

**Dexter Downtown Development Authority**

**SPECIAL MEETING**

February 19, 2016 <> 7:30 AM

**Dexter Senior Center**

7720 Ann Arbor Street

Dexter, MI 48130

**MINUTES**

1. Call to Order: Called to order at 7:31 AM on February 19, 2016 by Chairman Steve Brouwer.

2. Roll Call

Becker, Patrick-ab	Bellas, Rich	Brouwer, Steve
Covert, Tom-ab	Darnell, Don	Finn, Doug-ab
Jones, Carol	Keough, Shawn	Model, Fred-ab
O'Haver, Dan-ab	Schmid, Fred	Willis, Randy

Also in attendance: Michelle Aniol, Community Development Manager; and media.

3. Approval of Minutes from the Regular January 21, 2016 Meeting:  
*Motion Willis; support Darnell to approve the regular meeting minutes of January 21, 2016 as presented.*

*Unanimous voice vote approval with Becker, Covert, Finn, Model and O'Haver absent.*

4. Approval of Agenda:  
*Motion Darnell; support Bellas to approve the agenda as presented.*

*Unanimous voice vote approval with Becker, Covert, Finn, Model and O'Haver absent.*

5. Pre-arranged Audience Participation:

*None*

6. Non-Arranged Citizen Participation:

*None*

7. Treasurer's Report:

a) February Invoice: Invoice Scott Munzel for Attorney fees in the amount of \$9,693.58.

*Motion Willis; support Darnell to pay the February invoice to Scott Munzel in the amount of \$9,693.58.*

*Ayes: Bellas, Brouwer, Darnell, Jones, Keough, Schmid and Willis.*

*Nays: None*

*Absent: Becker, Covert, Finn, Model and O'Haver*

*Motion carries*

b) Approval of February 2016 Treasurer's Report

*Motion Schmid; support Bellas to approve the February Treasurer's Report as presented.*

*Ayes: Bellas, Brouwer, Darnell, Jones, Keough, Schmid and Willis.*

*Nays: None*

*Absent: Becker, Covert, Finn, Model and O'Haver*

*Motion carries*

c) Budget Amendment

*Motion Darnell; support Willis to approve a budget amendment for expenditure item 248-248-810-000, Legal Fees increasing \$55,000 from \$15,000 to \$70,000 with funds coming from reserves.*

*Ayes: Bellas, Brouwer, Darnell, Jones, Keough, Schmid and Willis.*

*Nays: None*

*Absent: Becker, Covert, Finn, Model and O'Haver*

*Motion carries*

8. Correspondence / Communications: Annual Report and Year End Tax Capture Reconciliation

9. Action Items:

a) Old Business - None

b) New Business – Pre-Development Agreement with Foremost Development

*Motion Darnell; support Willis to approve the Pre-Development Agreement with Foremost Development Company and recommend to City Council for final approval.*

*Ayes: Bellas, Brouwer, Darnell, Jones, Keough, Schmid and Willis.*

*Nays: None*

*Absent: Becker, Covert, Finn, Model and O'Haver*

*Motion carries*

## 10. Discussion Updates:

*None*

## 11. City Mayor and Staff Reports

## a) Mayor – Shawn Keough

- *Council will be going through goal setting session on March 2 and March 19 to discuss the following: DTE decommissioning, Facility Bond refinancing, Facility needs and Phase 2 of the Mill Creek Park.*
- *There may be a need for a millage increase in the City to handle City needs. Dexter has the lowest rate of the cities in Washtenaw County.*
- *The millage for the streetscape will come off the books in fiscal year 2016-2017.*
- *Discussion followed.*

## b) Staff – Michelle Aniol

*None*

## 12. Chairman's Report:

Items for March 18, 2016 Agenda

## 13. Non-Arranged Citizen Participation:

*None*

## 14. Adjournment

*Motion Darnell; support Willis to adjourn the meeting at 7:47 AM.  
Unanimous voice vote approval with Becker, Covert, Finn, Model and O'Haver absent.*

Respectfully submitted,

Carol Jones, Secretary

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## Budget FY 15/16

Following are the Fiscal Year 2015-2016 Revenue and Expenditure Reports through February 29<sup>th</sup>.

03/14/2016 REVENUE AND EXPENDITURE REPORT FOR CITY OF DEXTER PERIOD ENDING 02/29/2016 % Fiscal Year Completed: 66.67						
GL NUMBER	DESCRIPTION	2015-16 ORIGINAL BUDGET	2015-16 AMENDED BUDGET NORMAL	YTD BALANCE 02/29/2016 NORMAL (ABNORMAL)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BDGT USED
<b>Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY</b>						
<b>Revenues</b>						
Dept 000-ASSETS, LIABILITIES & REVENUE						
248-000-415.000	TAX CAPTURE REVENUE	287,500.00	287,500.00	299,264.55	(11,764.55)	104.09
248-000-574.001	PERSONAL PROPERTY TAX REIMBURSEMENT	5,300.00	5,300.00	7,821.41	(2,521.41)	147.57
248-000-665.000	INTEREST EARNED	500.00	500.00	1,906.25	(1,406.25)	381.25
248-000-671.000	OTHER REVENUE	0.00	0.00	4,320.37	(4,320.37)	100.00
248-000-695.494	TR IN DDA PROJECT FUND 494	186,500.00	186,500.00	186,201.83	298.17	99.84
Total Dept 000-ASSETS, LIABILITIES & REVENUE		479,800.00	479,800.00	499,514.41	(19,714.41)	104.11
<b>TOTAL Revenues</b>		<b>479,800.00</b>	<b>479,800.00</b>	<b>499,514.41</b>	<b>(19,714.41)</b>	<b>104.11</b>
<b>Expenditures</b>						
Dept 248-ADMINISTRATION						
248-248-802.000	PROFESSIONAL SERVICES	5,000.00	5,000.00	1,875.00	3,125.00	37.50
248-248-803.000	CONTRACTED SERVICES	1,700.00	1,700.00	0.00	1,700.00	0.00
248-248-810.000	ATTORNEY FEES	15,000.00	70,000.00	49,268.79	20,731.21	70.38
248-248-880.000	DOWNTOWN EVENTS	500.00	500.00	500.00	0.00	100.00
248-248-957.002	DDA CAPTURE REFUNDS	500.00	500.00	0.00	500.00	0.00
Total Dept 248-ADMINISTRATION		22,700.00	77,700.00	51,643.79	26,056.21	66.47
Dept 442-DOWNTOWN PUBLIC WORKS						
248-442-803.015	CITY MAINTENANCE	5,000.00	5,000.00	0.00	5,000.00	0.00
248-442-970.000	CONTRACTED CAPITAL IMPROVEMENTS	15,900.00	15,900.00	13,928.00	1,972.00	87.60
Total Dept 442-DOWNTOWN PUBLIC WORKS		20,900.00	20,900.00	13,928.00	6,972.00	66.64
Dept 901-CAPITAL IMPROVEMENTS						
248-901-972.001	PURCHASE OF HOUSE	20,000.00	20,000.00	0.00	20,000.00	0.00
248-901-972.002	DTE SUBSTATION MOVE	25,000.00	25,000.00	0.00	25,000.00	0.00
248-901-972.004	3045 BROAD STREET REDEVELOPMENT	25,000.00	25,000.00	0.00	25,000.00	0.00
Total Dept 901-CAPITAL IMPROVEMENTS		70,000.00	70,000.00	0.00	70,000.00	0.00
Dept 965-TRANSFERS OUT - CONTROL						
248-965-999.394	TR OUT FOR BOND PAYMENTS - 394	282,200.00	282,200.00	102,881.73	179,318.27	36.46
Total Dept 965-TRANSFERS OUT - CONTROL		282,200.00	282,200.00	102,881.73	179,318.27	36.46
<b>TOTAL Expenditures</b>		<b>395,800.00</b>	<b>450,800.00</b>	<b>168,453.52</b>	<b>282,346.48</b>	<b>37.37</b>
<b>Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY:</b>						
<b>TOTAL REVENUES</b>		<b>479,800.00</b>	<b>479,800.00</b>	<b>499,514.41</b>	<b>(19,714.41)</b>	<b>104.11</b>
<b>TOTAL EXPENDITURES</b>		<b>395,800.00</b>	<b>450,800.00</b>	<b>168,453.52</b>	<b>282,346.48</b>	<b>37.37</b>
<b>NET OF REVENUES &amp; EXPENDITURES</b>		<b>84,000.00</b>	<b>29,000.00</b>	<b>331,060.89</b>	<b>(302,060.89)</b>	<b>1,141.59</b>

Fund 394 - DDA DEBT FUND

Revenues

Dept 000-ASSETS, LIABILITIES & REVENUE

394-000-695.248	TRANSFER IN FROM DDA FUND 248	282,200.00	282,200.00	102,881.73	179,318.27	36.46
Total Dept 000-ASSETS, LIABILITIES & REVENUE		282,200.00	282,200.00	102,881.73	179,318.27	36.46

TOTAL Revenues		282,200.00	282,200.00	102,881.73	179,318.27	36.46
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Expenditures

Dept 850-LONG-TERM DEBT

394-850-992.000	BOND FEES	1,000.00	1,000.00	1,000.00	0.00	100.00
394-850-997.003	DDA 2008 TAXABLE BOND (\$1.6M)	80,700.00	89,000.00	13,400.92	75,599.08	15.06
394-850-997.004	DDA 2008 BOND (\$2+M)	117,500.00	117,500.00	46,220.63	71,279.37	39.34
394-850-997.005	2011 REFUNDING BOND (\$620K)	83,000.00	83,000.00	42,260.18	40,739.82	50.92
Total Dept 850-LONG-TERM DEBT		282,200.00	290,500.00	102,881.73	187,618.27	35.42

TOTAL Expenditures		282,200.00	290,500.00	102,881.73	187,618.27	35.42
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Fund 394 - DDA DEBT FUND:

TOTAL REVENUES		282,200.00	282,200.00	102,881.73	179,318.27	36.46
TOTAL EXPENDITURES		282,200.00	290,500.00	102,881.73	187,618.27	35.42
NET OF REVENUES & EXPENDITURES		0.00	(8,300.00)	0.00	(8,300.00)	0.00

Fund 494 - DDA PROJECT FUND

Revenues

Dept 000-ASSETS, LIABILITIES & REVENUE

494-000-665.000	INTEREST EARNED	0.00	0.00	6.86	(6.86)	100.00
Total Dept 000-ASSETS, LIABILITIES & REVENUE		0.00	0.00	6.86	(6.86)	100.00

TOTAL Revenues		0.00	0.00	6.86	(6.86)	100.00
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Expenditures

Dept 965-TRANSFERS OUT - CONTROL

494-965-999.248	TRANSFER OUT TO DDA FUND 248	186,500.00	186,500.00	186,201.83	298.17	99.84
Total Dept 965-TRANSFERS OUT - CONTROL		186,500.00	186,500.00	186,201.83	298.17	99.84

TOTAL Expenditures		186,500.00	186,500.00	186,201.83	298.17	99.84
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Fund 494 - DDA PROJECT FUND:

TOTAL REVENUES		0.00	0.00	6.86	(6.86)	100.00
TOTAL EXPENDITURES		186,500.00	186,500.00	186,201.83	298.17	99.84
NET OF REVENUES & EXPENDITURES		(186,500.00)	(186,500.00)	(186,194.97)	(305.03)	99.84

TOTAL REVENUES - ALL FUNDS		762,000.00	762,000.00	570,331.40	191,668.60	74.85
TOTAL EXPENDITURES - ALL FUNDS		864,500.00	927,800.00	457,537.08	470,262.92	49.31
NET OF REVENUES & EXPENDITURES		(102,500.00)	(165,800.00)	112,794.32	(278,594.32)	68.03

Fund 494 has been closed and all assets moved to Fund 248.

