the TIF Plan or kept out of the TIF Plan. The “pros and cons” of this project’s placement in the Plan have been thoroughly and repeatedly discussed by board members.

I believe a decision, one way or the other, on this element of the Plan should be reached at our Regular August meeting – with the preferred option listed (or not listed) included in the Plan and then the Final Plan considered for approval. To that end, I have included two versions of the list of capital projects, one with the parking structure included and one without the parking structure, so you can see what each version looks like.

In addition, based on the questions and discussions at the last meeting regarding this project element, I have included some additional information:

#### **One.**

As stated in the Plan, the maximum amount of bonded indebtedness over the lifespan of the amended TIF Plan is \$90,000,000. In consultation with Pat McGow, a principle with Miller Canfield, the maximum amount of bonded indebtedness refers to the principle only, so that is the total amount that can be borrowed. In addition, the DDA has the authority to use TIF revenues to pay the interest on any bonded debt.

**Two.**

I was able to connect with Warren Creamer, Managing Director at Municipal Financial Consultants, who has assisted Traverse City (and many other community's) in the issuance of municipal bonds for capital improvement projects. Attached, you will see the estimated debt service for the full cost (\$32.5 million) of West End Parking Structure, using three different (20-year, 25-year and 30-year) amortization scenarios. Please keep in mind, this is simply an estimate and a more definitive debt service schedule would need to be developed if/when the DDA and City decide to move forward with this project in the future.

Keep in mind, we have continually discussed the opportunity for a public/private partnership for this project. As a reminder, TIF is not required to fund the entirety of projects listed in the table of projects. As noted at the top of page 7 of the TIF Plan, funding for these infrastructure projects can be provided from a combination of TIF funds, grants, private contributions and other funding sources.

Also keep in mind, that if the TIF extension is approved, the annual tax capture would increase over time. While a bond payment might account for roughly half the current tax capture in 2024, it would account for a lower portion of the tax capture in future years.

**Three.**

At this time, the West End Mixed Use Development (both the housing and parking elements) is the only project on our list of projects that we have definitive costs for (as design and engineering has been completed).

**Next Steps**

**A. August 16, 2024**

If ready, the DDA Board adopts a resolution to approve the TIF Plan and send it forward to the City Commission to schedule a public hearing for the TIF Plan.

