



Traverse City Downtown Development 2014 ANNUAL REPORT



A GREAT PLACE

The Traverse City Downtown Development Authority is caretaker of one of Michigan's favorite downtowns and serves as a one-stop-shop for economic development, planning, marketing, hosting events, and parking management.

THE DDA

The Traverse City Downtown Development Authority (DDA) is an arm of the City of Traverse City responsible for the economic vitality of a defined downtown district. As such, it collects revenue from an added property tax millage upon downtown properties. Established in 1979, the DDA has led planning efforts and infrastructure improvements throughout downtown...from sidewalks, street lighting and bridges to the Larry Hardy Parking and Old Town Parking Decks. Leveraging Tax Increment Financing (TIF) with grants and other funding sources, the DDA has provided investments in public infrastructure as a way to entice a massive amount of new investment which pays for the public improvements. River's Edge, Radio Centre I & II, 101 North Park, and Hagerty Campus are prime examples of these kinds of partnerships.

OUR PARTNERS

For over twenty years, the DDA has operated a highly efficient downtown organization – a one-stop office where the many complexities of downtown are handled by a professional staff. This has required intense collaborative partnerships with other organizations related to the DDA's mission. The Downtown Traverse

City Association (DTCA) and Traverse City Parking Services (TCPS) each provide contractual support to the DDA and rely on the DDA to provide the services in their mission. In the DDA operating budget, this revenue is shown under the Administrative Services line item. Providing the office and staff to perform the requirements of these operating tasks is the greatest DDA expenditure. However, we stand proud of our accomplishments with a relatively small staff. The finances of these operations are separate and detailed in the pages that follow.

In 2014, the DDA entered into an intergovernmental agreement between the City of Traverse City and Grand Traverse County. The partners will collaborate on targeted economic and community development, both in the DDA District and in corridors nearby, led by the County Department of Planning & Development.

Efficiencies in having one office manage so much leads to greater savings for all and provides a focal point for downtown activity. Everything from infrastructure planning, general marketing, merchant communication, events like Friday Night Live, parking operations, is all handled in one place. The Downtown Office is located at 303 East State Street, Suite C and the phone number is 231-922-2050. Additional information on the operations may be found at downtowntc.com.