## Revenue Notes

- The 2015 tax year should be settled with Washtenaw County by March 31<sup>st</sup>. The process for paying the DDA capture has changed this year, in that the DDA is paid their capture at the same time as all of the taxing jurisdictions are paid, based on a schedule set out by the State Tax Commission. I will record delinquent real property as a receivable, as Washtenaw County will be paying that to the City – usually in May or June.
- Delinquent personal property within the DDA will be collected by the City Treasurer, and if remaining uncollected as of June 30<sup>th</sup> will also be recorded as a receivable. All delinquent personal property tax owners have been notified that collection activities may start at any time. There are currently ten delinquent parcels within the DDA district, one of which has made payment arrangements.
- The tax capture line in the Revenue/Expenditure section of this report is higher than budgeted because the brownfield has not yet been removed from revenue. That will be done as part of tax settlement.

## LaFontaine Chevrolet Michigan Tax Tribunal Case

- After discussion with Nathan Voght at Washtenaw County, the preliminary decision in regard to the 2015-2016 brownfield payment is to set it aside in escrow until resolution of the Tax Tribunal case. Mr. Voght is discussing where the escrow should be held (City vs County Brownfield) and will report back to the City treasurer when the question is resolved. *(No change for this report.)*

**DDA Financial Forecast** – An updated forecast starting with FY 16-17 should be presented to the DDA at their March 17<sup>th</sup> meeting.

**DDA Project Summaries** – *Nothing new at this time*

## Required Reporting

- Form 5176 – Request for State Reimbursement of Tax Increment Finance Authority. Deadline to file for 2016 is June 15<sup>th</sup>.
- Form 2604 – Tax Increment Financing Plan Report for Capture of Property Taxes (deadline to file is July 31<sup>st</sup> of each year).
- Qualifying Statement – File the Fiscal Year 2015-2016 Statement by December 31, 2016
- Audit – File the 2015-2016 Audit by December 31, 2016.
- Publish the Fiscal Year 2014-2015 Annual Report by February 2016. *Filed with the Michigan Department of Treasury on February 19<sup>th</sup> and published in the Sun Times on February 24<sup>th</sup>.*

**Tax Capture Update** – *Nothing new at this time*

- The City has the assessment roll. Over the course of the next several months, the roll will be reviewed by the assessor, and he is aware that the DDA would like a review of parcels included within the district.

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◆◆ SCOTT E. MUNZEL, P.C.  
ATTORNEY AT LAW

603 W. HURON STREET  
ANN ARBOR, MI 48103  
P: 734-994-6610 Fx: 734-769-9055  
E: SEM@MUNZELLAW.COM

2/16/2016

Ms. Courtney Nicholls  
Manager  
City of Dexter  
8140 Main Street  
Dexter, MI 48130

248.248-810.000  
11,596.50

DDA

Invoice  
1822

Re: Invoice for Legal Services - Dexter Wellness Center

Dear Ms. Nicholls:

The invoice for legal services provided in January is below. Please contact me if you have any questions. Please note I have divided this invoice between the City and DDA.

1/1/2016	Complete review of Heydlauff deposition and digest; review depositions of Cope, Sargeant, Hummert, and Merte and create digests; trial organization	13.5
1/2/2016	Trial preparation; review MTT Order; draft Opening Statement; draft and file Reply Briefs on CWF Motion to Amend Exhibit List and Trinity Motion to File Amicus Brief; TC Adam Sadowski re issues; logistics with Exhibit Books; review CWF Exhibit List	10
1/3/2016	Review Exhibit List of CWF proposed 358 exhibits; TC Adam re motion for sanctions; forward to Keough, Nicholls; review Opening Statement; prepare cross exam for Heydlauff; prepare for trial; pack all boxes, etc.	10.0
1/4/2016	Attend Trial in Lansing; prepare for Day 2	13.5
1/5/2016	Attend Trial in Lansing; cross examine Amy Heydlauff organize after trial; review Amy document; review notes from day's testimony	15.0
1/6/2016	Attend Trial; cross examine Heydlauff, Cope; resesarch on HIP plan; review transcript; prepare for tomorrow trial	9
1/7/2016	Attend Trial; cross examine Broshar, Conlin, other witnesses; review Cousins deposition; meet with Paul Cousins and Shawn Keough to prepare Cousins for testimony	13.5

2/16/2016  
Page Two

1/8/2016	Attend Trial; cross examine Pegoskie, other witnesses; prepare for Trial- review transcripts to supplement testimony by Dexter witnesses	9.5
1/9/2016	Review transcripts for issues to raise in testimony; prepare outlines for testimony of Keough, Nicholls, Haffey, Renius, Darnell	12.0
1/10/2016	Meet with Shawn and Courtney re their upcoming testimony; prepare for cross examination of Sargeant, Hummert, Merte; prepare for trial	10.0
1/11/2016	Attend trial; cross examine Sargeant, Hummert, Merte; TC Haffey re testimony tomorrow; TC Renius re testimony tomorrow	10.0
1/12/2016	Attend trial; take testimony from Shawn Keough, David Haffey, Chris Renius; TC Don Darnell re upcoming testimony; review Nicholls deposition transcript; TC Shawn Keough re remaining testimony; TC Courtney re upcoming testimony; research Liberty, YMCA re health assessments; review Exhibit lists	12.0
1/13/2016	Attend trial; take testimony from Courtney Nicholls, Don Darnell; final pleading schedule; retrieve documents from Courtroom	5.0
1/17/2016	Begin drafting Closing Brief- Summary section	2.0

Total Time	145.0 at \$170/hr
Current Invoice	\$ 24,650.00
Expenses- \$43 parking	\$ 43.00
Total Balance Due	\$ 24,693.00
Minus courtesy discount	\$ 1,500.00
Revised Current Invoice	\$ 23,193.00
Divided between DDA and Village	\$11,596.50
Outstanding balance	\$10,715.64
Total amount due	\$22,312.14

Sincerely,

EIN 38-3120196

  
 Scott E. Munzel

◆◆ SCOTT E. MUNZEL, P.C.  
ATTORNEY AT LAW

603 W. HURON STREET  
ANN ARBOR, MI 48103  
P: 734-994-6610 Fx: 734-769-9055  
E: SEM@MUNZELLAW.COM

2/16/2016

Ms. Courtney Nicholls  
Manager  
City of Dexter  
8140 Main Street  
Dexter, MI 48130

494-908-810.000  
\$ 1,139.00

Invoice  
1820

Re: Invoice for Legal Services - Broad Street Development

Dear Ms. Nicholls:

The invoice for legal services provided in January is below. Please contact me if you have any questions.

1/20/2016	TC Courtney Nicholls, Michelle Aniol re status of project and Pre-Development Agreement	0.3
1/22/2016	Review redline version of Pre-Development Agreement	0.9
1/25/2016	TC Michelle Aniol re comments, questions, issues re Pre-Development Agreement	0.8
1/28/2016	Create redline with suggested revisions to Pre-Development Agreement	0.6
1/29/2016	Continued work on redline of Pre-Development Agreement	1.2
	Attend meeting with RFQ Committee; discuss project and revisions to development agreement	1.5
1/30/2016	Prepare new redline and revised version of Pre-Development Agreement based on comments of RFQ Committee research Xenos projects	1.1
		0.3
	Total Time	6.7 at \$170/hr
	Current Invoice \$	1,139.00
	Expenses- none \$	-
	Total Balance Due \$	1,139.00

Sincerely,



Scott E. Munzel

EIN 38-3120196

# PSLZ LLP

Certified Public Accountants

1034 W. ANN ARBOR TRAIL

P.O. BOX 5520

PLYMOUTH, MICHIGAN 48170-1502

TELEPHONE: (734) 453-8770 FAX: (734) 453-0312

January 11, 2016

Invoice#: 2438

Client ID: DEXTV

City of Dexter  
8140 Main St.  
Dexter, MI 48130

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR REMITTANCE

EXAMINATION OF ACCOUNTS FOR FISCAL YEAR ENDED JUNE 30, 2015 \$12,500.00

DDA ANNUAL AUDIT \$1,500.00

Current Billing Amount 14,000.00

Total Current Activity \$14,000.00

Beginning Balance \$0.00

Invoices 14,000.00

Receipts 0.00

Adjustments 0.00

Service Charges 0.00

Amount Due \$14,000.00

Coded by: Marie - DDA share

GL # 248-248-803 000 Amt. 1500.00

GL # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Amt. \_\_\_\_\_

GL # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Amt. \_\_\_\_\_

Scanned by: \_\_\_\_\_

Date: \_\_\_\_\_

# PSLZ LLP

Certified Public Accountants

1034 W. ANN ARBOR TRAIL P.O. BOX 5520 PLYMOUTH, MICHIGAN 48170-1502

**City of Dexter  
Treasurer/Finance  
Director's Office**

# Memo

**To:** Dexter Downtown Development Authority

**From:** Marie Sherry, Treasurer

**Date:** 3/14/2016

**Re:** Washtenaw County Road Millage

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DDA Members:

In late 2014, the County Board of Commissioners passed a resolution to levy .5 mills for road improvements under Public Act 283 of 1909, to be included on the 2014 winter tax bill. The County Board has reapproved this levy for the 2015 winter tax bill. Taxes collected from cities and villages under this levy are to be used for projects within the community that paid them.

Last May, I did some research into whether or not this tax levy was subject to capture by the DDA. The County's attorney contends that it is not, while state and other officials contend that it is. Since the road projects selected for 2015 were within the DDA's district, capturing and then returning the funds to Washtenaw County was a win-win solution for both entities. To that end, the DDA adopted a resolution directing the City Treasurer to remit those funds to the County.

I am requesting that the DDA adopt the same resolution for the taxes collected from the 2015 winter levy. The amount to return to the County would be \$2,537.50, and work has been approved for Forest and Hudson Streets that have sections within the DDA boundary.