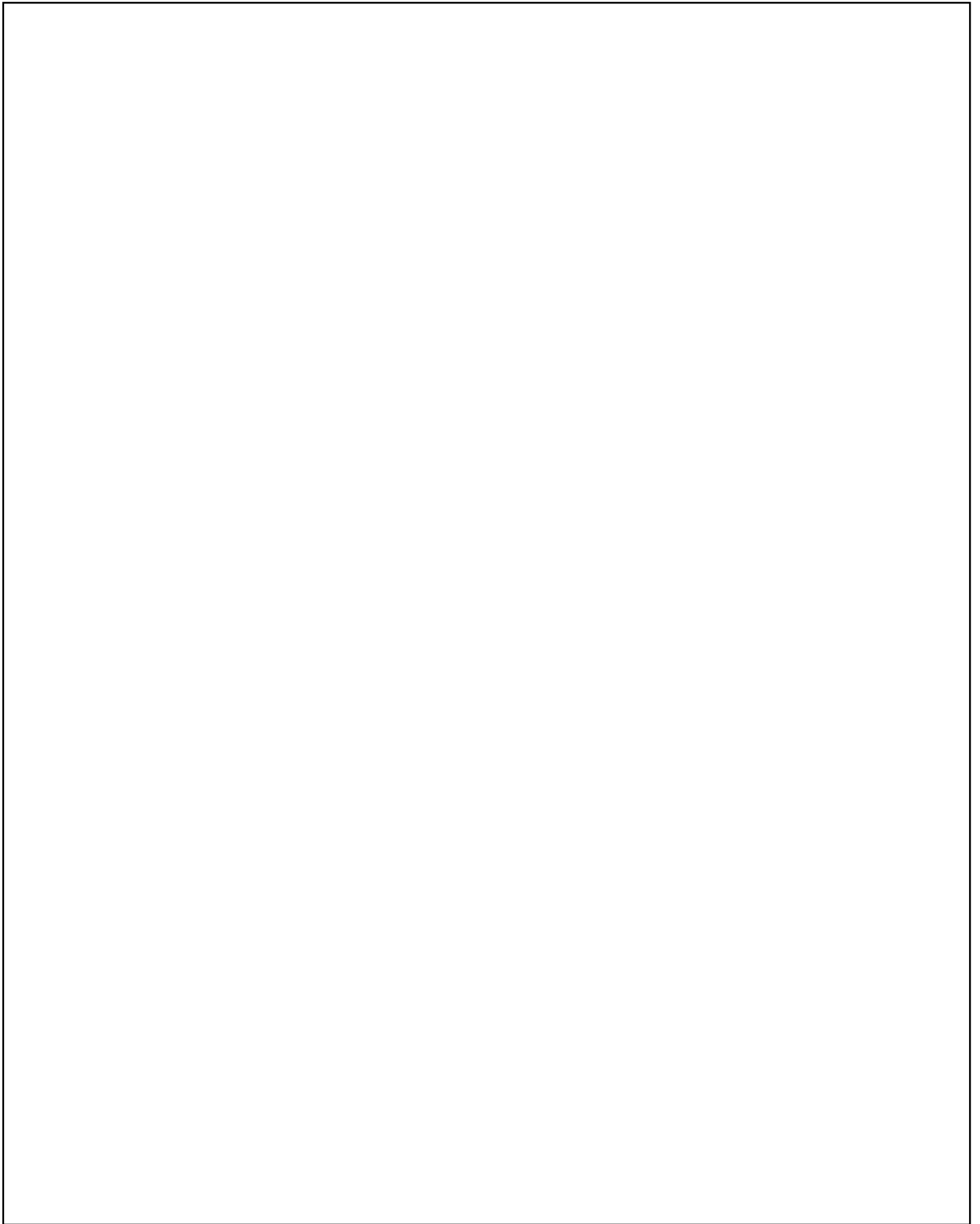
**B.**

At a future City Commission meeting, the formal findings-of-fact and advisement from the Development Area Citizens Council and the DDA resolution of support and desire for a public hearing will be presented to the City Commission. The City Commission will schedule the public hearing for the TIF Plan.

**C.**

The City Commission will hold the public hearing and then consider a resolution to approve the TIF Plan and ordinance.

Scott Howard will be at our meeting to address any additional questions related to the adoption process as it relates to the two Charter Amendments, as well as the potential of additional administrative steps with the DACC.







**City of Traverse City  
2024 Parking Deck Project Bonding Scenarios  
Estimated Debt Service  
July 31, 2024**

**Assumptions:**  
 Dated: September 1, 2024  
 First Interest: April 1, 2025  
 First Principal: October 1, 2025  
 Assumes AA+ rating and current market rates