DDA Board of Directors

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Chairperson

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Vice Chairperson

Jan Chapman

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Secretary

Mayor Michael Estes

Leah Bagdon-McCallum

Harry Burkholder

John DiGiacomo

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Executive Director

Colleen Pavaglio

Marketing & Deputy Director

Nina Talarico

Office Manager

Nick Viox

Special Projects Coordinator

Nicole VanNess

Parking Administrator

Mike Helferich

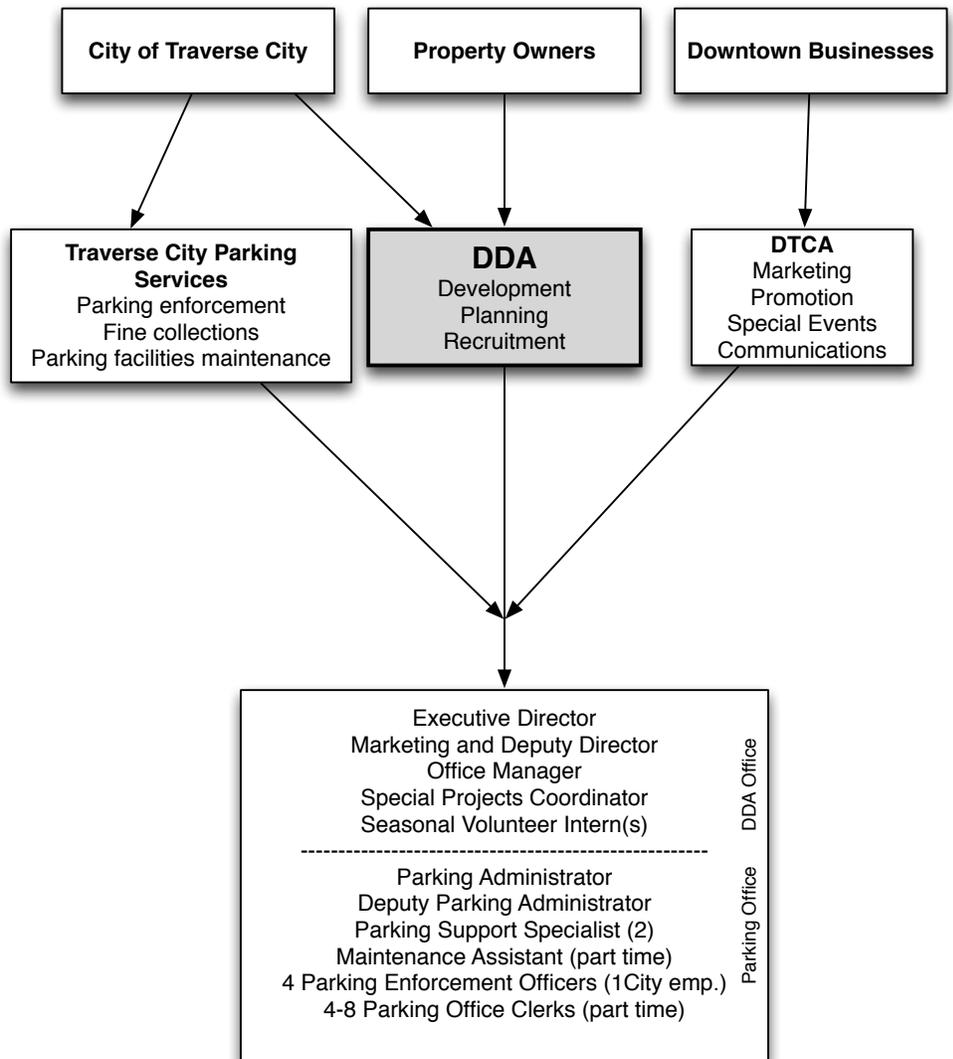
Deputy Parking Administrator

DDA Purpose & Mission

To halt property value deterioration and to increase property tax valuation where possible in the business district of the City, to eliminate the causes of deterioration and to promote economic growth.