Thank you.

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**RESOLUTION TO RETURN THE CAPTURE OF THE 2015 ROAD MILLAGE TO THE WASHTENAW COUNTY TREASURER FOR DISTRIBUTION TO THE CITY OF DEXTER IN ACCORDANCE WITH THE WASHTENAW COUNTY BOARD OF COMMISSIONERS' RESOLUTION LEVYING A SPECIAL TAX TO KEEP EXISTING ROADS, STREETS, PATHS, BRIDGES AND CULVERTS IN REASONABLE REPAIR AND IN A CONDITION REASONABLY SAFE AND FIT FOR PUBLIC TRAVEL**

**City of Dexter Downtown Development Authority**  
County of Washtenaw  
State of Michigan

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At a regular meeting of the Downtown Development Authority, City of Dexter, County of Washtenaw, State of Michigan, held on the 17<sup>th</sup> day of March, 2016, at 7:30 a.m. Eastern Time,

PRESENT:

ABSENT:

The following preamble and resolution were offered by Member \_\_\_\_\_ and supported by Member \_\_\_\_\_:

**WHEREAS**, the Washtenaw County Board of Commissioners resolved in September 2015 to levy a .5 mill tax for road maintenance on the December 2015 tax bill, and

**WHEREAS**, the Washtenaw County Board of Commissioners, in their resolution, exempted this millage from capture by tax increment financing districts, and

**WHEREAS**, the City of Dexter Treasurer believes that there is not enough evidence for or against Washtenaw County being able to exempt this tax from capture, and will be remitting the road millage capture to the Downtown Development Authority, and

**WHEREAS**, the Washtenaw County Board of Commissioners Resolution details that road millage collected from properties in the City of Dexter, including from the Downtown Development Authority district, will be paid to the City for use on maintenance projects within the City, and

**WHEREAS**, the Dexter Downtown Development Plan allows for intergovernmental financing and some of the projects identified by the City of Dexter to use the County's road millage are within the Development Plan area,

**NOW, THEREFORE, BE IT RESOLVED** that in the spirit of intergovernmental cooperation the Downtown Development Authority directs the City of Dexter Treasurer to remit their capture of the .5 road millage levied in December 2015 to the Washtenaw County Treasurer for use in the City of Dexter as outlined in the City's resolution of August 2015, and

**BE IT FURTHER RESOLVED** that this action in no way endorses Washtenaw County's actions in exempting this millage from tax capture in the absence of case law from within Washtenaw County addressing this issue, and

**BE IT FURTHER RESOLVED** that the Dexter Downtown Development Authority reserves the right to retain the capture from any future road millage levied under PA 283 of 1909.

AYES:

NAYS:

ABSENT:

RESOLUTION DECLARED ADOPTED THIS 17<sup>th</sup> DAY OF MARCH, 2016.

\_\_\_\_\_  
Chairperson – Steve Brouwer

**CERTIFICATION**

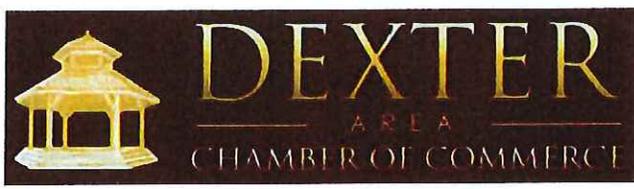
I hereby certify that the attached is a true and complete copy of a resolution adopted by the Downtown Development Authority of the City of Dexter, County of Washtenaw, State of Michigan, at a regular meeting held on the 17<sup>th</sup> day of March, 2016.

\_\_\_\_\_  
DDA Secretary – Carol J. Jones

# CITY OF DEXTER MICHIGAN

## DOWNTOWN RETAIL MARKET STUDY

MARCH 2016



*Prepared for the:*

Office of Community Development  
City of Dexter  
8140 Main Street  
Dexter  
Michigan, 48130-1092

(734) 426-8303



Chuck Eckenstahler

2013 Melrose Drive  
Long Beach, Indiana 46360  
219-861-2077  
pctecken@comcast.net

FANNING HOWEY

March 1, 2016

Michelle Aniol  
Community Development Manager  
City of Dexter  
8140 Main Street  
Dexter, MI 48130-1092

Dear Ms. Aniol:

We are pleased to present the report entitled, **CITY OF DEXTER, MICHIGAN DOWNTOWN RETAIL MARKET STUDY**. This report has been prepared pursuant to the scope of services dated June 30, 2015. It describes the methods used in the analysis and contains the data gathered in the investigations, resulting in the estimates of retail spending potential within the trade area as of the date of this report, March 1, 2016.

Additionally, this report includes our recommended plans for certain aspects for the physical redevelopment of the downtown, prepared pursuant to our completion of the scope of services.

Our analysis is subject to the limiting conditions, assumptions and methodologies employed as referenced in specific sections of the report. The results are our personal, unbiased professional analysis, opinions, and conclusions. Further, we have no personal interest or bias with respect to the outcome or the parties involved.

You may reproduce this report for general circulation with appropriate reference to the firm, conditions and date of the report. We will be available to answer any questions you may have.

Sincerely,

Sincerely,



Charles Eckenstahler



Carl Baxmeyer, Director  
Solutions Group  
Fanning/Howey Associates, Inc.



## EXECUTIVE SUMMARY

The objective of the Dexter Downtown Retail Market Study and its recommendations is to identify the additional retail spending potential that will result in the location of new businesses in the downtown.

The additional retail spending potential is directly tied to population growth and the number of households in the study area. The overall population in the study area is projected to increase from its current level of 21,297 to over 25,000 persons during the next ten years. The number of households is projected to increase from just less than 8,000 currently to 8,800 in five years.

### KEY FINDINGS

1. The increased number of households and household incomes will result in an additional spending for retail goods and services in excess of \$50,000,000 in 2021.
2. Currently slightly less than 50% of household shopping for goods and services is done external to the retail market area, a proportion that will increase to 55% during the 5-year analysis term.
3. While unfilled demand can support approximately 500,000 square feet of building space, the approximate 50% "leakage" indicates market area support for approximately one-half of this building space or 250,000 square feet.
4. High downtown building occupancy limits the ability to accommodate new building space.
5. Recommended downtown store types focus on "specialty retailers"; including furniture, home furnishings, clothing, etc., with the most probable being unique multi-offering general merchandise stores.

### KEY RECOMMENDATIONS

1. **Downtown Land Use Planning** – Planning for additional retail building space in the future is needed to expand and complement the current inventory of retail establishments within the downtown.
2. **Concentrated Resident Marketing Program** – Engage a retail marketing analyst to study and identify advertising and other customer communication programs to increase customer patronage frequency to reduce the current spending leakage and to prevent increased leakage in the future.
3. **Downtown PlaceMaking and Walkability** - Households and their incomes are the "key" to downtown economic suitability. Downtown residential living increases customer patronage and is promoted by State of Michigan through financial support for city installation of "PlaceMaking" and walkability infrastructure projects. The City of Dexter should study actions to increase the desirability for downtown residential dwelling units especially projects that expand PlaceMaking and further enhance walkability.



**SECTION ONE****INTRODUCTION****BACKGROUND**

The City of Dexter enjoys an historic “small town” picturesque and economically vibrant downtown. Blessed with its physical location in growing Washtenaw County, the City of Dexter, since 2000, has experienced rapid population growth which is expected to continue into the future.

There are several reasons for this population growth. They include proximity to the University of Michigan, strong employment growth throughout the region and a highly desired “livability” of the City as a small-town, tight-knit, family orientated community.

The Dexter Community Schools also contribute significantly to this family orientated community desirability with outstanding educational credentials providing education for over ninety percent of the school age population. That represents a public education enrollment rate near the top enrollment rate for all Michigan school districts.

While the foundation for economic and social community development is well established and positioned to advance positive economic and social sustainability in the future, it is recognized that active community leadership is required to maximize these advantages for the betterment of citizens and visitors.

To this end, governmental, business and civic leaders have committed to the realization of a community betterment strategy designed to maximize future opportunities by implementation of the City Master Plan and Downtown Development Authority, Strategy Development and Tax Increment Financing Plan. These plans call for the creation of a vibrant, diverse, mixed-use downtown regional cultural, recreational, entertainment and shopping experience.

To aid in this pursuit, City and business leaders seek to quantify the amount of household consumer spending available in the downtown retail trade area to help identify new retail and service providers who can locate in the downtown and enjoy business success.

**STUDY OBJECTIVE**

The objective of this study and its recommendations is to identify the additional retail spending potential that will result in the location of new businesses in the downtown.

### **SCOPE OF THE ASSIGNMENT**

The consulting team was chosen to prepare the *Downtown Retail Market Study* according to the scope of services dated June 30, 2015. The goal of the study process is to:

1. To identify, and map, the retail trade area serviced by downtown businesses.
2. To identify the current amount of retail spending occurring within the trade area and estimate the spending currently captured by downtown businesses.
3. Survey merchants concerning complementary and undesired downtown businesses, other needed improvements, building size and rent data including gross sales information.
4. To estimate the growth of the spending potential available within the trade area in the next five-years due to growth in the number of households and expected increases in current and future household incomes.
5. To identify specific store types for goods and services demanded in excess of goods and services currently provided by downtown businesses.
6. To calculate, by store type, the square footage of business spaces which can be economically supported by unfulfilled demand.
7. Prepare conclusions, recommendations and an implementation strategy designed to attract additional spending in the downtown for both existing and prospective new businesses that can be recruited to locate in the downtown.

### **LIMITATIONS OF ANALYSIS**

The consulting team does not warrant future projected retail spending estimates, as the accuracy of information received from various secondary sources concerning market data for the study area cannot be guaranteed. Moreover, the ultimate success of redevelopment efforts in the City of Dexter is dependent on a variety of factors beyond the control of the consulting team.

However, the assessment and recommendations contained in this report represent the best judgment of the consulting team based on information gathered within the scope of this assignment. The consulting team cannot overemphasize the importance of public/private sector cooperation in carrying out the recommended strategies focused toward the economic development and commercial revitalization efforts of the City of Dexter.

SECTION TWO

IDENTIFICATION OF THE RETAIL MARKET AREA

INTRODUCTION

In reality, the identification of a retail market area is as much mathematical science as it is human perception gathered via survey and interviews. For the purposes of this analysis, a mathematical model is first used to identify the geographic territory of the downtown market area. The mathematical defined downtown market area is then subject to rigorous review by downtown business owners who assist in shaping the geographic territory where a majority of their customers reside.

RILEY’S LAW OF RETAIL GRAVITATION

Riley’s Law is a formula used to identify the mid-point between two shopping experiences – the mid-point being the dividing line or boundary between two equal shopping experiences.

$$BP = \frac{\text{distance between city a and b}}{1 + \sqrt{\frac{\text{pop. b}}{\text{pop. a}}}}$$

**BP is distance from city a to breaking point**

In the Dexter example the distance between the principal shopping destinations offering equal shopping experiences is divided by one plus the result of dividing the population of city b by the population of city a.

