

**SPECIAL JOINT CITY COUNCIL/DOWNTOWN DEVELOPMENT
AUTHORITY BOARD MEETING
June 28, 2016**

City Manager Eustice stated this is a special meeting of the City Council to hear a presentation by Ms. Bethany Whitley, Community Development Specialist, of the Northern Lakes Economic Alliance (NLEA).

Roll Call:

Present: Lavender, Kwiatkowski, Riddle, King, Bronson, Temple and Couture

Present from the Downtown Development Authority Board of Directors: Bronson, Herceg, Livingston, C. Lindsay, Granger, Clare and Riddle

Also Present: Kirsten Guenther, Downtown Enhancement Administrator

Presentation by Bethany Whitley, Community Development Specialist for Northern Lakes Economic Alliance (NLEA) on the Michigan Main Street Program: City Manager Eustice stated Ms. Whitley is here to speak on the Michigan Main Street Program. Ms. Whitley stated the Michigan Main Street Program came out of the national level, which was very successful so the Michigan State Housing Development Authority decided about 12 years ago to institute this program at the State level. She then gave a background on her formal and informal practical training with the Michigan Main Street Program before working for the NLEA. She went on to state she was the Downtown Development Director for the City of Charlevoix and went through both the Associate Level and Select Level application process. Ms. Whitley passed out the Select Level Application from the City of Charlevoix to the Council, noting not to let the application scare anyone. She stated that the City of Cheboygan would start out at the Associate Level, which is much less intense than the Select Level. Once the City does the Associate Level it can decide whether or not to go on to the Select Level.

Ms. Whitley started her PowerPoint presentation with a brief history of the downtowns in Michigan and how they have evolved over the years and why the Main Street Program is so important. Main streets were the social and cultural gathering places for communities. People got together to discuss specific issues and came together to celebrate festivals and events; it was basically where all the commerce happened in communities. Downtowns were the thriving hub of every community. When automobiles became more economical to own, more people starting driving them. With the advancement of the freeway system and transportation, we started to get urban sprawl in America, including shopping malls, subdivisions and interstates. This is when the downtowns starting suffering. Ms. Whitley went on to explain that in order to compete with shopping malls there were a couple of things downtowns started to do, i.e. themes and awnings (did not create a very downtown atmosphere for shoppers). When people started realizing this was a problem with people spending their money in the shopping malls, there was a new revival – spend locally and shop locally. She noted that we will start to see bigger box stores beginning to look like the downtown by a change in the facades to look like individual shops. She also pointed out the inside of shopping malls with street lights, cobblestone walkways, park benches and landscaping to try and mimic the sense of character of a downtown.

Ms. Whitley commented that the Main Street program saw what happened in the 1970's and 1980's with the boom of the shopping centers and the downtown spiral on the traditional downtown. The Main Street Program is a nationally funded program and started through the Trust for Historic Preservation, which is now run by MSHDA in Michigan. The Michigan Main Street Program is not a

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grant. The municipality will get services and experts from the State level who will come in to help implement many different tools that the Michigan Main Street offers their communities. The other limited thing they don't tell you when applying for the Michigan Main Street Level is that every grant opportunity that runs through the Michigan Economic Development Corporation (MEDC) and through the Michigan State Housing Development Authority (MSHDA) now has a checkbox on them to see if you are a Michigan Main Street community. If you are, you get extra points on your application that means extra funding for the community. In summary, you are eligible for more grants and competitive for more grants in your community when you are part of this state-wide program, but you are not directly getting financial assistance.

The Main Street Program is based on two major focuses (neither one has more priority than the other): (1) economic development with your community – they want to see thriving commercially active downtowns and (2) historic preservation – they are not willing to compromise the integrity and historic character of the downtown in order to do economic development. They have to have equal weight. A lot of people like this because the Michigan Main Street Program is most often implemented in communities that have historical downtowns. Focusing on the history of the community is important. Ms. Whitley noted there are 11 principals that come within the Main Street Program, the main ones being volunteerism, its grassroots and is community driven. This really is something that the entire community wants to see happen. If you only have a group of one or two dozen people that are leading this, it is never going to get the results that you wanted to have. It really has to be the entire community all working together to make action happen.