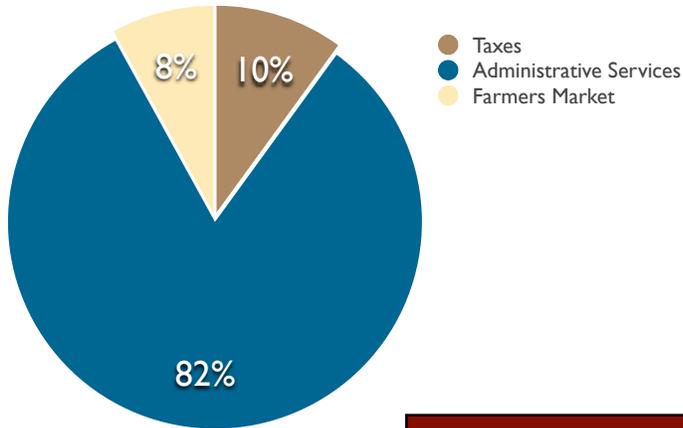
Traverse City DDA Organizational Chart



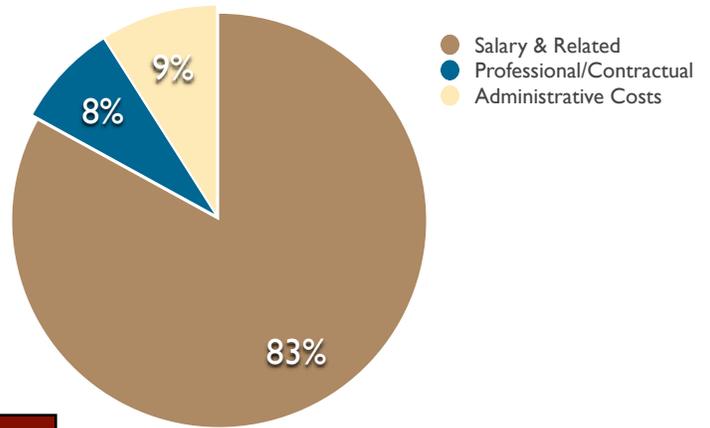
DDA Operational Budget

For Fiscal Year ending June 30, 2014

Revenues: \$662,382

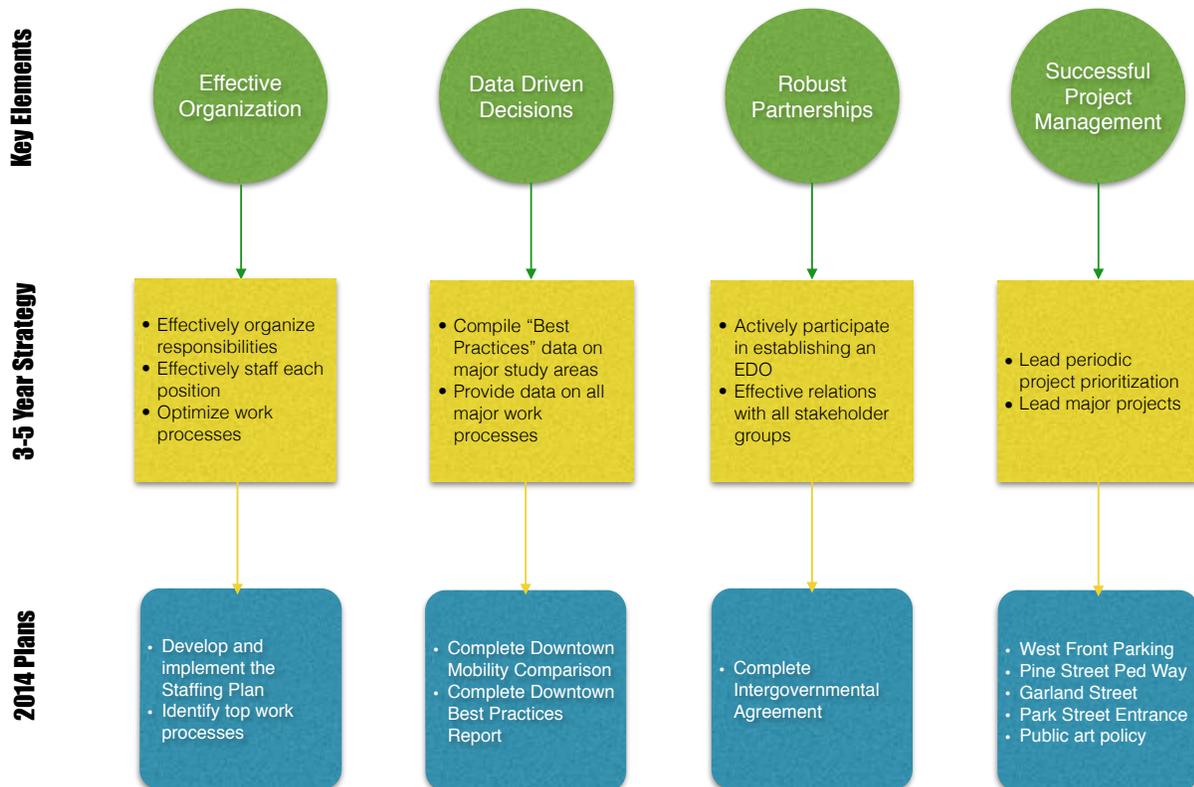


Expenditures: \$624,908



Capital projects are funded through separate "TIF" funds (see pg. 4)

2014 ELEMENTS, STRATEGIES AND PLANS



Tax Increment Financing (TIF) Explained....

The Downtown Development Authority Act, Act 197 of 1975 provides several methods for Downtown Development Authorities to work in partnership with municipalities, property owners and developers to finance public improvements within a defined downtown area. These methods include: up to two mills being levied on DDA property owners, special assessments on property within the DDA, and Tax Increment Financing, commonly known as TIF. Although most people are familiar with millage and special assessment as methods of raising revenue, many people are not familiar with Tax Increment Financing. TIF is a financing tool whereby a specific area within the DDA district is defined, a development plan is adopted, and the future property tax revenues are captured within that district to finance public improvements necessary to implement the development plan. TIF revenues may be the sole source of financing for these public projects or they may be used in combination with other financing methods.

The objective of the DDA legislation, which allows for the creation of TIFs, are to help cities accomplish the following:

- correct and prevent deterioration of their business districts
- encourage historic preservation
- promote the economic growth of the designated downtown area.

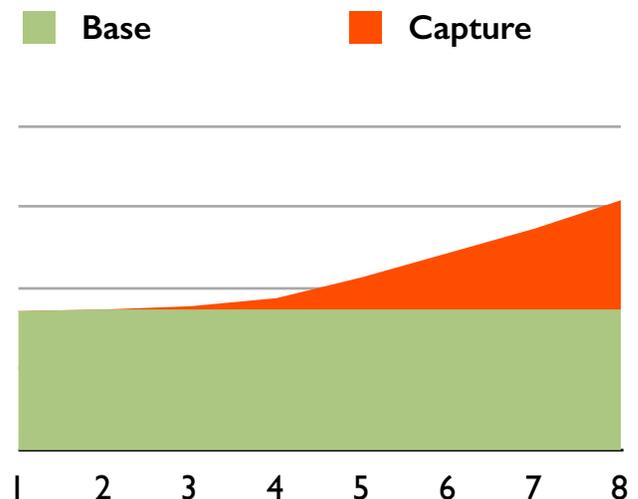
Because most downtown areas are among the oldest sections of a city, upgrading and providing the public infrastructure are essential to achieving these goals. Traditionally these costs were borne by cities alone, creating a major stumbling block to success. As a solution, the DDA Act provides for the use of TIF, which allows for partnerships with other taxing units, who ultimately benefit from an improved downtown area. TIF provides a source of funds to build the needed public improvements to accomplish the objectives for downtowns.

Without the tool of TIF, necessary public improvements within the DDA would have to be financed completely by the City. The TIF funds collected must be earmarked or spent on a specific development project or necessary administrative expenses within the District. If it should be determined by the DDA Board and City Commission that neither of these options are necessary, then, as required by the DDA Act, funds collected for that year are returned to the contributing taxing units. At the completion of the TIF plan, all taxing units again levy millage on and receive revenue from the full taxable value of the district.

Is TIF a worthwhile economic tool to use?

We believe it is, but it is just one of several economic tools available to help and assist in keeping the core of our cities alive and healthy both economically and socially.