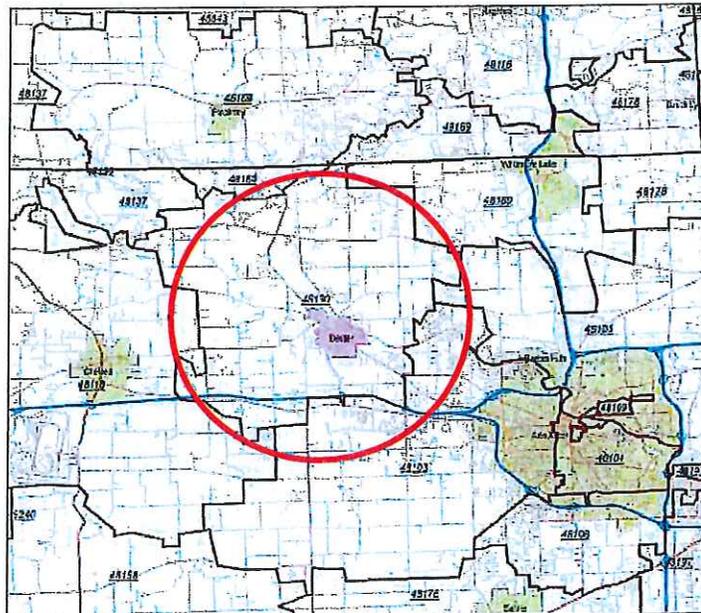
The resulting BP is the distance from city a to the 50% boundary of the trade area.

RETAIL TRADE AREA

The result of the mathematical model shows the retail market area encompassing the City of Dexter US Postal Zip Code area (48130).

SURVEY AND INTERVIEW PROCESS

In December 2015 interviews were held with proprietors of selected businesses to validate the geographic boundary.



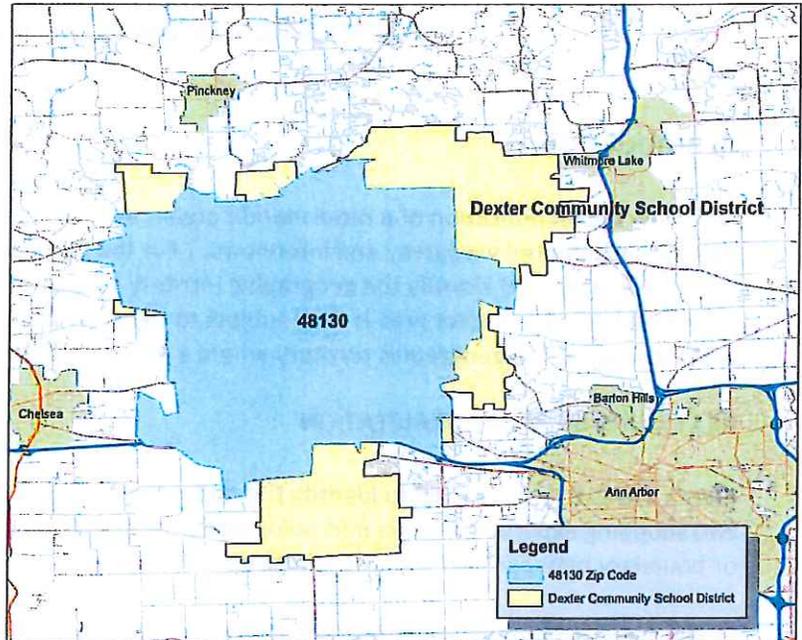
Based on the result of these discussions, the Zip Code boundary expanded to include the Dexter School District boundary was determined the best descriptor of the downtown retail market area.

**SCHOOL DISTRICT – POSTAL ZIP CODE GEOGRAPHY**

The adjoining map illustrates the school district and zip code geography.

**SUMMARY AND CONCLUSIONS**

1. Riley’s Law illustrates the mid-point boundary of competing, but equal, shopping experiences available in surrounding communities defining the downtown retail market area being the geography of the Dexter US Postal Zip Code.
2. The survey and interview validation conducted with downtown business proprietors identified a strong opinion that the geographic boundary exceeded the US Postal Zip Code geography leading to the conclusion that a truer expression of the downtown retail market area can best be described as the Dexter School District geographic boundary.
3. Due to the distance between competing, but equal, shopping experiences, there is very limited secondary downtown market area, with the secondary trade area effect having minimal impact on the total household income shopping potential credited to the downtown retail market area.
4. Discussion with downtown business proprietors, except for specialty businesses that service customer originating outside of the downtown retail market area, non-market area customer trade currently provides a smaller portion of total sales and likely contributes marginally to the business profitability, and thus do not substantiate a true secondary downtown retail market.
5. Discussion with downtown business proprietors indicate a desire to establish a secondary downtown retail market area that could aid in increased business sales and profitability in the future.



## SECTION THREE

## SOCIO-ECONOMIC ANALYSIS

## INTRODUCTION

A key element to analyzing the retail market of the City of Dexter is an understanding of the current and projected socio-economic characteristics of the population. This section presents a “most likely” projection of the total population within the study area. The driving factors are detailed as substantiation of the projection. In the last part of this section the characteristics of the projected population in terms of the number of households and their associated profile is shown.

## DEMOGRAPHIC PROJECTIONS

Population projections are based on a straightforward equation.

$$\text{Number of People} = \text{Births} - \text{Deaths} + \text{Migration In} - \text{Migration Out}$$

The cohort survival method is the term for the typical method for developing population projections. It uses that equation to project the number of persons likely to reside in a particular area in the future. Data on births and deaths and persons moving into and out of an area affects the number of persons in each age group or cohort. The average change in the number of persons in each age cohort in the past is used to project the number of persons in the future.

Demographic projections are often referred to as “part science and part art”. Certainly, if the factors affecting the population are known and are stable projections become a relatively simple mathematical exercise, hence the “part science” term.

Unfortunately, the factors driving changes in the population are not static. Birth and death rates change over time. The number of people migrating into or out of an area changes as well. The gain or loss of a major employer to an area may accelerate the number of people moving into or out of that area to take advantage of new employment opportunities. An aging population may see empty nesters and seniors relocate to alternative, easier to maintain housing. Those persons may be replaced in their original homes by younger people with children. Accounting for the potential impact of these and other changes is the “part art” factor of demographic projections.

The larger the population being projected the less susceptible the projection is to changes. The gain or loss of employers on a statewide level tends to balance out in favor of long-term trends. Those changes become more significant when the projection is on a county level. When projecting population on a local community level, accounting for the impact of changes becomes essential.

Therefore, demographers often rely on extracting local projections from projections done for larger demographic areas. The theory being that the factors affecting the larger population will also affect the

population in a smaller geographic area.

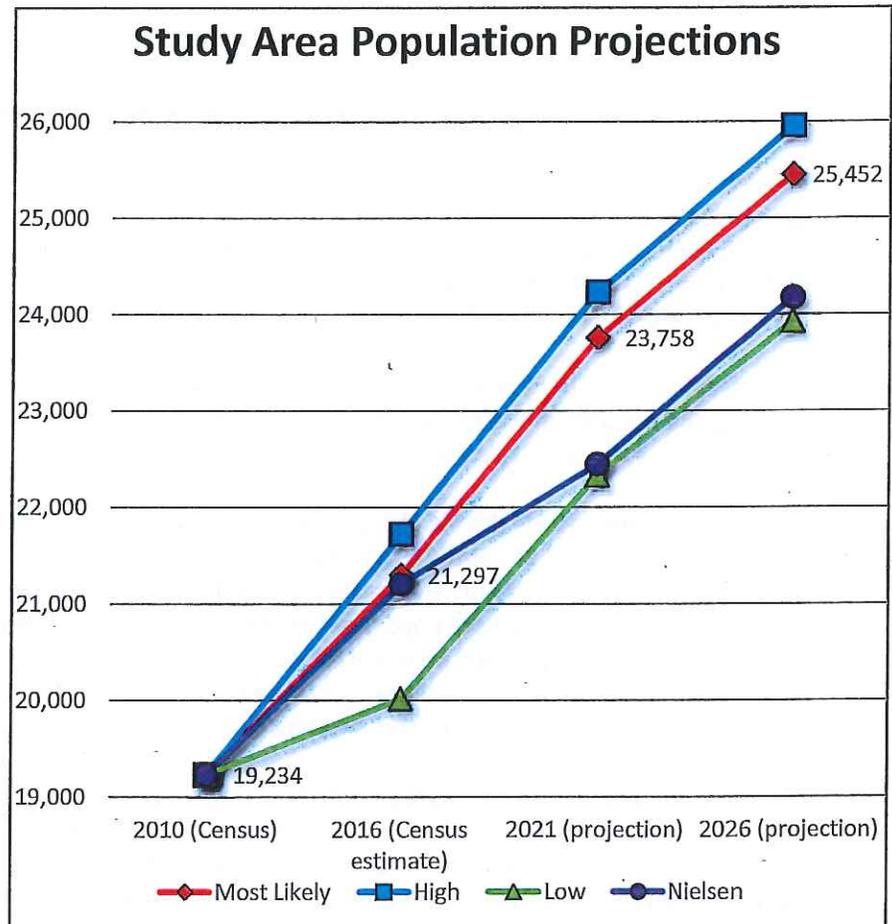
There is certainly merit to that theory especially when demographers are being asked to generate multiple projections. They are often not afforded the opportunity to “drill down” into the factors that affect changes in the population. For the City of Dexter Downtown Retail Market Analysis that opportunity exists.

Demographic projections for the state, county and sub-county areas have been developed by the U.S. Census Bureau, the State Data Center and other sources. In addition, private companies such as the Nielsen Company collect socio-economic information and generate reports and projections. This study relies on such information.

As part of this study demographic projections from these sources have been and analyzed. Three different scenarios were developed with a population projection for each generated specifically for this study along with the Nielsen projection. The following graph shows the anticipated population within the study area from these projections.

Four projections were developed or used as follows:

- **“Most Likely”** – based on continuation of current housing development (450 units annually in county)
- **“High”** – return to 50% of pre-recession development levels (1,000 units annually in county)
- **“Low”** – decline to 50% of current development levels (225 units annually in county)
- **“Nielsen”** – projections to 2021 extrapolated to 2026



Source: Fanning Howey projections and the Nielsen Company

As stated, the first three projections are driven by changes in housing development in Washtenaw County and applied to the study area which is the Dexter Community School District boundary. The fourth projection is the Nielsen projection. The Nielsen Company provides a projection until 2012. That projection was extended by the study team to 2026 to provide a ten-year projection.

