HyettPalma

Blueprints for Michigan Downtowns

Cheboygan

Downtown Blueprint 2004

MAKING DOWNTOWN RENAISSANCE A REALITY

HyettPalma

1600 Prince Street • Suite 110
Alexandria, Virginia 22314

Phone 703 683 5126
Fax 703 836 5887

E-mail: info@hyettpalma.com
www.hyettpalma.com

January 7, 2004

The City of Cheboygan
and Members of the Process Committee
403 North Huron
Cheboygan, MI 49721

RE: ***Cheboygan Downtown Blueprint 2004***

HyettPalma, Inc., is pleased to present to you the following report titled: ***Cheboygan Downtown Blueprint 2004***, completed under the program titled ***Blueprints for Michigan Downtowns***.

This document includes the community's vision for Downtown as well as the findings of a comprehensive analysis of Downtown's commercial markets. The vision and market analysis findings were used to define a specific economic enhancement strategy for the Downtown project area. The recommended strategy was specifically designed to enable Downtown to attain the community's defined vision as well as the identified market opportunities.

Thank you for the opportunity to lend our firm's expertise to this very important project. We hope you will keep us informed of your success and know that we stand ready to assist in any way we can as you proceed with Cheboygan's Downtown enhancement effort.

Sincerely,

Doyle G. Hyett   Dolores P. Palma

Blueprints for Michigan Downtowns is a partnership effort between the Michigan Economic Development Corporation (MEDC), the Michigan State Housing Development Authority (MSHDA), and the Michigan Municipal League (MML) to continue to assist communities and their Downtown revitalization efforts. Blueprint action plans are an investment in a community that will create new private jobs and investment. MML originally brought this innovative planning concept to the attention of the MEDC and MSHDA. With MML's partnership in place, the MEDC and MSHDA each put into the program $100,000 to pay for 50% of the program. The other 50% match comes from the Blueprint communities. The MEDC's Community Assistance Team (CAT Team) designed and will manage the Blueprint program. HyettPalma is the consultant for this program and the 11 communities selected in 2003 are: Adrian, Battle Creek, Brighton, Buchanan, Cheboygan, Davison, Grand Haven, Jonesville, Middleville, Mt. Pleasant, and Norway.

-- Michigan Economic Development Corporation

Process Committee Members

At the request of HyettPalma, Inc., a Process Committee was established to oversee this project. HyettPalma would like to thank the members of the Process Committee, listed below, for all their time, hard work, and dedication in preparing for and participating in completing the ***Cheboygan Downtown Blueprint 2004***.

James Muschell, Mayor of Cheboygan
Winnie Riddle, Cheboygan City Councilwoman
Scott McNeil, Cheboygan City Manager
Dennis Lindeman, DDA Chair
Mary Brown, DDA Board Member
Kelly Cooper, DDA Board Member
John Knaffla, DDA Board Member
Kim Pappas, Board Chair, Cheboygan Area Chamber of Commerce
Nancy Lindsay, President, Cheboygan Area Chamber of Commerce
Jim Conboy, Board Member, Cheboygan Area Chamber of Commerce
Missy Koszegi, Board Member, Cheboygan Area Chamber of Commerce
Billie Livingston, Retail Committee, Cheboygan Area Chamber of Commerce

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Blueprints for Michigan Downtowns

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Project Overview

I. PROJECT OVERVIEW

This document presents the community's economic vision for Downtown Cheboygan, as well as the findings of a market analysis conducted for the area.

The boundaries of the project area are shown on the following page of this document.

The vision and the market analysis results were used as the foundation upon which to develop an economic enhancement strategy for Downtown Cheboygan. The economic enhancement strategy was specifically crafted to further strengthen Downtown and to guide its future development -- in keeping with the community's vision and the market analysis findings.

The assignment was completed as part of the ***Blueprints for Michigan Downtowns*** program, a partnership of the Michigan Economic Development Corporation (MEDC), the Michigan State Housing Development Authority (MSHDA), and the Michigan Municipal League (MML). The ***Cheboygan Downtown Blueprint 2004*** was completed by HyettPalma, Inc., in conjunction with the Process Committee formed to oversee the project, Jay Schwedler, MEDC Community Assistance Team Specialist, and James Espinoza, MSHDA Community Development Specialist.