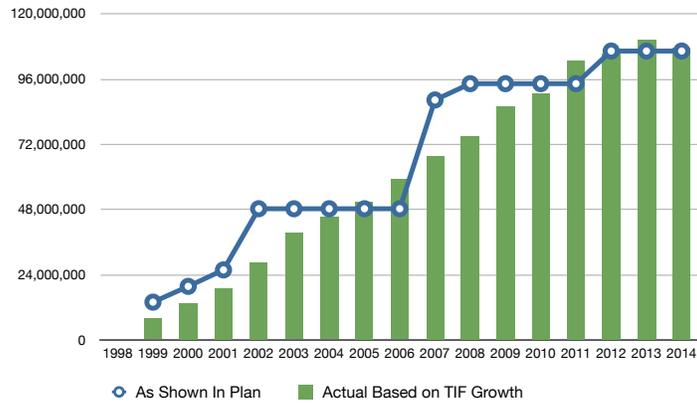
TIF uses increased tax revenue spurred by public investment, to pay for public investment. This graph illustrated a hypothetical TIF district established in year





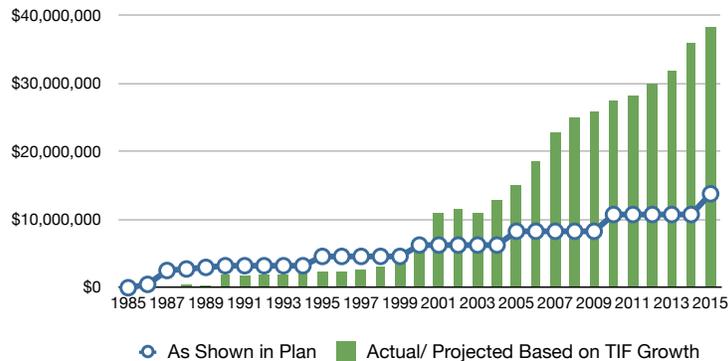
TIF 97 & TIF 2 Performance

TIF 97 Plan TIF Growth Comparison



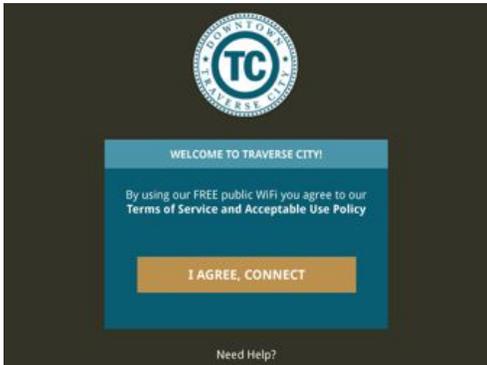
Values are estimated True Cash Value

TIF 2 Plan TIF Growth Comparison in SEV



DDA Projects

The DDA embarks on a number of projects throughout the year. Here is a glimpse at a number of the exciting endeavors in 2014.



DOWNTOWN WIFI

World class amenities are being offered with complementary WiFi that was installed within the DDA District in 2014. The project came to fruition through a contract between the DDA and TC Light & Power. The system is designed for outdoor use only, and while building penetration may occur, it is not the intent of the system. Bandwidth should accommodate large usage especially during special events within Downtown Traverse City. WiFi may be accessed on the network Traverse City WiFi. MyNorth Media/Traverse Magazine designed the connection and landing page, which highlights businesses and events within the district.



PUBLIC ART

Downtown Traverse City, and throughout the City limits, may have a change in landscape due to the efforts by the DDA to draft a Public Art Ordinance and present to the Traverse City Commission for adoption. The endeavor to draft the Public Art Ordinance and ultimately create a Traverse City Arts Commission began in 2014 and went before City Commission in 2015. Public Art shall receive funding from the City and DDA up to a total not to exceed \$70,000 annually to foster a public art program. Supporting the arts was a passion of late DDA Executive Director, Bryan Crough, and an impetuous to this program to honor his memory.



PLACEMAKING

With narrow sidewalks and the need for people places, the DDA hired local firm Influence Design Forum to explore the reimagining of the bumpout crosswalks on the 100 and 200 block of E. Front St. The pilot project took place on the 100 block of E. Front St., near Green Island and Green House Cafe, and resulted in new planters, benches, and a bar height railing system. In the Fall of 2014, the DDA launched a crowdfunding campaign to raise funds to eventually apply to the Michigan Economic Development Corporation's Patronicity program for an opportunity for match contribution toward continuing the program.



PUBLIC RESTROOMS

In 2012, the DDA launched a pilot program to provide public restroom locations in high pedestrian traffic areas. The DDA immediately began working with Espresso Bay and Subway. In 2014, the program was doubled to add Cherry Cone and Great Lakes Bath & Body. The four locations will add to the existing four permanent locations at the Visitor's Center, TC Chamber of Commerce, Clinch Park (seasonal), and BATA Transit Center. Visitors may be directed to public restrooms through the wayfinding system, merchant signage and maps, and the Downtown WiFi System.

Sara Hardy Downtown Farmers Market



FARMERS MARKET VISION

The DDA Capital Improvement Plan has earmarked dollars for improvements made to the Sara Hardy Downtown Farmers Market location in Fiscal Year 15'-16'. Local firm Avenue ISR was hired to survey various stakeholders such as business and property owners, vendors, and customers to create a vision for the market and shape future planning. The DDA hired Beckett & Raeder to create optional designs for the market that will be presented in 2015. Following were the high priority items of interest. The full survey results may be found at downtowntc.com under DDA-Reports & Stats.