The "Most Likely" and "High" projections developed as part of this study show more growth of approximately 1,500 and 2,000 persons respectively over the next ten years than the Nielsen projection. The "Low" scenario projection is more closely aligned with the Nielsen projection.

Again, that is not a questioning of the Nielsen data. Rather it is a result of being able to "drill down" into the underlying factors to generate alternative projections. The impact of that analysis is detailed in the next sub-section.

The table on the next page provides details of the "Most Likely", "High" and "Low" projections by age cohort. At the bottom of the table the information is presented by age groups.

Overall, the projections developed for this study; the Nielsen projection; and, other federal, state and regional projections for the county all indicate that the population is anticipated to continue to grow during the next ten years. The projection for the study area deemed "Most Likely" shows an increase in population to 25,452 persons in ten years.

**Study Area Population Projections**  
*By Scenario to Year 2026*

Age Cohorts	Most Likely			High			Low					
	2010	2016	2021	2026	2010	2016	2021	2026	2010	2016	2021	2026
Age 0 - 4	1,019	1,164	1,252	1,340	1,019	1,187	1,277	1,367	1,019	1,094	1,177	1,260
Age 5 - 9	1,462	1,539	1,658	1,777	1,462	1,570	1,691	1,813	1,462	1,447	1,559	1,670
Age 10 - 14	1,693	1,731	1,974	2,118	1,693	1,766	2,013	2,160	1,693	1,627	1,856	1,991
Age 15 - 17	831	806	878	943	831	822	896	962	831	757	826	887
Age 18 - 20	692	725	780	838	692	739	796	855	692	681	734	788
Age 21 - 24	554	750	779	837	554	765	795	854	554	705	732	787
Age 25 - 34	1,519	1,985	1,976	2,129	1,519	2,025	2,016	2,172	1,519	1,866	1,857	2,001
Age 35 - 44	2,943	3,256	3,283	3,651	2,943	3,321	3,349	3,724	2,943	3,061	3,086	3,432
Age 45 - 54	3,731	3,457	4,630	4,690	3,731	3,526	4,723	4,784	3,731	3,250	4,352	4,409
Age 55 - 64	2,827	3,038	3,619	3,705	2,827	3,099	3,691	3,779	2,827	2,856	3,402	3,483
Age 65 - 74	1,193	1,629	1,736	1,947	1,193	1,662	1,771	1,986	1,193	1,531	1,632	1,830
Age 75 - 84	539	857	793	1,044	539	874	809	1,065	539	806	745	981
Age 85 and over	231	360	399	433	231	367	407	442	231	338	375	407
<b>Total Population</b>	<b>19,234</b>	<b>21,297</b>	<b>23,758</b>	<b>25,452</b>	<b>19,234</b>	<b>21,723</b>	<b>24,233</b>	<b>25,961</b>	<b>19,234</b>	<b>20,019</b>	<b>22,333</b>	<b>23,925</b>
<i>Demographic Groups</i>	<i>2010</i>	<i>2016</i>	<i>2021</i>	<i>2026</i>	<i>2010</i>	<i>2016</i>	<i>2021</i>	<i>2026</i>	<i>2010</i>	<i>2016</i>	<i>2021</i>	<i>2026</i>
Pre-school	1,019	1,164	1,252	1,340	1,019	1,187	1,277	1,367	1,019	1,094	1,177	1,260
School Age Children	3,985	4,076	4,510	4,838	3,985	4,157	4,601	4,935	3,985	3,831	4,240	4,548
Young Adults	1,246	1,475	1,560	1,675	1,246	1,505	1,591	1,708	1,246	1,387	1,466	1,574
Parents (25-44)	4,462	5,241	5,259	5,780	4,462	5,346	5,364	5,896	4,462	4,927	4,943	5,433
Empty Nesters	6,559	6,495	8,249	8,395	6,559	6,625	8,414	8,563	6,559	6,105	7,754	7,891
Seniors	1,962	2,846	2,928	3,424	1,962	2,903	2,987	3,492	1,962	2,675	2,752	3,219
<b>Total</b>	<b>19,234</b>	<b>21,297</b>	<b>23,758</b>	<b>25,452</b>	<b>19,234</b>	<b>21,723</b>	<b>24,233</b>	<b>25,961</b>	<b>19,234</b>	<b>20,019</b>	<b>22,333</b>	<b>23,925</b>

Source: Fanning Howey projections and U.S. Census Bureau – American FactFinder

**FACTORS AFFECTING DEMOGRAPHIC PROJECTIONS**

There are five (5) key factors that were used to augment the cohort survival method which produced the projections presented in this report. This section provides information on each factor and the impact on the projections.

***Natality***

Natality, or the fertility rate, is an essential factor in developing a population projection. The fertility rate is expressed as the number of births per 1,000 women age 15 to 44. Demographers often use the birth rate in projections. The birth rate is the number of births per 1,000 persons in the population.

Natality is a more exact factor and was used in this study. The more commonly used related birth rate does not account for differences in the number of women of childbearing age. This is especially true for the study area. As shown in the following table between 2000 and 2010 the number of women of childbearing age in the study area increased from 3,278 to 3,355. During the same period the number of women in that age group in Washtenaw County declined.

	Study Area	Washtenaw County	Study Area	Washtenaw County
	<u>2000</u>		<u>2010</u>	
Female population				
15 to 19 years	525	13,994	703	15,072
20 to 24 years	263	19,222	300	19,771
25 to 29 years	351	13,853	363	13,346
30 to 34 years	532	12,954	473	11,063
35 to 39 years	798	12,652	628	10,699
40 to 44 years	810	12,362	888	11,387
Totals	3,278	85,036	3,355	81,338
Pct (%) of County	3.9%		4.1%	

Source: U.S. Census Bureau – American FactFinder

This is a key factor. Applying the natality rate of 48.0 births per 1,000 women of childbearing age in the study area more accurately reflects the projected number of births that will occur. While nationwide and within Washtenaw County the overall rates are declining having a growing number of women in the study area offsets, in large measure, changes in natality.

The affect of having more women of childbearing age was factored into the population projection. It resulted in a slightly greater number of future births projected to occur within the boundaries of the Dexter Community Schools which has been defined as the study area.

***Mortality***

As with births the number of deaths within a given population is affected by the distribution of persons in each age group. Obviously, an older population can be expected to experience more deaths than a younger population.

The overall mortality rate in Washtenaw County has been holding fairly steady at 4.2 deaths per 1,000 persons. However, the population within the study area is older than the overall county population. The median ages are 35.4 and 29.2 for the study area and the county respectively.

Typically, an adjustment would be made to reflect an older population. However, due to the fact that the age distribution for the county is weighted somewhat disproportionately to younger persons due to the student population at the University of Michigan, no adjustment was made.

**Housing Development**

Housing starts are a prime indicator of population growth. The following table shows the number of housing units constructed within the study area as compared to Washtenaw County as a whole since records were started in 1939.

	Study Area			Washtenaw County	
	Built	Cumulative	% of County	Built	Cumulative
Built 2000 to 2014	1,664	8,071	5.4%	17,037	148,106
Built 1990 to 1999	1,808	6,407	4.9%	20,295	131,069
Built 1980 to 1989	1,098	4,599	4.2%	17,488	110,774
Built 1970 to 1979	1,141	3,501	3.8%	26,125	93,286
Built 1960 to 1969	618	2,360	3.5%	24,648	67,161
Built 1950 to 1959	473	1,742	4.1%	16,310	42,513
Built 1940 to 1949	232	1,269	4.8%	7,519	26,203
Built 1939 or earlier	1,037		5.6%	18,684	

Source: U.S. Census Bureau

Since the 1960’s the percentage of homes in the county that are located in the study area has steadily increased. This indicates steady growth in the study area.

Digging deeper into the data shows that pre-recession (1998 to 2007) there was an average of 2,019 units constructed annually in the county. During the recession (2008 to 2012) construction fell to an average of 344 new units annually. That has begun to rebound to some degree. Post-recession (since 2013) there has been an average of 450 units constructed annually. That has been fairly steady for the past three years; however, 2015 numbers are not yet fully available.

Using housing starts as an adjustment factor in the projections was done. In addition, the change in housing starts was used in the development of the “Most Likely”, “High” and “Low” scenarios. How the area rebounds from the Great Recession will be the single greatest factor influencing population growth.

The three projection scenarios used are:

- “Most Likely” – based on continuation of current housing development (450 units annually in county)
- “High” – return to 50% of pre-recession development levels (1,000 units annually in county)
- “Low” – decline to approximately 50% of current development levels (225 units annually in county)

As previously stated a fourth projection based on the Nielsen Company projection was included for comparison purposes. It cannot be determined from available data exactly what parameters the Nielsen Company uses in their projection.

### *Economics*

Changes in the area economics drives the housing starts and affects population growth or decline.

Economic Activity		Employees			Establishments	
Washtenaw County	Employees	Establishments	Change	Pct	Change	Pct
1998	150,034	8,071				
1999	154,719	8,188	4,685	3.1%	117	1.4%
2000	157,464	8,252	2,745	1.8%	64	0.8%
2001	157,248	8,270	-216	-0.1%	18	0.2%
2002	150,487	8,296	-6,761	-4.3%	26	0.3%
2003	150,135	8,349	-352	-0.2%	53	0.6%
2004	153,330	8,283	3,195	2.1%	-66	-0.8%
2005	151,721	8,337	-1,609	-1.0%	54	0.7%
2006	149,581	8,286	-2,140	-1.4%	-51	-0.6%
2007	145,096	8,247	-4,485	-3.0%	-39	-0.5%
2008	140,524	8,132	-4,572	-3.2%	-115	-1.4%
2009	135,600	7,932	-4,924	-3.5%	-200	-2.5%
2010	132,543	7,905	-3,057	-2.3%	-27	-0.3%
2011	134,317	7,889	1,774	1.3%	-16	-0.2%
2012	138,860	7,957	4,543	3.4%	68	0.9%
2013	143,487	7,971	4,627	3.3%	14	0.2%

Source: U.S. Census Bureau – County Business Patterns

In the second and third columns from the left, the number of employees and number of establishments in Washtenaw County are shown. The change by number and percent of employees and establishments is shown to the right.

Data is only available on a county-wide basis. This information, the U.S. Census Bureau is only current through 2013. Later data have not yet been released.

During the 1998 to 2007 period there had been an overall slight decline in the number of employees working in Washtenaw County. During the same period the overall number of establishments employing workers had increased.

Clearly, the county economy felt the effects of the Great Recession. There was a significant loss of both employees and establishments during the years 2008 to 2011. With the nationwide recovery from the recession the Washtenaw County economy has also begun to rebound. While the 2014-2015 data are not yet available, during the first two years of the recovery the local economy reclaimed over 9,000 jobs and almost 100 employers.