Ms. Whitley then showed an aerial photograph of downtown Charlevoix, noting the DDA and their Main Street boundaries. The Main Street and DDA are the same and at the same time are not. The Main Street area is within the DDA area and is often run by the DDA, but it does not have to be. There are many Main Street programs that are run by non-profits; but approximately 80% of the time it is run by the established DDA. The reason for the two different boundaries is it is always recommended that you start your Michigan Main Street Program in a smaller area than what the entire DDA is and focus on the very core of your commercial district and then slowly work your way out. Once you feel you have a very good hold on the very core of your commercial area, then begin to add one or two more blocks in. Ms. Whitley noted that we don't have to go through the Michigan Main Street Program in order to amend the boundaries for the program, like you have to do for the DDA. A vote of the DDA will amend the Main Street Program boundaries.

Ms. Whitley explained the Michigan Main Street Program is built upon a 4-Point Approach: Design, Promotion, Organization and Economic Restructuring. These are comprehensive values which are formulated into different committees and each one gets equal emphasis within the downtown. Once accepted into the Main Street Program, the DDA will form the Core Committee. Design is all about the exterior of the building (facades, streetscape, beautification efforts, park benches, etc.); Promotion is the events and marketing arm of the Program (festivals, branding, visitor's guide for publication, billboards downtown, creating website applications, etc.); Organization includes the volunteers and manages the volunteers, in addition to finances, work plan, time tables and all organizational components; and Economic Restructuring is the committee that goes around and tries to fill vacancies, recruit other businesses to your community, infrastructure projects (anything to do with economic outlook). These 4-points are all comprehensive and have equal emphasis. Ms. Whitley noted that Main Street communities succeed at a higher rate than others because it is very action based. When the Michigan Main Street Program comes in to do training, they will be looking for action on things

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right away. We will be held accountable for this and will see action happen very quickly. This may not be for everybody.

Ms. Whitley reviewed the Main Street Levels:

- (1) Associate – mandated 1 year (training period) – attendance at 3 trainings per year is required and you can stay in the Associate Level as long as you want. There is no financial commitment to be in this Level, only an application is required and attendance at the three trainings. The Associate Level is your training year. DDA Member Herceg inquired who attends the training. Ms. Whitley stated as many people as you can get to go to the training may go, noting the training is free and held at various Main Street communities throughout the State. She stated it is better to have as many people go to the training as possible, i.e. forming a leadership team. Generally, communities have four to five people that go to each one of the trainings, although it can vary depending on location. DDA Member Herceg asked if the attendance is a cross-section of City staff, business owners, etc. Ms. Whitley replied yes, noting people have attended from the Planning Commission, DDA, Chamber, schools, non-profits in addition to downtown business owners. Councilwoman Riddle asked if service groups attend. Ms. Whitley stated yes.
- (2) Select – 5 years – must be in the Associate Level for one year before applying to the Select Level. When you apply to the Select Level you are making a commitment to the State that you are going to do this for five years. You have to pass a resolution within your community for both the Associate and Select Levels. The Select Level, if chosen, is the time when you get all of the resources from the State. There is about \$750,000.00 if you utilize all the resources through the State to their fullest extent. Ms. Whitley stated she has seen about \$400,000.00 for most communities.
- (3) Master – 6+ years – this Level was created a few years ago for communities who have been in the Program after the 5 year Select Level period, but they still want to have access to some of the resources that the Michigan Main Street Program offers and they still want to remain active and attend trainings. There is no application to be in the Master Level and once you have successfully completed your 5 years in the Select Level you automatically move up into the Master Level.

DDA Chairperson Livingston asked if it is correct that the first year there is no aid for the community. Ms. Whitley replied that is correct. DDA Chairperson Livingston then asked if the community hires a person to take charge of the Main Street Program, i.e. City Manager or Assistant DDA Director – someone to get it out into the community. Ms. Whitley replied yes, stating one of the reasons a lot of communities don't end up moving from the Associate Level to the Select Level is one of the qualifications being you have to have a full-time employee. It cannot be a full-time employee that is already doing something else full-time. The City Manager could not be the Director; however, if you bump Kirsten Guenther to full-time she would then become our DDA Director, replacing the City Manager as DDA Director, and then we would be eligible to be in the Select Level. Ms. Guenther asked if the Main Street Manager is the DDA Director. Ms. Whitley replied yes you can run it through the DDA. You don't have to have a full-time DDA Director at the time you apply to the Select Level, but if you get accepted into the Select Level you have to have a full-time director within six months and they will help you go through that process. Ms. Whitley noted one of the reasons for having a full-time director is because they are putting so much money into this program and people are providing the aid and services for the community, without having somebody full-time to lead the group of volunteers and direct them, the State feels like their money is not being very well utilized.

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Ms. Whitley mentioned that the Select Level is very competitive. In the Associate Level as long as the application is complete and you attend the training, you are in automatically. The State is only accepting about three new communities into the Select Level each year.