High Priorities

- Maintain the current location.
- Improve booth and aisle configuration to relieve congestion and allow for better pedestrian flow
- Overall, expand the market area to the North, further into the parking lot; keep shopper aisles wide.
- Provide expanded covered structures for shoppers and vendor booths; ensure that these do not block sight lines to the natural surroundings that are positive for shoppers.
- Provide a clearer/safer means to cross Union Street for those parking in Lots Z and X.
- Provide signage and other information tools to show layout of market, location of convenient parking, access to existing public restrooms, etc.

Lower/Medium Priorities

- If meeting/resting areas were provided, make them available at the edges of the Market and definitely away from any congested areas.
- If music is offered, similarly place it at the edge of the Market.
- Consider using signage or other means to improve traffic flow through Lot T to relieve vehicle congestion.
- Ensure that bike parking continues to be available to meet demand.

Fun Facts

The DDA supported 107 farms and local vendors through the market in 2014

One of a small number of markets in the state to accept food assistance program such as EBT/SNAP, Project Fresh, Senior Project Fresh, and Double Up Food Bucks

\$50,454 was spent at the market with food assistance programs in 2014

The DDA works with local nonprofit SEEDS for management on market days

Wait...There is More



ACCOMPLISHMENTS FOR 2014

Community Support:

Provided financial support to community events such as Santa's Arrival & the Holiday Tree Lighting and the CherryT Ball Drop.

Beautification:

Installed and maintained 60 hanging flower baskets during the summer months.

Clean & Green:

The DDA and DTCA collaborated with the National Cherry Festival and City of Traverse City to maintain a cleaner Downtown TC during peak times in the summer season. Additional trash pick ups by the City and spot cleaning by the National Cherry Festival made a huge impact. A purchase of a Big Belly Solar Trash Compactor resulted in a cleaner environment in the high traffic areas, such as the Jay Smith Walkway.

Supporting our Youth:

Worked with the TBAISD Summer Work program and had up to 4 employees daily during the summer months to help with various tasks in Downtown TC. The group helped beautify the area, pull weeds, water flowers, pick up litter and more! The DDA also hosted two interns during the summer months.

Let There Be Light:

Applied to Traverse City Light & Power and was granted \$10,000 for the purchase of new LED lights for the street trees during the holiday season. A phased approach will be used in the future to continue replacement.

Bryan Crough Memorial:

Accepted a grant from Rotary Charities in the amount of \$25,000 and committed to raising matching funds to purchase a piece of public art in honor of late DDA Director, Bryan Crough.

Pedestrian Counts:

Counting pedestrian traffic was performed in many areas throughout Downtown in the summer months.

Boardman River Access:

Committed to a public riverwalk connection at the Uptown development site at the corner of State and Pine and also a commitment to a public riverwalk to be built within the next five years.

Warehouse District Reconstruction:

Hired Fleis and Vandenbrink and Otwell Mawby to continue planning for the Garland Street in the Warehouse District. Once approved, construction is estimated to begin in 2015.

Bridge Work:

Authorized support for future bridge work/repairs on Park St., N. Cass and W. Union St.

Housing & Mixed Use Projects:

Private investment into Downtown Traverse City continues. Developments in the recent past have increased density and provided a more walkable community in our city core. A recent study for housing in Grand Traverse County showed conservatively 640 owner and renter units need to be added just in the City limits alone; 1,215 in the entire County.

Traverse City Parking Services



PARKING MANAGEMENT

The DDA manages the City's Parking System which results in more efficiencies by sharing staff and administration, thereby reducing the cost to the Traverse City Parking System Fund. Parking is critical to economic development, which makes the DDA a logical organization for management.

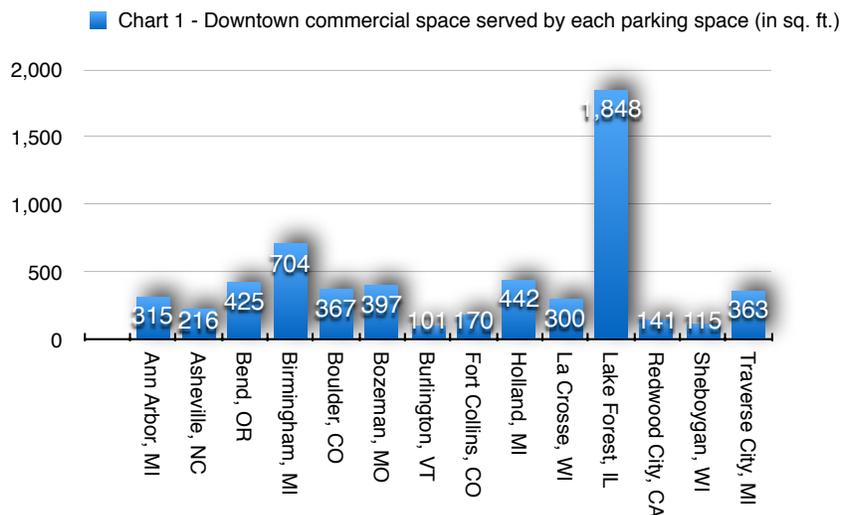
SERVING THE CITY'S PARKING NEEDS

The Traverse City Parking System includes approximately 1,650 metered spaces and issues over 1,710 permits. The system is run as an enterprise account, meaning it is self-sustaining and does not require City General Fund tax dollars. In fact, it contributes over \$215,000 to the general fund each year.