While no adjustment directly was made on the basis of this information it does support the “Most Likely” demographic projection. That projection is based on a continuation of the factors, particularly housing starts, that has occurred post-recession.

**Migration**

According to data from the Internal Revenue Service, Washtenaw County has generally experienced an out-migration of persons. The IRS tracks the location of where tax returns are filed based on the address of the primary filer. From this tables are generated on a county-by-county basis showing the number of persons moving into or out of a county and the county of origin or destination.

The average net change pre-Great Recession was less than 1,000 more people moving out of the county than the number of people moving into the county. Initially, this seems contrary to other indicators. Overall, the total population has increased. Good employment opportunities and more housing all support a growth in population.

In general the greater number of persons moving out rather than moving in appears to be driven by younger persons initially moving into the area; starting and family; then moving out of the area. This is most likely college and particularly graduate students moving into and out of the county. The data supplied by the IRS shows the number of persons (exemptions) filed with each return. There are fewer exemptions per return from those persons moving into the county than on those moving out of the county.

The following table contrasts migration in the years 2004 and 2012. It also shows the top ten counties of origin and destination for persons migrating in and out of the county.

Migration	2004 Inflow	2004 Outflow	2012 Inflow	2012 Outflow
	17,813	18,615	18,096	19,880
<b>Net Change</b>	-802		-1,784	
<b>1</b>	Wayne Co.	Wayne Co.	Wayne Co.	Wayne Co.
<b>2</b>	Oakland Co.	Oakland Co.	Oakland Co.	Oakland Co.
<b>3</b>	Livingston	Livingston	Livingston	Livingston
<b>4</b>	Jackson	Cook (IL)	Cook (IL)	Cook (IL)
<b>5</b>	Cook (IL)	Jackson	Lenawee	Jackson
<b>6</b>	Lenawee	Lenawee	Monroe	Monroe
<b>7</b>	Monroe	Monroe	Jackson	Lenawee
<b>8</b>	Macomb	Ingham	Macomb	Foreign – Overseas
<b>9</b>	Ingham	Los Angeles (CA)	Ingham	Ingham
<b>10</b>	Genesee	New York (NY)	Los Angeles (CA)	Macomb

Source: U.S. Internal Revenue Service

In 2004 there was a net out-migration of 802 persons. In 2008 that had increased to over 3,000 persons. By 2012 that rate of out-migration had dropped to below 2000 persons. The 2013 data from the IRS has not been released. However, the trend is towards a return to the more stable pattern seen prior to the recession.

**SOCIO-ECONOMIC PROJECTION**

Coupled with the change in overall population is the change in the number and characteristics of the households. As stated throughout this report, change in households is the primary driver affecting the retail market in any area.

Households	Most Likely	High	Low	Nielsen
2026	9,504	9,694	8,934	9,182
2021	8,871	9,049	8,339	8,080
2016	7,952	8,111	7,475	7,668
2010	7,182	7,182	7,182	7,182

Sources: Fanning Howey Projection, U.S. Census Bureau, the Nielsen Company

Reviewing data from past decennial census and estimates from the U.S. Census Bureau through their American Fact Finder program, overall the number of persons per household has remained at 2.68. Therefore, applying that factor to the projected population developed as part of this study based on the “Most Likely”, “High” and “Low” scenarios that table above shows growth in the number of households. The same information is also shown based on the Nielsen population projection.

**DEMOGRAPHIC SUMMARY**

The demographic projections either developed for the region by outside sources or for the study area as part of this analysis point to continued population growth. The primary reasons supporting that projection in the Dexter Retail Trade Area include:

- Number of women of childbearing age in study area is increasing offsetting declining birth rate
- Out-migration rate is declining
- Births offset deaths and out-migration
- Percent of new housing construction in the study area as compared to the county is increasing
- Area economy in terms of number of employees and establishments is rebounding

As with all demographic projections they represent the best estimate based on the knowledge of the driving factors at the time. As stated, the “Most Likely” projection shows the number of persons increasing to over 25,000 over the next ten years. This is a solid increase from the last Census in 2010 which showed a population of 19,234. The most recent estimate of the current population extrapolated from the data provided by American Fact Finder puts the population of the study area at 21,297.

If the underlying factors including continued housing development in the study area and a rebounding area economy hold, solid population growth should continue over the next ten year period.

## DOWNTOWN HOUSEHOLD RETAIL SPENDING ANALYSIS

### INTRODUCTION

The principal objective of a downtown retail market analysis is to determine the amount of household income available within the market area and the proportion of this household income that is spent for good and services by the various households.

For the purposes of analysis, a household is a group of people, living together, in which their combined annual incomes (including, wages, retirement and government benefits) is spent for goods and services necessary for daily life.

These households vary in many ways, including the age of the head of householder, number (and age) of persons, income, and lifestyle.

In the first portion of this section total household income is determined for the current population and an estimate of the increase in household income available in 2021 is made; the increase reflecting the growth in the number of households and income during the five-year analysis period.

This information is then analyzed to determine how much of this household income is capture by downtown businesses and the amount of spending that can be used to expand existing businesses or support a new business in the downtown. The goal of this portion of the downtown market analysis is to determine the total annual household income and the consumer speeding trends present in the retail market area for the period of 2016-2021.

### TRADE AREA HOUSEHOLD INCOME AND ESTIMATE OF REAIL SPENDING

Using the estimated 2016 retail market area population and household estimate and projections for 2021, coupled with the estimate of current average household income and its projected increase for the year 2021, provides an estimate of the total household income available for purchase of retail goods and services.

The process to estimate the amount of spending that will occur the downtown retail market area is a mathematical function based on the survey data prepared by the US Department of Labor, Bureau of Labor Statistics (BLS). BLS conducts a survey of household expenditures to inventory their monthly purchases and spending.

Since the survey start in the 1930's the average household has spent between 28 and 33% of their annual income for retail goods and services.

Economist and academic researchers have established the formula for estimating the trade area as the number of households, multiplied by the average household income for the market area with 33% being the estimate of retail spending in within the retail market area.

Applying this formula estimates a total retail spending in the retail market area of \$301,497,615 for the year 2016 which will increase by 17.3% in 2021 adding an additional \$52,059,816 of household income expenditure for retail goods and services.

Trade Area Household, Income & Spending Trends					
Year	HH's	Avg. HH Income	Total Income	Retail Goods	
<b>2016</b>					
High	8,111	\$114,893	\$931,897,123	\$307,526,051	
Most Likely	7,952	\$114,893	\$913,629,136	\$301,497,615	
<b>2021</b>					
High	9,049	\$120,774	\$1,092,883,926	\$360,651,696	
Most Likely	8,871	\$120,774	\$1,071,386,154	\$353,557,431	
<b>Retail Goods Increase 2016 - 2021</b>					
				High	\$53,125,645
				Most Likely	\$52,059,816

Sources: Fanning Howey Projection, U.S. Census Bureau, the Nielsen Company, consultant calculations

**ZIP CODE AREA HOUSEHOLD INCOME AND ESTIMATE OF REAIL SPENDING**

Applying the same formula to the current household count information for the zip code area estimates that household income expenditures for retail goods and services will increase by 10.8% adding \$23,555,133.

This analysis shows the importance of the geographic area lying beyond the border of the zip code which currently contributes a little less than 50% of the household income spent for retail goods and services, a proportion that is expected to increase in the future.

Zip Code Area Household Income & Spending Trends				
Year	HH's	Avg. HH Income	Total Income	Retail Goods
2016	5,771	\$114,893	\$663,047,503	\$218,805,676
2021	6,081	\$120,774	\$734,426,694	\$242,360,809
<b>Retail Goods Increase 2016 – 2021</b>				<b>\$23,555,133</b>

Sources: Fanning Howey Projection, U.S. Census Bureau, The Nielsen Company, consultant calculations

**RETAIL MARKET AREA "LEAKAGE" OF HOUSEHOLD SPENDING**

It is easily recognized that a portion of the household shopping is done outside of the downtown and surrounding merchants. Comparing the retail spending data to estimates of retail sales captured allows the estimation of the amount of spending that is "leaked" to non-local business and internet and other on-line sales; being approximately 50% Sources:

Trade Area Retail Spending "Leakage"			
Spending	Capture	\$ Leakage	% Leakage
<b>2016</b>			
\$301,497,615	\$159,205,575	\$142,292,040	47.2%
<b>2021</b>			
\$353,557,431	\$159,205,575	\$194,351,856	55.0%

Sources; Fanning Howey Projection, U.S. Census Bureau, the Nielsen Company, consultant calculations

## SUMMARY AND FINDINGS

6. Government sourced socio-economic data most likely demonstrates a localized "limited population growth scenario" due to reliance on population projection models that continue to place over emphasis on negative state demographic trends.
7. Dexter, representing a small town mid to upper-income characteristics with 83% being married households, with 75% having 2, or more vehicles, an active workforce with an unemployment rate slightly more than 4%, and with proximity to the Ann Arbor metropolitan demonstrates growth trends unique to the state of Michigan as a whole, suffers from the Michigan trend resulting in overly underestimated future growth projections.
8. Dexter Community Schools serving almost 90% of the K-12 school aged population is a significant contributor to desirability of the area for population growth, especially families with children to educate and aids the faster than Michigan growth scenario.
9. These factors lead to the conclusion that household growth will exceed state of Michigan growth rates, with the retail market area adding over 900 households between 2016 and 2021.
10. Wage growth within the trade area follows a similar upward trend with average household incomes increasing in excess of 5% during the period of 2016 to 2021.
11. The increased number of households and increased household incomes will result in an increase in household income spending for retail goods and services in excess of \$50,000,000 in 2021.
12. "Leakage"; household retail spending in to non-local businesses, internet and other on-line sales is estimated to be approximately 47% and will increase to over 50% during the analysis term.

## SECTION FIVE

## DOWNTOWN MARKET OPPORTUNITY ANALYSIS

## INTRODUCTION

The purpose of this section of analysis is to identify the types of retail stores and businesses that can prosper within the identified projection of current and future household income retail spending potential available in the retail market area.

The process of identification of specific "store types" which can optimize available household spending potential begins with analysis of retail demand and supply data sources available from one of several commercial sources. The data used in this analysis is sourced from the Nielsen Company who publishes data summarizing household purchase information for various households and compares this information with data gathered from retail and service businesses.

The data is published using the North American Industrial Classification System (NAICS) which assigns a specific code defining every type of business operation.

Identification of businesses that can enjoy success is based on the projected availability of retail goods and service expenditures not now being captured by existing business within the retail trade area by use of a two-step process.

The first step is to identify business types by three digit NAICS code having an increase in demand of 15%, or more.

These three digit codes are then further analyzed to identify, by their four digit NAICS codes, specific businesses that could capitalize on the identified retail market opportunities.

Because some of these specific businesses may not be likely candidates for location within the retail market area, the analysts renders an opinion of those that have the most probable likelihood of location success.