Fiscal Year Ending June 30,	20-Year Amortization Estimated TIC*: 3.663%			25-Year Amortization Estimated TIC*: 3.863%			30-Year Amortization Estimated TIC*: 3.989%		
	Principal	Interest	Est. Total Debt Service	Principal	Interest	Est. Total Debt Service	Principal	Interest	Est. Total Debt Service
2025	\$ -	\$ 663,061	\$ 663,061	\$ -	\$ 698,716	\$ 698,716	\$ -	\$ 724,520	\$ 724,520
2026	1,175,000	1,118,740	2,293,740	845,000	1,184,900	2,029,900	625,000	1,232,494	1,857,494
2027	1,210,000	1,082,485	2,292,485	870,000	1,158,830	2,028,830	645,000	1,213,188	1,858,188
2028	1,250,000	1,045,178	2,295,178	895,000	1,132,063	2,027,063	665,000	1,193,322	1,858,322
2029	1,290,000	1,006,789	2,296,789	925,000	1,104,556	2,029,556	685,000	1,172,918	1,857,918
2030	1,325,000	967,148	2,292,148	955,000	1,076,056	2,031,056	710,000	1,151,770	1,861,770
2031	1,370,000	925,981	2,295,981	985,000	1,046,423	2,031,423	730,000	1,129,774	1,859,774
2032	1,410,000	883,446	2,293,446	1,015,000	1,015,822	2,030,822	750,000	1,107,130	1,857,130
2033	1,455,000	839,286	2,294,286	1,045,000	984,069	2,029,069	775,000	1,083,623	1,858,623
2034	1,500,000	793,296	2,293,296	1,080,000	950,997	2,030,997	800,000	1,059,111	1,859,111
2035	1,550,000	745,136	2,295,136	1,110,000	916,417	2,026,417	825,000	1,033,452	1,858,452
2036	1,600,000	694,309	2,294,309	1,150,000	879,951	2,029,951	855,000	1,006,344	1,861,344
2037	1,655,000	640,666	2,295,666	1,185,000	841,470	2,026,470	880,000	977,752	1,857,752
2038	1,710,000	583,202	2,293,202	1,230,000	800,227	2,030,227	915,000	947,096	1,862,096
2039	1,775,000	520,635	2,295,635	1,275,000	755,254	2,030,254	945,000	913,705	1,858,705
2040	1,840,000	453,124	2,293,124	1,320,000	706,793	2,026,793	980,000	877,755	1,857,755
2041	1,915,000	380,914	2,295,914	1,375,000	654,967	2,029,967	1,020,000	839,294	1,859,294
2042	1,990,000	304,000	2,294,000	1,430,000	599,719	2,029,719	1,060,000	798,326	1,858,326
2043	2,070,000	222,512	2,292,512	1,490,000	541,111	2,031,111	1,105,000	754,872	1,859,872
2044	2,160,000	136,422	2,296,422	1,550,000	479,241	2,029,241	1,150,000	708,978	1,858,978
2045	2,250,000	46,125	2,296,125	1,615,000	414,436	2,029,436	1,200,000	660,861	1,860,861
2046	-	-	-	1,680,000	346,636	2,026,636	1,250,000	610,448	1,860,448
2047	-	-	-	1,755,000	275,528	2,030,528	1,300,000	557,661	1,857,661
2048	-	-	-	1,830,000	200,956	2,030,956	1,355,000	502,434	1,857,434
2049	-	-	-	1,905,000	122,986	2,027,986	1,415,000	444,609	1,859,609
2050	-	-	-	1,985,000	41,586	2,026,586	1,475,000	384,134	1,859,134
2051	-	-	-	-	-	-	1,540,000	320,893	1,860,893
2052	-	-	-	-	-	-	1,605,000	254,848	1,859,848
2053	-	-	-	-	-	-	1,675,000	185,884	1,860,884
2054	-	-	-	-	-	-	1,745,000	113,806	1,858,806
2055	-	-	-	-	-	-	1,820,000	38,493	1,858,493
	\$ 32,500,000	\$ 14,052,453	\$ 46,552,453	\$ 32,500,000	\$ 18,929,706	\$ 51,429,706	\$ 32,500,000	\$ 23,999,490	\$ 56,499,490

\*Does not include estimated costs of issuance or underwriter's discount.

Public Infrastructure Projects	Year of Initial Cost	Initial Cost	Estimated Year Completed	Estimates Adjusted For Inflation
<b>Garland Street Repairs &amp; Improvements</b>	2024	\$500,000	2030	\$900,000
<b>Public Alley &amp; Utility Improvements and Relocation</b>	2024	\$6,904,500	2054	\$13,000,000
<b>Farmers Market Infrastructure</b>	2024	\$4,000,000	2027	\$4,500,000
<b>Rotary Square</b>	2024	\$1,500,000	2040	\$7,000,000
<b>Boardman/Ottaway River Unified Plan</b> A. Reach One. B. Reach Two. C. Reach Three. D. Reach Four. E. Reach Five F. Reach Six	2024	\$1,000,000	2054	\$1,816,557 \$1,578,307 \$5,613,772 \$2,529,568 \$41,540,000 \$4,138,509
<b>City Opera House Renovations</b>	2024	\$215,000	2054	\$500,000
<b>Bridge Improvements and Replacement</b> (S. Union, N. Union, S. Cass, N. Cass, W. Front, Park )	2024	\$1,182,000	2040	\$1,654,317
<b>Bayfront Improvements</b> Implementation of projects within the broad category identified by the Bayfront Master Plan, City Recreation Plan and Future Site Plan north of Grandview Parkway	2024	\$2,625,000	2054	\$3,038,766
<b>District-Wide Street, Sidewalk, Crosswalk and Streetscaping Improvements</b> Improvements to public streets, sidewalks, crosswalks, trails and other public ways (includes reconstruction and resurfacing)	2024	\$20,000,000	2045	\$30,000,000
<b>East Front Street Gateway</b> (Landscaping, lighting, signage, placemaking)	2024	\$2,221,740	2028	\$5,000,000
<b>Downtown Camera System</b>	2024	\$108,000	2025	\$130,000
<b>Stormwater Infrastructure</b> Implementation of stormwater infrastructure, including projects identified in the 2018 Stormwater Management Plan	2024	\$2,000,000	2034	\$20,000,000
<b>District Wide Heated Sidewalks</b>	2024	\$10,000,000	2054	\$15,000,000
<b>Housing</b> New housing opportunities, including the housing elements of the West End Mixed Use Development as well as affordable/attainable housing	2024	\$5,000,000	2054	\$38,000,000
<b>Mobility Improvements</b> Infrastructure related to the Mobility Action Plan, TART Trail improvements, public transportation and other mobility opportunities	2024	\$5,000,000	2054	\$5,000,000
<b>Composting Program</b>	2024	\$50,000	2030	\$250,000
<b>Retail Incubator</b>	2024	\$50,000	2029	\$250,000