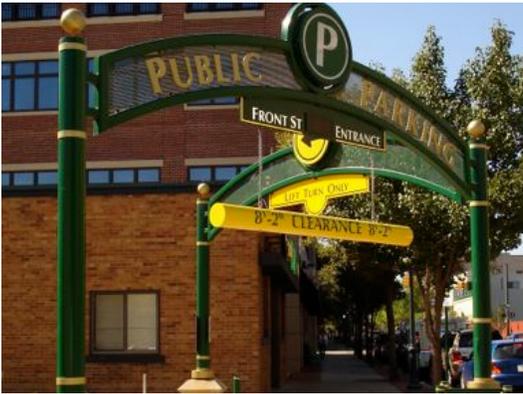
The Larry C. Hardy parking garage was completed in 2003 and serves the east side of Downtown with 103 transient spaces, and 437 permit spaces. The Old Town parking garage was completed in 2009 and contains 97 transient spaces, and 425 permit spaces. Tax increment financing is paying off the bonds for the the construction for the two garages. The Old Town garage bond is set to be paid off by 2016 and Hardy Parking garage in 2027. The Traverse City Parking fund pays for operations, maintenance and upkeep of the system, This past year, 325 new meter housings were purchased and installed in to ensure better security.

HOW MUCH PARKING IS ENOUGH?

The DDA prepared a study comparing Traverse City parking ratios to similar Central Business Districts (CBDs) and ultimately gained a sense of how much car parking is necessary to sustain the economic development without overdoing parking and degrading the quality of life in Downtown. Cities and towns were chosen based either on their similarity to Traverse City or their reputation for begin a vibrant, attractive small city CBD. Traverse City does not have a parking requirement in the CBD and in fact prohibits private parking for most uses in that district. The City, in turn, provides parking through the Traverse City Parking System. As managers of the system, the Downtown Development Authority seeks data on optimal parking ratios to provide "just enough" auto parking to serve existing commerce as well as accommodate planned growth. Along with parking ratios, commuting data was monitored to see if there is any correlation between leaner parking ratios and use of modes of transportation other than the single occupancy vehicle. In short, the goal was to find out how other modes of commuting might offset the need for car parking. So what parking ratio should Traverse City target? The study showed that Traverse City is near the average of these peer communities, meaning we are already squeezing more utility out of our parking spaces. Though the study did not show a correlation between other modes and less need for parking, it is generally accepted that promoting other modes will reduce the necessity for maintaining low commercial footage to parking space ratios. Traverse City needs to maintain stingy parking ratios while providing enough parking to promote redevelopment of its underutilized land, much of which is off-street parking. This can be achieved through organizing off-street parking in parking decks, by promoting other modes of transportation as a viable alternative to the single-occupancy vehicle, and by building density.



Traverse City Parking Services



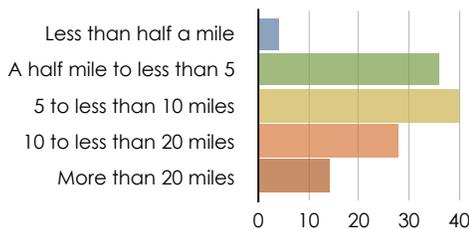
COMMUTER SURVEY AND DOWNTOWN DIRECT

The parking system in Downtown Traverse City has experienced significant pressure in the recent years. Meter spaces are often at over 85% capacity, and seasonally at peak hours of the day, the Old Town and Hardy garages are at capacity. In order to better understand commuting habits of Downtown employees, a Commuter Survey was conducted. The goal of the survey was to not only better understand our employees' sentiments toward transportation modes, but to help us better accommodate their needs. Data results are being used to look at changes that may be desired and necessary to promote other commuting trends such as bus and bike. In reaction to the data, a pilot program, Downtown Direct, was launched in conjunction with BATA. Complimentary bus passes were offered to survey takers and valuable

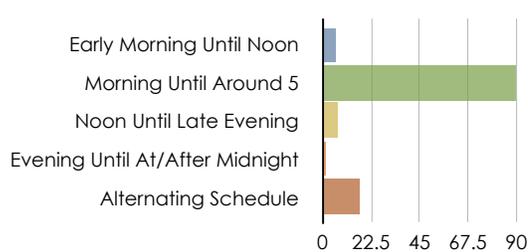
feedback was given to garner the efficiencies of using public transit. The full Employee Commuter Survey Report may be found at downtowntc.com under DDA-Reports & Stats. Following are some highlights.

Current Commuting Trends

QUESTION: HOW FAR DO YOU TRAVEL ONE-WAY FROM HOME TO WORK?