The process concludes with the analysts' recommendation of goods and services which, based on the data are unfilled household goods and services expenditures available for capture by existing or new businesses with the retail market area.

**STORE TYPE OPPORUNITIES – THREE DIGIT NAICS CODES**

The following table identifies, by three digit NAICS codes, the nine store types that have greater than 15% opportunity for the Dexter retail market area.

General Retail Store Type Opportunity	HH		
	Expenditures	Retail Supply	Opportunity
Motor Vehicle & Parts Dealers-441	\$60,416,228	\$14,116,202	\$46,300,026
Furniture & Home Furnishings Stores-442	\$6,618,428	\$1,637,972	\$4,980,456
Building Material, Garden Equipment Stores -444	\$34,851,820	\$24,661,772	\$10,190,048
Food & Beverage Stores-445	\$39,755,018	\$10,176,837	\$29,578,181
Clothing & Clothing Accessories Stores-448	\$14,624,183	\$630,583	\$13,993,600
Sporting Goods, Hobby, Book, Music Stores-451	\$5,822,422	\$1,361,978	\$4,460,444
General Merchandise Stores-452	\$36,192,462	\$4,699,550	\$31,492,912
Non-Store Retailers-454	\$27,890,067	\$1,039,947	\$26,850,120
Foodservice & Drinking Places-722	\$35,742,166	\$20,997,080	\$14,745,086

Source: the Nielsen Company

**STORE TYPE OPPORUNITIES - FOUR DIGIT NAICS CODES**

The table on the following page identifies, by four digit NAICS codes, forty-one specific store types demonstrating the greatest opportunity for economic success based on unfilled market opportunities demonstrated within the retail market area.

**BUILDING SAPACE ANALYSIS**

The survey of downtown business owners indicated the average square foot of sales captured by business equaled \$368 per square foot of building area.

Applying this sales capture rate to the unfilled market opportunity indicates that unfilled market opportunity justifies an additional 496,171 square feet of building space within the retail market area.

Recognizing the current "leakage" of 47.2%, expected to increase to 55.0% of this unfilled opportunity, it is concluded the demand for building space ranges from 223,000 to 262,000 square feet.

Supportable Building Space	
	Sq. Ft.
Motor Vehicle & Parts Dealers-441	125,815
Furniture & Home Furnishings Stores-442	13,534
Building Material, Garden Equipment Stores -444	27,690
Food & Beverage Stores-445	80,375
Clothing & Clothing Accessories Stores-448	38,026
Sporting Goods, Hobby, Book, Music Stores-451	12,121
General Merchandise Stores-452	85,579
Non-Store Retailers-454	72,962
Foodservice & Drinking Places-722	40,068
<b>Total</b>	<b>496,171</b>
Based on \$368 sales per square foot by business owners	

Source: the Nielsen Company, consultant calculations

## SUMMARY AND CONCLUSIONS

1. Household consumer demand identifies forty-one specific store types that can enjoy economic success based on unfilled customer demand during the analysis term.
2. Based on this analysis, several categories such as 1) motor vehicle purchases, 2) electronics & appliances, 3) building materials & supplies, 5) home centers, and 6) office supply stores, traditionally housed in "big box" or neighborhood/regional shopping centers are deemed inconsistent with the pattern of building space available in a downtown shopping environment, and are unlikely candidates for siting in the current downtown pattern of land use.
3. Recommended downtown store types focus on "specialty retailers"; furniture, home furnishings, (indoor & outdoor) clothing, clothing accessories, jewelry, luggage, general merchandise, food service, reading materials, hobby/sewing, with the most probable being unique multi-offering general merchandise stores.
4. Based on the current sales per square foot of retail building space reported by exiting business proprietors of \$368, unfilled retail spending could support 223,000 to 262,000 square feet of additional retail building space.

SPECIFIC STORE TYPES WITH 15% OR MORE FUTURE GROWTH			
<b>Automotive</b>			<b>Clothing &amp; Clothing Accessories</b>
Other Motor Vehicle Dealers-4412	19.20%	Clothing Stores-4481	10.00%
Automotive Parts/Accessories, Tire Stores-4413	17.20%	Men's Clothing Stores-44811	10.20%
		Women's Clothing Stores-44812	10.40%
<b>Furniture &amp; Home Furnishings</b>		Family Clothing Stores-44814	10.00%
Furniture Stores-4421	12.20%	Clothing Accessories Stores-44815	10.60%
Home Furnishing Stores-4422	13.30%	Jewelry, Luggage, Leather Goods Stores-4483	17.50%
Electronics & Appliances Stores-443	28.40%	Jewelry Stores-44831	18.10%
		Luggage & Leather Goods Stores-44832	12.50%
<b>Electronics &amp; Appliances</b>		<b>Sporting Goods, Hobby, Book, &amp; Music</b>	
Household Appliances Stores-443141	21.30%	Sporting Goods, Hobby, Musical Instrument Stores-4511	16.50%
Electronics Stores-443142	29.50%	Sporting Goods Stores-45111	13.80%
		Hobby, Toy & Game Stores-45112	17.10%
<b>Building Material, Garden Equipment</b>		Sewing, Needlework & Piece Goods Stores-45113	11.30%
Building Material & Supply Dealers-4441	14.30%	Musical Instrument & Supplies Stores-45114	31.20%
Home Centers-44411	14.80%	Book, Periodical & Music Stores-4512	17.60%
Paint & Wallpaper Stores-44412	11.40%	Book Stores & News Dealers-45121	16.10%
Hardware Stores-44413	13.60%	Book Stores-451211	16.70%
Other Building Materials Dealers-44419	14.10%	News Dealers & Newsstands-451212	10.80%
Building Materials, Lumberyards-444191	14.60%	Prerecorded Tape, CD, Record Stores-45122	26.70%
Lawn/Garden Equipment/Supplies		<b>Miscellaneous Stores</b>	
Outdoor Power Equipment Stores-44421	14.70%	Florists-4531	12.10%
Nursery & Garden Centers-44422	16.20%	Office Supplies, Stationery, Gift Stores-4532	15.50%
		Office Supplies & Stationery Stores-45321	19.20%
<b>Health &amp; Personal Care</b>		Gift, Novelty & Souvenir Stores-45322	12.20%
Optical Goods Stores-44613	18.40%	Used Merchandise Stores-4533	12.50%
		Other Miscellaneous Store Retailers-4539	15.10%
		Non-Store Retailers-454	10.60%

Source: the Nielsen Company

## SECTION SIX

## STUDY FINDINGS AND RECOMMENDATIONS

## INTRODUCTION

The objective of this section is to synthesize the data and analysis conducted previously, and produces specific recommendations for implementation. The findings are factual statements documented by the research completed by the consulting team. Recommendations are rendered by the consulting team based on their understanding of the findings and experience in promotion and redevelopment of downtown retail market areas. The goal is to meld together facts and experience to design an implementation program to capture additional retail spending in sufficient quantity resulting in the expansion of existing businesses and location of new businesses.

## STUDY FINDINGS

Significant findings of the study include:

1. The retail market area is coterminous with the boundary of the Dexter Community Schools district.
2. Future projections of population and household growth within the retail market area is most likely negatively skewed due to State of Michigan slow growth trends employed in government and commercial socio-economic projection models.
3. Dexter's location within the Ann Arbor metropolitan area, the proximity to the University of Michigan, and the Dexter Community Schools superior K-12 educational system contributes to a faster than state average future growth scenario.
4. Socio-economic analysis projects a growth of about 900 households within the retail trade area in the 5-year analysis term.
5. Household and income growth during the 5-year analysis term indicates an increase in household income used for retail goods and services in excess of \$50,000,000.
6. Currently slightly less than 50% of household shopping for goods and services is done external to the retail market area, a proportion that will increase to 55% during the 5-year analysis term.
7. While unfilled demand can support approximately 500,000 square feet of building space, the approximate 50% "leakage" indicates market area support for approximately one-half of this building space.
8. High downtown building occupancy limits ability to accommodate new building space.
9. The Dexter Downtown Development Authority and Chamber of Commerce conduct a full complement of traditional and contemporary customer recruitment activities.
10. The Dexter Downtown Development Authority and Chamber of Commerce promote visitor attractions, social events, cultural entertainment which aids expansion of external trade area customer sales and increases resident customer patronage.

## STUDY RECOMMENDATIONS

Based on the forgoing analysis, the consulting team offered the following recommendations:

### **4. Downtown Land Use Planning**

It is the opinion of the consulting team that additional retail building space in the future is needed to expand and complement the current inventory of retail establishments within the downtown.

As such, it is recommended a study of current building space, its utilization and conformity to current space requirements be conducted to identify potential building redeployment needs and special expansion possibility for the downtown retail pattern of land use.

### **5. Concentrated Resident Marketing Program**

Continued economic success of the downtown is inseparable with patronage from households within the retail market area.

As such, it is recommended engagement of a retail marketing analyst to study and identify advertising and other customer communication programs to increase customer patronage frequency to reduce the current spending leakage and to prevent increased leakage in the future.

### **6. Downtown PlaceMaking and Walkability**

Households and household incomes undoubtedly are the "key" to downtown economic suitability.

Downtown residential living is a "key" to increasing customer patronage and is promoted by State of Michigan financial support for city installation of "PlaceMaking" and walkability infrastructure projects.

As such, it is recommended that study of city action to increase desirability for location of downtown residential dwelling units be considered, especially projects expanding PlaceMaking and further walkability.



## STAFF REPORT

**To:** Mayor Keough and City Council  
Courtney Nicholls, City Manager

**From:** Michelle Aniol, Community Development Manager

**Date:** March 8, 2016

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### Miscellaneous Updates

- There was not a quorum for the February 18, 2016 DDA meeting. Consequently there were no official minutes because there was no action taken. The presentation went forward and the Secretary took notes, which are attached to this report.
- The first Dexter Business Summit for 2016 was held on Thurs, Mar 3<sup>rd</sup>. Our host was MC3. There were approximately 30 participants. All participants have been emailed an evaluation form. So far the feedback has been very positive.
- The former Huron Camera building has been sold, according to John Evans. Staff has been in contact with the new owner, Matt Schuster. In the short term, he plans to make infrastructure improvements, including a new roof and new HVAC before making the space available for lease. Staff reviewed the zoning compliance procedures with Mr. Schuster.
- The SEMCOG General Assembly is scheduled for Thursday, March 24<sup>th</sup> at Macomb Community College. Staff emailed elected and appointed officials the Save the Date announcement. Please let staff know if you would like to attend.
- During my tenure in Dexter, we (City and DTE) have heard that power interruptions are an issue for the businesses in the industrial park, and elsewhere in the city. One of the things Paul Ganz has suggested is for the businesses to call DTE and document whenever there is an interruption of power. If I remember correctly, that suggestion was made during one of our Business Summits in 2014.