The methodology used to define the ***Cheboygan Downtown Blueprint 2004*** was developed by HyettPalma, Inc., has been used extensively throughout the United States, and was used to create the ***America Downtown***® and ***Indiana Downtown***® programs.

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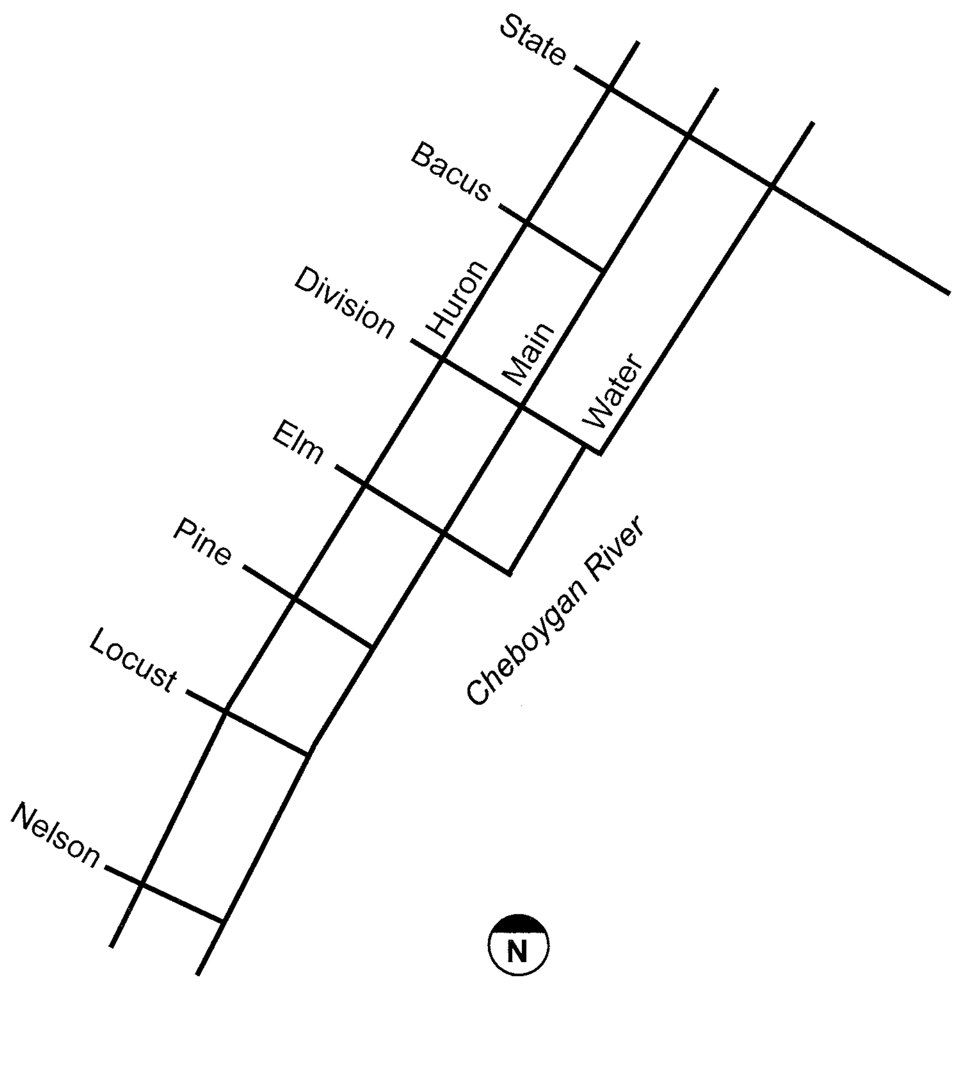
Blueprints for Michigan Downtowns

Downtown Cheboygan



Downtown Cheboygan Today

II. DOWNTOWN CHEBOYGAN TODAY

Cheboygan's is a much better Downtown than many locals give it credit for being. This is evidenced by Downtown's:

- Good specialty retail businesses and eateries;
- Opera House and first run movie theater;
- Location on the Cheboygan River, which is part of the 38-mile inland waterway;
- Public and private marinas;
- Washington Park and proximity to Major City Park;
- Strong lender and investor confidence; and
- Prominence as a banking and professional services center and its role as the Downtown for the county and three adjacent townships.