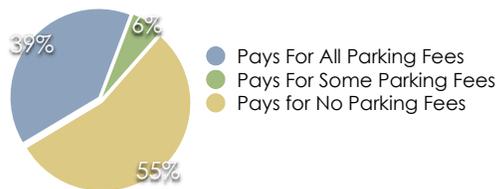


QUESTION: WHAT BEST DESCRIBES THE TIME OF DAY YOU'RE AT WORK?

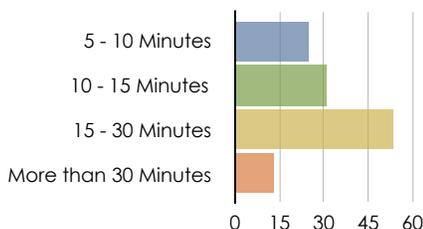


These charts focus on the current commuting trends of our downtown employees. This will help us better understand the challenges and daily commute of our demographics.

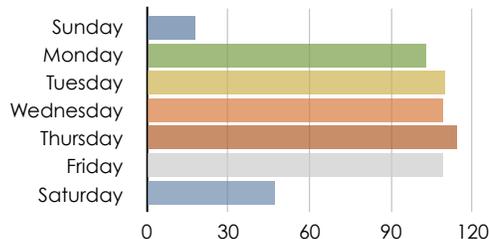
QUESTION: DOES YOUR EMPLOYER PAY FOR ANY OR ALL OF YOUR PARKING?



QUESTION: HOW LONG DO YOU TRAVEL ONE WAY FROM HOME TO WORK?



QUESTION: WHAT DAYS OF THE WEEK DO YOU TYPICALLY WORK?



The chart on the following page shows the biking and/or biking trends of the surveyed group broken down by age group.

Traverse City Parking Services



BIKE PARKING FACILITIES

As the parking pressure continues, Traverse City Parking Services continues to address the growth in biking and the need to provide an increase in bike parking facilities in the Downtown core. Downtown Traverse City currently has over 125 public bike rack. Parking inventory counts in the summer months showed a shortage in facilities, especially during peak times, special events, etc. Two additional on-street bike racks were placed on the 100 block of E. Front St. in conjunction with the bumpout program, and 3 additional bike lockers were installed in the Hardy garage. Also, a partnership with Norte Youth Cycling resulted in Valet Bike Parking at the Sara Hardy Downtown Farmers Market. Once the program was settled, on average, over 100 bikes utilized the valet service on Saturday market days and

plans to continue the program are in place for 2015. In November 2014, the Parking & Access Committee created a Bike Parking subcommittee to continue to address the on-going bike parking needs.

PARKING PERFORMANCE

So the question now, “is the parking system performing and how do we look ahead to the future?” Based on data researched in the past year, a parking plan has been proposed for 2015-2018. To name just a few, targeted areas will be how to balance the cost for long term parking for employees versus the need for more parking, reevaluating meter time limits by creating zones, management of the residential parking program, addressing bike parking and more.



PERFORMANCE MEASUREMENTS

	Performance Indicators	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014 (estimates)
		Output	Number of parking fines issued	12,855	21,531	19,846	18,306
	Estimated number of vehicles processed in the parking decks	153,446	169,776	262,167	290,706	304,000	320,000
Efficiency	Utilization of parking decks at 2 pm	63.4%	65.8%	72.7%	74.5%	80.6%	88%
	Utilization of parking decks Monday through Friday all day	77.9%	86.1%	87.4%	104.4%	115.1%	120%
	% of revenue collected from parking fines	88.9%	90.4%	90.3%	87.6%	81.2%	91.8%
	Commercial space (sf) per public surface space	not available	666	720	767	778	790

Downtown Traverse City Association



DTCA MISSION

The mission of the Downtown Traverse City Association shall be to advance, protect and perpetuate, professional, financial and general business of Downtown Traverse City.

DTCA PROGRAMS

The DTCA is one of the most successful merchant associations in the State of Michigan and serves as a unique model to garner a high level of engagement by the business community in the central business district. The DTCA serves as the marketing arm, and budgets dollars toward the general promotion of Downtown Traverse City as the top shopping, dining and entertainment destination in the North. With almost 200 voluntary members, the DTCA manages a number of programs annually.

Most notable, the DTCA is responsible for the Downtown Gift Certificate Program. The program does come at a cost for printing and credit card fees (over \$20,000 in 2014), but is touted as an incredibly successful shop local program. Sales for 2014 reached a record amount and resulted in over \$463,000. That's dollars right back into the local economy!

The DTCA updates 13 pedestrian kiosks throughout Downtown Traverse City annually. The directory has a list of members and provides wayfinding for TART Trails, public restrooms and additional attractions located in Downtown.

The Downtown website continues to communicate all things Downtown TC and has over 1 million page views annually.

The Downtown Newsletter has a distribution of approximately 850 and now has an electronic version with a 41.1% open rate (above the industry standard).

Social media continues to be a driver to targeting specific demographics and promote the area.