Well someone was listening because I received documentation from Dextech this week. The company detailed all the interruptions it has experienced since July 2015 to the present date, and the equipment affected by the interruption. In addition, they have quantified the cost (loss in terms of revenue) the company experiences, as a result of the power interruption.

In addition, the owner of Alpha Metals sent correspondence he received from DTE regarding interruptions he experienced last year. It probably makes sense to the DTE engineers, but it's Greek to staff. Consequently, staff has requested a meeting with our DTE representatives, Paul Ganz and Carolyn Bennett to discuss.

- Representative Christine Greig (D-37<sup>th</sup> District) is circulating a Request for Stakeholder Feedback regarding Downtown Patio Permits. A "downtown patio permit" would allow a patron of a specialty retail establishment (e.g. cheese shop) to purchase the featured product(s) (e.g. cheese) with a bottle of wine and then enjoy their purchase on the merchant's patio.

To facilitate a downtown patio permit, Section 537 of PA 58 of 1988 (Specially Designated Merchants) would need to be amended to allow certain SDM's located in downtowns or shopping districts to obtain "patio permits" for post-purchase consumption by their customers of products purchased at their location. Attached to this report you will find a copy of Rep. Greig's correspondence.

### Planning Commission Updates

- The Planning Commission conducted a public hearing to consider a PUD Petition and Area Plan submitted by Steve Brouwer, for a mixed-residential development at the southwest corner of Grand St and Baker Rd. During the public hearing, only one resident addressed the Planning Commission. The resident lived in Westridge and had concerns about water capacity after recently experiencing low water pressure.

After the public hearing was closed, but before the meeting ended, two residents spoke during non-arranged citizen participation. The first was the property owner adjacent to the south of the proposed redevelopment property. He stated that he accesses his property from an existing driveway on Mr. Brouwer's property, but with the development he would not have access any more. Staff has met with the resident. He purchased the property with the full knowledge that he did not have access rights on the driveway. Additionally, he has not attempted to gain access rights. Staff provided him with contact information to both Mr. Brouwer and Ms. Bishop, as this is a private property issue. The Planning Commission encouraged him to work things out with the developer.

The second speaker stated she, like many others have family in Dexter and would love to live closer to their families. The proposed development would provide the variety of housing options she and others are looking for. She also mentioned it's important to have housing options she and others can afford.

Following their discussion the Planning Commission voted unanimously to postpone action to its April 4, 2016 meeting, in order to give the applicant time to address concerns raised during the meeting and in staff/consultants reviews.

Based on all of the feedback that has been received, as well as the comments made at the PC meeting, it generally appears that everyone agrees the City has planned for and wants a high density residential development at the corner of Grand Street and Baker Road. However, it is also clear to staff that the design, layout and architecture of the proposed Grandview Commons development are not consistent with what officials may see in their minds eye, again based on the comments voice before the meeting and during the meeting. Concerns articulated at the meeting include (in staff's words):

- o scale and massing weren't in balance,
- o site was too dense, but not in terms of units per acre;
- o not attractive
- o not enough open space
- o lacks public benefit(s)
- o does not take advantage of natural area adjacent to site
- o layout of utilities not a benefit for city

It's clear a revised plan is desired, but staff is unclear as to what officials expect the development to look like. Staff has developed and distributed the following questions in regards to the Grand St/Baker Rd development:

- o What do you see in your mind's eye when it comes to the design and layout and architecture? Can you provide or suggest an example?
- o What would make the proposal attractive?
- o What type of open space are you expecting?
- o What public benefits do you want?
- o How do you see the natural area being enhanced by the project?

The answers to these questions will provide the insight needed going forward.

## Dexter Downtown Development Authority

February 18, 2016 < > 7:30 AM

**Dexter Senior Center**  
7720 Ann Arbor Street  
Dexter, MI 48130

### NOTES

1. Call to Order: Called to order at 7:36 AM on February 18, 2016 by Chairman Steve Brouwer.

2. Roll Call

Becker, Patrick-ab	Bellas, Rich-ab	Brouwer, Steve
Covert, Tom	Darnell, Don -ab	Finn, Doug-ab
Jones, Carol	Keough, Shawn	Model, Fred-ab
O'Haver, Dan-ab	Schmid, Fred - ab	Willis, Randy

Also in attendance: Michelle Aniol, Community Development Manager; Julie Knight and Zach Michels, City Council Members; Scott Munzel; Attorney for DDA; John Heiss, O'Brien Construction; Chuck Eckenstahler, Fanning/Howey; residents and media.

As there was not a quorum present, no action was taken by the DDA. The balance of the meeting was reporting.

3. Approval of Minutes from the Regular January 21, 2016 Meeting:

*No Action*

4. Approval of Agenda:

*No action.*

5. Pre-arranged Audience Participation:

*None*

6. Non-Arranged Citizen Participation:

*Chuck Colby, of The Encore Theatre, announced some special news regarding the theater. Jessica Grove will be back as Eliza Doolittle in the upcoming production of "My Fair Lady" along with Oscar, Emmy and Tony award winner Tony Walton coming to direct the production this summer. Currently the Encore is currently showing "Sondheim on Sondheim". Coming in April will be "Always Patsy Cline". Chuck also spoke of renovations they will be doing to add a lobby to the theater with a capital campaign.*

7. Treasurer's Report:

*No Action. Treasurer Tom Covert reported on the need to make a budget amendment*

8. Correspondence / Communications:

*None*

9. Action Items:

- a) Old Business - None
- b) New Business - None

10. Discussion Updates:

- a) Chuck Eckenstahler and Carl Baxmeyer – Retail Market Analysis Presentation #3.

*Mr. Eckenstahler reviewed the trade area and supportable building space in the downtown. He reported that 200,000 square feet of sales space could be supported over the next five year with specialty retail stores having the best opportunity for success. Dexter has a full complement of the need tool kit. Impediments to expanding retail in the downtown – occupancy which is high but is it expandable and it relies on PlaceMaking and walkability. What does the future look like for Dexter? Millenials want to live closer to work and the schools system makes Dexter a great place to raise a family.*

*Question – How do current merchants feel about expansion? (Need to meet with merchants and property owners to discuss this.)*

*Question – What is the next step? (Complete an inventory of properties, uses and opportunities.)*

- b) High Speed Fiber in the Downtown

*Discussion followed regarding looking at the current offer in the Industrial Park and bringing high speed internet to the downtown businesses.*

11. City Mayor and Staff Reports

- a) Mayor – Shawn Keough

- *City Council will hold two goal setting sessions in march with a need to set some priorities such as the DTE relocation, Phase 2 of the Mill Creek Park Project, and Fire Department cost that will escalate and the costs of improvements to the facility.*

b) Staff – Michelle Aniol

- *Rene Papo has requested a meeting to discuss the Mill Creek Terrace property.*

12. Chairman's Report:

*None*

13. Non-Arranged Citizen Participation:

*None*

14. Adjournment

*Meeting closed at 8:21 AM.*

Respectfully submitted,

Carol Jones, Secretary

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## **DOWNTOWN PATIO PERMITS: Request for Stakeholder Feedback**

February 29, 2016

Dear Eric Pratt,

Michigan's downtown communities serve as local hubs of vitality for their community. Downtown communities must continually change and reinvent themselves to stay relevant and attract new visitors and residents to the area. For example, the Michigan Main Street Program recommends a Four-Point Approach®:

- 1) Capitalize on the assets of a downtown's physical environment.
- 2) Revitalize and restructure the community's existing and future economic base.
- 3) Promote those unique characteristics of the downtown that will attract business growth.
- 4) Broaden the diversity of stakeholders committed to economic growth in the downtown market.

Leaders in downtown businesses and government must continually develop new economic development tools to meet these goals. A former City Manager in my district has recommended such a tool that requires legislative action: The Patio Permit.

This proposed legislation would authorize the issuance of "downtown patio permits" for certain specially designated merchant licensees located in downtowns. The permit would allow patrons to consume items—specifically beer and wine—that were purchased from a merchant in an outdoor patio at the merchant's storefront. The bill has been carefully crafted to ensure that beer and wine would be safely and responsibly served to patrons and that patio permits could only be issued in downtown establishments were the local government has approved the request.

Currently a business with a SDM license can sell patrons a bottle of wine or beer, but the customer must wait until they are home to enjoy it. With the issuance of a "downtown patio permit," the customer can sit on a patio along the sidewalk and take in the downtown atmosphere while enjoying their purchase. A "downtown patio permit" would allow a patron of a specialty cheese shop, for example, to purchase the featured cheese product with a bottle of wine and then enjoy their purchase on the merchant's patio.

My bill supports economic development by adding an option to existing liquor licensing laws to provide patrons a wider variety of experiences in their downtown area. Many customers, especially millennials, will choose downtowns where they have more options for shopping, dining, relaxation and entertainment.

I am respectfully asking you to review the proposed bill language, which is included in this document, and provide your organization's position. I encourage you to ask any questions and to know that my door is always open to discussions that will make this bill a stronger tool for downtown growth. If you wish to discuss the bill directly, please call me at my office at (517) 373-1793.

Sincerely,

## **DOWNTOWN PATIO PERMITS: PROPOSED BILL SUMMARY**

- Amends Section 537 of 1998 PA 58. (Specially Designated Merchants)
- Would allow certain SDMs located in downtowns or shopping districts to obtain “patio permits” for post-purchase consumption by their customers of products just purchased at their location. Permits are subject to strict qualifying criteria, and must be approved by resolution of local government. A qualifying SDM must:
  - ✓ Be located within a downtown development authority or principal shopping district.
  - ✓ Have 15,000 square feet or less of space.
  - ✓ Have an appropriate outdoor service area.
  - ✓ Gas stations and merchants who sell/serve spirits or mixed drinks are not eligible.
- Requires qualifying SDMs to use trained servers who will:
  - ✓ Serve the purchased beer or wine to individuals only in the designated patio area.
  - ✓ Retain control of any opened beer or wine that has been purchased but not yet consumed.
  - ✓ Return to the customer any unopened beer or wine that was purchased.
  - ✓ Cap or recork a partially consumed bottle of wine using the same guidelines as exist in Section 1021.
  - ✓ Not return any beer that has been opened or any wine that cannot be capped or recorked.

### **\*\*\*NOTE FROM THE BILL SPONSOR\*\*\***

There is currently **NO** existing language in any section of statute or administrative rules that instructs a server in how to reseal a growler that has been purchased and then partially consumed on a licensed premise. Unless language can be created and agreed upon, which is a welcomed conversation, this is an issue that is best handled through separate legislation that will address it for all licensees that serve beer. Therefore, in context of this proposed legislation, we suggest that customers wishing to consume beer under this subsection be advised to consider purchasing beer that is sold in smaller containers only, as the merchant and server will not be allowed to return any partially consumed beer containers to a customer once its contents are opened.