Most communities would give their civic "eye teeth" to have even just a few of these elements in their Downtown. In Cheboygan, they tend to be taken for granted or overlooked as the community focuses on its concerns for Downtown and its future.

That said, additional work is needed in Downtown to increase its economic vitality. Specifically, at this time there is a need to:

- Improve Downtown's curb appeal;
- Make greater use of the waterfront;
- Create additional housing in Downtown;
- Bring additional specialty retail and food establishments to Downtown; and

- Improve the community's image of Downtown though better marketing.

There is also a need to take into consideration -- and address -- the community's concerns regarding Downtown's future. As expressed during the ***Downtown Blueprint*** project, the community's primary Downtown concerns revolve around:

- The vacancy of the former Woolworth Building;
- Downtown's "short season;"
- Downtown's competition for tourist dollars;
- The erroneous perception that "there's nothing to do Downtown;"
- The less than desired level of implementation of past Downtown plans;
- The possibility of having a "balanced" Downtown -- one that provides both a quiet, relaxing environment as well as economic vibrancy; and
- The need for the City and County governments to be perceived as more business-friendly.

Based on Downtown's needs and the community's concerns, it is suggested that the Downtown enhancement effort take the following direction, as detailed later in this ***Downtown Blueprint***:

- Fill in the blanks by finishing Downtown's needed infrastructure improvements;
- Put old issues to rest -- such as the pedestrian bridge across the river;
- Rehab buildings by stressing preservation, rather than a false theme;
- Implement key cameo projects -- as described in the ***Blueprint***;

- Improve Downtown's image -- and the community's self-image -- by no longer describing Cheboygan as a "struggling blue-collar community" but as an "up and coming, growing community," which it is;

- Not allowing a vocal minority to block implementation of necessary Downtown improvements; and

- Marketing Cheboygan's Downtown as a real Downtown -- not seasonal, not contrived, and not fake.

The actions recommended to accomplish the above are detailed in the chapter of this document titled ***Course of Action***.

Resident and Business Surveys

III. RESIDENT AND BUSINESS SURVEYS

As a part of this project, two surveys were conducted to gauge the health of Downtown Cheboygan, as perceived locally. These were a survey of owners/ managers of businesses located in the project area and a telephone survey of residents living in Downtown's primary trade area. A summary of the survey responses follows.

Use of Downtown

Of primary trade area residents surveyed, an overwhelming 84% reported coming to Downtown with great frequency -- between 1 and 7 times a week. Slightly over one-tenth (12%) of residents surveyed said they come to Downtown with moderate frequency -- from 3 times a month to 6 times a year. And, only 4% of those surveyed said they seldom or almost never come to Downtown Cheboygan.

Purpose of Trips

When asked why they currently come to Downtown Cheboygan, the top reason was "shopping," cited by 22% of those surveyed. This response was followed by "banking" (17%), "eating in restaurants" (16%), and "work" (12%). Therefore, 67% of respondents said they now come Downtown for one of these four reasons.

The remaining 33% of residents surveyed reported coming to Downtown for a wide variety of reasons, including the post office (9%), entertainment (6%), service businesses (5%), to conduct personal business (4%), visiting friends (3%), live there (1%), recreation (1%), and government business (1%). In addition, 3% said when they come Downtown they are just "passing through."

Shopping Area of Choice

Those surveyed were asked where they do most of their family shopping at this time, other than grocery shopping. Just over two-thirds (67%) said they shop either at Wal-Mart (44%) or K-Mart (23%). The remaining 33% said they shop primarily out-of-town (14% -- Gaylord, Petoskey, Traverse City, Indian River, and Saginaw), in Downtown Cheboygan (12%), in Cheboygan in general (4%), and through catalogues or on the Internet (3%).

When asked why they choose to shop in that particular area, residents stressed the importance of convenience (40%), variety/selection (28%), and price (23%). The remaining 9% said they choose a shopping venue due to its closeness to home (5%) or their loyalty to Cheboygan (4%).