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<b>Mobility Improvements</b> Infrastructure related to the Mobility Action Plan, TART Trail improvements, public transportation and other mobility opportunities	2024	\$5,000,000	2054	\$5,000,000
<b>Parking Structure</b> Parking structure element of the West End Mixed Use Development, in cooperation with the City of Traverse City	2024	\$32,500,000	2054	\$32,500,000
<b>Composting Program</b>	2024	\$50,000	2030	\$250,000
<b>Retail Incubator</b>	2024	\$50,000	2029	\$250,000



## Memorandum

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To: DDA Board of Directors  
CC: Harry Burkholder, Interim-DDA CEO  
From: Nicole VanNess, Transportation Mobility Director  
Date: July 16, 2024  
Re: Staff Report: Parking Services – June 2024

### **Cherry Festival Follow-up**

Kudos to the Parking Services Department. The whole team conquered the week. It was a challenge as both parking structures exceeded capacity over the opening weekend, and Hardy exceeded capacity during the week. This was our first major event with the new parking access and revenue control equipment and a new process, and it was successful.

### Google stats from June 2024 for Old Town

+220% People asked for directions  
+111% Website visits from profile  
+96% Profile views  
+169% Searches

### **Project Updates**

Pullman STS has completed the work on level 4 and the west side of level 3 at the Hardy Parking Structure. They have moved to the east side level 3. Due to the double helix design, working on each level requires completely shutting down the half of the floor to complete the work. Customers are shifting into an abnormal two-way traffic pattern. Signage and traffic control devices are in place to guide. The same process will repeat on level 2 and level 1 later this summer.

Pullman STS has started on level 4 at Old Town Parking Structure and there are no abnormal traffic patterns identified at this time for the work to be completed.

City Commission approved the pavement preservation projects. All projects are scheduled to be completed by November 2024. Projects include:

- July 15-28 - Parking Lot C (200 E Grandview Pkwy) reconstruction to repair potholes and drainage issues.
- Parking Lot G (100 E State) the in-fill of the two curb-cuts.

- To be scheduled after Labor Day - Parking Lot T (corner of N Union/E Grandview Pkwy) cutting and patching to repair potholes.

### **Miscellaneous**

The Hardy Retail Space, formerly Scalawags, has been listed with Caldwell-Banker's agent Alex MacKenzie. He is actively showing the space to prospective tenants.

### **Parking Services Transition Update**

The City has hired Top Line an electrical contractor to assist with diagramming the network and identifying network related infrastructure that will transition into the City/County system. The City's GIS intern, Cole Maxon, is working on converting the interactive parking maps.

Flight Path Creative has transitioned parking content from the parking.downtownc.com webpage and converted into the City's website and branding. The City website parking pages are not yet live but will be made available in the future. At that time, the parking page on the downtown website will redirect to the City's website.

City HR is in progress of reviewing the departments organizational makeup and job descriptions. Due to the recent cyberattack at the City/County, the review has been delayed. The DDA will invoice the City based on the actual expenses for payroll. This will continue until the transition is complete.

Parking Policies are being consolidated into a resolution that will be adopted by the City Commission. It is tentatively planned that these policies will be reviewed in a Study Session to help educate the Commission on the Parking Department and allow them to ask questions.

The shared use agreement of the DDA Office space by parking personnel and the Service Agreement for parking personnel assisting the DDA and DTCA is an outstanding item that will be discussed in an upcoming meeting.