

# Report to Council

## Downtown Development Authority – Principal Shopping District District Project

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At the July 18 meeting of Council, a resolution was passed, approving the District Project recommended by the DDA/PSD Board. The elements of the project are proposed to be funded through a special assessment on all non-residential properties located within the boundaries of the DDA/PSD District.

The elements of the project include:

- Administration services for the DDA/PSD including the research, development and implementation of goals, initiatives, and activities within the City of Harbor Springs DDA/PSD; and
- The development and implementation of a wayfinding system within the City of Harbor Springs DDA/PSD to assist with navigation, branding, and to maintain consistency with informational and directional signage; and
- Planning and implementation of holiday lighting on the portion of Third Street located within the City of Harbor Springs PSD

### **Administration**

After several years without holding meetings or taking any action, the dormant DDA Board was reactivated in 2012 in response to downtown leaders becoming motivated to pursue the benefits of ‘Placemaking’.

One of the first significant actions of the DDA/PSD Board was to undertake the downtown “Visioning” process with a planning firm experienced in developing downtown enhancement plans for many other communities. The funding for this effort was raised through contributions provided by individuals and foundations.

Until recently, the DDA/PSD Board’s potential has been extremely limited, relying exclusively on the efforts of board members and the limited time available from City staff for conducting the business and moving toward the goals of the DDA/PSD.

With the exception of the “Visioning” contributions, the DDA had no funds available for materials, labor or any other expenses until the Tax Increment Financing (TIF) funding mechanism was approved in 2015. With less than full participation by the affected taxing entities and minimal growth in downtown taxable values, the available TIF funds (\$8,136

in 2015) fell far short of expectations, and short of the funding needed to take on projects to provide many significant benefits to the downtown. For the 2016 tax year, the assessed values of downtown properties had declined, resulting in no TIF revenues for this year.

For the minimal TIF funds that were captured, the largest portion of those funds was allocated for administrative services (by contract agreement) provided by HARBOR Inc. director Rachel Smolinski. Rachel's services to the DDA took the form of coordination, program planning, reporting and fundraising for certain projects as well as promotional activities. The DDA Board recognizes that the amount of service that was provided has been well in excess of what could have been expected for the \$5,000 compensation that was agreed upon for 2016. The Board also understands that, to see the kinds of positive results needed the level of administration services would most likely be increased to that of a full time director position, comparable to DDA/PSDs of most northern Michigan communities.

For 2017, it is estimated that administrative services needed to achieve the year's goals and progress toward accomplishing the District Projects will amount to \$25,000. The Board proposes to raise \$15,000 of that total through the proposed special assessment. The needs will also be met through in-kind contributions, donations, grants and future funds that may be captured through TIF. Aside from a minimal amount of City staff time, the Administration element of the District Project is not proposed to require any funding from general tax revenues.

With property owner's support of the proposed Special Assessment, the funds allocated for the Administration district project will help provide the necessary professional coordination, program planning, reporting, fundraising, communication and promotion horsepower to help accomplish the positive results... results that are expected to increase customer traffic, sales and property values for owners in the district.

### **Wayfinding System**

As another project element, the Board has identified a priority of improving the signage in the City, particularly in the downtown area. The goal is to make it easier for drivers and pedestrians to efficiently find their destination and to make them aware of the other nearby attractions and amenities that the City offers.

The Board recognizes that the City's current public signage is inconsistent in size, location, design, colors and construction, making it more difficult for the public to spot and identify the City's directional/destination signage. It's obvious that, over time, new signage was added often in a piecemeal fashion, without a clear or consistent plan for the design or placement of signs.

In a review of current signage, it also became clear that a significant portion of the City's signs are old, deteriorated and will soon need replacement. This emphasizes the logic of creating a system for consistency and efficiency in the design, style and placement for future signage.

With contributed funds, a national consultant for Wayfinding has provided an analysis of the City's signage and basic recommendations for a coordinated system to help the public find destinations in Harbor Springs

The consultant provided the basis for a wayfinding system of signage in the City, as well as examples of the efficient and systematic signage used in other communities and the benefits that those cities have seen.

Following that initial analysis, the next step proposed by the Board is further development of a detailed specific plan to determine the destinations to be included in the wayfinding plan, the appropriate routes to be considered and the recommended location and system of signage to be used.

Once adopted, the final phase for wayfinding will be deciding on a consistent and recognizable design theme, including the selection of the look and construction of the signs that would then be constructed and installed.

With so many of the City's attractions and destinations being located in the downtown/waterfront area, the DDA/PSD Board recognizes the potential of making residents and visitors more aware of these downtown attractions and making it easier to locate them through effective signage. The Board believes the benefits of increased traffic and sales for downtown businesses and increased value for property owners will be significant and long lasting.

The next two phases of the Wayfinding project are estimated to cost \$130,000 in 2017. It is proposed that \$20,000 of that amount should be raised (from the downtown property owners) through the special assessment with the remainder coming from foundation grants, private donors, in-kind contributions and some of the available TIF funds. Aside from a minimal amount of City staff time, this element of the district project does not plan to receive any funding from general tax revenues.

### **Holiday Lighting**

In an effort to be more inclusive, the DDA/PSD Board recognizes the value and the needs of businesses located outside the primary routes of Main Street, State Street and Bay Street.

A committee representing Third Street retail and commercial businesses and property owners has been investigating the needs and goals for increasing the vitality of their (sometimes overlooked) section of downtown.

After considering the various priorities to improve the vitality of Third Street, the Board has adopted a district project element of expanding holiday lighting onto Third Street. The goals include making the Third Street area more attractive and inviting to the public and helping the public notice and discover the Third Street businesses that might be overlooked during the holiday season.

There is a unique opportunity in 2016 with the planned replacement and reconstruction of the Third Street portion of the electric distribution system this fall. This project provides the chance to coordinate the electric connections and outlets needed for holiday lighting as the new utility poles and lines are constructed.

Over time, the Main Street holiday lighting has come to be funded from the Community Promotion (electric utility return-on-investment) revenues. For the expansion of holiday lighting to Third Street, it is proposed that the \$10,900 of the total estimated 2017 cost of \$26,900 be raised through the special assessment on the downtown property owners with the balance coming from in-kind contributions, grants and donations. Aside from a minimal amount of City staff time, this element of the district project does not propose to receive any funding from general tax revenues.

The DDA/PSD Board has explored many alternatives before arriving at what they believe is the most fair and equitable basis for funding downtown programs and enhancements.

The Board believes that all district businesses and property owners will see value from one or more of the district project elements, regardless of the taxable value or size of the owner's building or property. For this reason the Board proposes that the Special Assessment be assessed on the basis of a-dollar-a-day or \$365 per year for all non-residential properties within the Downtown Development District as established in Ordinance 180, dated January 4, 1982

It is proposed that this \$365 assessment be made once per year on the December tax bills in both the 2017 and 2018 tax seasons. Currently this level of assessment is estimated to raise approximately \$49,000 annually.

While the Board recognizes that the DDA will likely need to consider assessment as a key part of its future funding, some elements of this District Project can be largely be completed within the proposed two year period, when it is anticipated that the Board will review and propose the specifics of future assessments, if needed.