Ms. Whitley then reviewed the Main Street Level Commitments as follows:

1. Associate – attend trainings, attend State-wide or National Conference, some reporting to the Main Street Center, and have the Michigan Main Street Program come in and do an overview presentation to the community.
2. Select – successfully complete the Associate Level, full-time manager, maintain an active board and committees using the four-point approach, participate in trainings/clinics and submit reports on quarterly and annual basis.
3. Master – continue to attend trainings, as you did with Associate, and meet accreditation standards set by the National Main Street Conference (NMSC).

Ms. Whitley reviewed a regional map of Michigan showing the active communities in the Michigan Main Street Program, noting Alpena and Gaylord are Associate Level Communities, while Grayling is a Select Level Community. There are no Master Level Communities in our region. In the entire State of Michigan there are 23 Associate, 9 Select and 10 Master Level Communities. She noted that communities can apply every year to the Select Level until accepted. Kalkaska is an Associate Level Community, Boyne City is a Master Level Community and Charlevoix is a Select Level Community. Ms. Whitley noted that Boyne City started the Program about 12 years ago, which started the development of the community and private investment started to happen.

Ms. Whitley then reviewed the Select and Master Services Examples of what the State of Michigan will come in and do for our community once we reach the Select Level. She noted these are only a small portion of what the State will do. She commented that a lot of communities take advantage of the building design services, such as for the MEDC Façade Program or privately done. There is also a Retail & Residential Study provided by the State for potential housing sites in around our downtown area. Also, there is a branding expert available for workshops to develop consistent marketing. The State will also do grant writing and entrepreneurship training.

Ms. Whitley then reviewed Why Main Street? – a 10 year (2003-2013) impact report. She pointed out on an average there has been 2.4 net new businesses directly because of the Main Street Program; 10.4 net new full time jobs; 2.4 buildings sold; 250 million dollars in new construction; over 41 million dollars in rehab; \$67,000 in façade work; and \$381,000 in public improvements. Councilman Lavender asked if these numbers are Select members. Ms. Whitley replied yes. She then commented what a lot of communities do not like about the Main Street Program is the amount of reporting required. She then reviewed a Cost of an Empty Building (2,000 s.f.) in a Select Main Street Community, noting there is a vast cost of having an empty building.

Ms. Whitley went on to review “The Next Step” noting the following:

- The Associate Level Application can only be turned in once per year, with a deadline of November 4, 2016.
 - January 2017 – announcement of who has been chosen.
 - February 2017 – Associate Level orientation.
 - March 2017 – First Associate training - attendance is taken.

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- The Select Level – must demonstrate that you have broad based community support that can be accomplished through Volunteer Pledges (committees, working at events, etc.) Also obtain Financial Pledges from businesses, community members, etc. Event attendance is important at the Associate Level. In addition, has your community demonstrated a Historic Preservation Ethic. They want to see action based committees and a completion of the application. Lastly, they judge your entry into the Select Level on the application and a presentation by a team of community people in Lansing to all the heads of all the State Departments (approximately 25). A little bit of time and effort is involved in this presentation.

Ms. Whitley then stated the pros of the Main Street Program are a proven track record to work in communities and a very high success rate, while the con is there is a lot of work and the Program is intense, but is meant to be that way. Councilman King asked what has been seen as the main issue with those that have not been successful with it. Ms. Whitley replied she has only directly spoken to about three communities that have gone through the Associate Level process and then decided to back out it – such as Elk Rapids and East Jordan. One of the main reasons for not continuing the program was not being able to find the resources to hire a full-time director. In the case of Elk Rapids and East Jordan they were in the Associate program for years before deciding to drop out of the program. She noted the DDA in Elk Rapids is split into two halves and they could not come to an agreement with their DDA Board on how to make their main street boundaries. East Jordan had a similar problem. Ms. Whitley stressed the rest of the DDA, outside of the Main Street boundaries, are going to get the exact same benefits that they are currently getting from the DDA.

She stated she would leave business cards if anyone has a question and would like to contact her, noting the Michigan Main Street Program website is really good, also. There is a 20-page report on the website that goes into a lot more detail about the program, including case studies in other communities.

Adjournment:

Councilman King moved to adjourn the meeting at 6:47 p.m.; supported by Councilman Temple. Motion carried unanimously.

Mayor Mark C. Bronson

Clerk/Treasurer Kenneth J. Kwiatkowski

Councilman Joseph Lavender

Councilwoman Winifred L. Riddle

Councilman Vaughn Temple

Councilman Nathan H. King

Mayor Pro Tem Nicholas C. Couture

Councilwoman Betty A. Kwiatkowski