Facebook: Downtown TC (Official)

Over 11,000 likes

Twitter: Downtown TC

Over 6,000 followers

Instagram: downtown_tc

Over 2,500 followers

#DowntownTC

Jeff Joubran

President

Amy Joslin

Vice President

Kim Bazemore

Treasurer

Allison Beers

Secretary

Alyssa Bright

Jeff Guntzviller

Dave Leonhard

John McGee

Misha Neidorfler

Downtown Traverse City Association



DTCA EVENTS

Each year the DTCA is host to over twenty events in Downtown Traverse City. Most are retail oriented to drive sales into the Downtown area and boost the local economy. Following is a glimpse at the how the DTCA lends support to the region through community events.

BRIDAL SHOW

39 local vendors in the bridal industry

CHILI COOK-OFF

Connected 14 local restaurants with over 1,600 participants

TRAVERSE CITY RESTAURANT WEEK

Promoted 36 restaurants and encouraged local dining

ART WALKS

Spring: 19 businesses and 25 artists

Fall: 25 businesses and 41 artists

ANNUAL DINNER

Each year, the DTCA hosts the Downtown Annual Dinner and honors a special recipient in our downtown community with the Lyle DeYoung Award. Dave Denison of Amical was honored at the 2014 event. Denison was instrumental in beginning the foodie movement we have today in Downtown TC.

ART FAIR SERIES

Old Town Arts & Crafts Fair: 93 artists

National Cherry Festival Arts & Crafts Fair: 169 artists

Downtown Art Fair: 55 artists

DOWNTOWN STREET SALE

Launched in 1957, Street Sale takes place on the first Friday in August. The longest standing shopping event in Downtown Traverse City!

FRIDAY NIGHT LIVE

28 local entertainers

40 local non-profits

9 local food vendors

SHOP YOUR COMMUNITY DAY

Connected 61 merchants with 45 local non-profits

Earned \$22,028.37 for local non-profits

A grand total of \$176,977 raised in the event history

ART IN THE CITY

Collaboration with Traverse City ArtCenter to host a Plein Air Paint Out with 8 artists

Support of 4 street artists, and installation of art pieces at entrance of Hardy garage

So....How is Downtown Doing?

RETAIL REPORT

	2013 Inventory	2013 % of Inventory	2014 Inventory	2014 % of Inventory
Restaurant/Bars	152,953	27.31%	156,499	27.28%
Apparel, Shoes, Jewelry & Accessories	98,688	17.62%	104,017	18.13%
Miscellaneous including Auto Parts	84,741	15.13%	82,479	14.38%
Home Furnishings, Electronics & Appliances	49,442	8.83%	50,442	8.79%
Sporting Goods, Music, Video, & Books	50,155	8.95%	51,731	9.02%
Personal Services	43,982	7.85%	42,760	7.45%
Food & Beverage	26,401	4.71%	26,401	4.60%
Health & Personal Care	18,186	3.25%	18,186	3.17%
Non-Retail*	29,014	5.18%	27,901	4.86%
Building Materials	0	0.00%	0	0.00%
General Merchandise	0	0.00%	0	0.00%
Vacant	6,564	1.17%	13,177	2.30%
	560,126		573,593	

Downtown Traverse City was buzzing with projects this past year. Vacancy rates stayed fairly steady with only a slight increase that can be explained by large renovation projects that took place. The Franklin was a large undertaking and is now a stately addition to Downtown. The Warehouse Marketplace began to take shape at the end of 2014 and slated an opening in 2015. With approximately 11,970 sq. ft. added to the retail inventory, this is an exciting addition to Downtown and the Warehouse District. A number of retail and restaurants made their debut in 2014 and contribute toward a healthy mix of businesses. The DDA looks forward to working with all of our partners in one of the greatest Downtowns and will continue our commitment toward maintaining a vibrant Downtown through careful planning that focuses on balance, sustainability and smart growth. Downtown Traverse City truly is a great place with a strong retail mix, excellent restaurants, and even the creative use of lower and upper levels, planning

with attention to pedestrians and walkability, and support from the community at large. The DDA thanks the many businesses and property owners for your time and talents toward a better Downtown Traverse City.

SNAPSHOT

RETAIL IN THE DDA DISTRICT



Vacancy Rate: The rate at the end of the quarter resulting from retail space available divided by retail inventory.

Absorption: The net change during the quarter in occupied retail square feet from one period to the next.

ACCOLADES, ACCOLADES, ACCOLADES!

While we could go on and on...here is a glimpse at just a few of the amazing honors that Traverse City received in 2014.

One of 10 "Choice Destinations on the Rise" for 2015 - **Trip Advisor**

Top 10 Small Towns - **Livability.com**

America's Top 10 Foodie Towns - **Livability.com**

Six Small Towns to Visit This Summer - **The Huffington Post**

One of Michigan's "Michigan's Three Best Beach Towns - **Coastal Living**

America's 20 Most Romantic Towns - **Travel + Leisure Magazine**

Best Travel Finds for 2014 - **Redbook Magazine**