Downtown Characteristics

Residents and business owners surveyed were asked to rate a list of Downtown characteristics as being "good," "fair," or "poor" at this time.

Thirteen characteristics were rated "good" by a majority of residents and seven were rated "good" by a majority or significant percent of business owners. And, residents and business owners agreed on those seven characteristics, as shown below:

- Feeling of safety (96% residents, 89% business owners);
- Helpfulness of salespeople (83% residents, 77% business owners);
- Knowledge of salespeople (76% residents, 55% business owners);
- Cleanliness of area (76% residents, 49% business owners);
- Quality of service businesses (76% residents, 54% business owners);
- Quality of retail goods (70% residents, 55% business owners); and
- Prices at restaurants (67% residents, 49% business owners).

While the above list shows that a majority or significant percent of both residents and business owners rated each characteristic as being "good," it is also clear that a smaller percentage of business owners than residents did so. And, in some cases, a significantly smaller percentage of business owners rated each as being "good" -- such as cleanliness of the area, restaurant prices, quality of service businesses, quality of retail goods, and knowledge of salespeople.

The characteristics rated "good" by a majority or significant percent of residents -- but not business owners -- were:

- Quality of restaurants (66% residents, 41% business owners);

- Convenience of parking (56% residents, 36% business owners);
- Availability of parking (52% residents, 35% business owners);
- Traffic circulation (50% residents, 41% business owners);
- Attractiveness of the area (50% residents, 32% business owners); and
- Business hours (49% residents, 28% business owners).

Downtown Improvements
Residents and business owners were asked to rate a list of possible Downtown improvements as being "very important," "somewhat important," or "not important" at this time.

The same three improvements were rated "very important" by a majority or significant percent of both residents and business owners. These were:

- Recruit additional retail businesses (69% residents, 84% business owners);
- Increase the variety of retail goods (63% residents, 70% business owners); and
- Physically improve Downtown's buildings (48% residents, 57% business owners).

In addition, a similar percent of residents and business owners were interested in stores staying open later in the evenings (41% residents, 45% business owners). However, residents were more interested in longer Saturday hours than were business owners (46% residents, 37% business owners).

When asked what types of businesses or activities would attract them to Downtown, residents expressed a strong desire for shoe stores, apparel stores, restaurants, and community activities.

Downtown Cheboygan Tomorrow

IV. DOWNTOWN CHEBOYGAN TOMORROW

A series of discussions, focus groups, and meetings were held to define the community's preferred vision of Downtown Cheboygan -- as it would ideally exist in the year 2008. A compilation of the thoughts and preferences expressed during those sessions is shown below.

By the year 2008, Cheboygan would be a year-round destination that draws people and makes them want to stay. Downtown's sidewalks would be filled with people who are strolling and shopping during the day and enjoying Downtown's "social life" after 5:00 PM.

Downtown's empty storefronts would be filled with viable, sustainable, year-round businesses. Downtown would have "more retail." Main Street, in particular, would have a cluster of retail shops. There would be "fewer service organizations" and offices in first floor spaces on Main. Downtown would also have more restaurants and eateries, and these would offer outdoor dining. And, the spaces "above shops" would be used for apartments, dance classes, offices, etc. Most importantly, the former Woolworth building would be filled once again, ideally by being put to retail use.

In short, Downtown's businesses would be open all year long and would offer unique products, quality products, and convenient hours. This would create a Downtown business mix that appeals to both locals and area visitors.

Downtown would also offer entertainment -- such as music and dancing -- which would "bring the local community together." Finally, a hotel would be located in Downtown, which would allow the community to "keep people in Downtown."

Downtown would have a "clean, revitalized appearance." Owners would be encouraged to "fix-up" Downtown's buildings and make their exteriors look inviting -- by respecting their building's original architecture. Exterior building improvements would be of high-quality, well-maintained, and "compatible looking." Facades would be brought back "close to the original" rather than having fake fronts or a fake theme.

Greater emphasis would be placed on the Cheboygan River. The community would make greater use of and have greater access to the river. This would take the form of a pedestrian walkway along the river and a pedestrian bridge crossing the river. Signs would tell boaters about Downtown and allow them easy access to Downtown from the river. In addition, the river would be beautified by planting flowers along its banks.

Flowers and landscaping would also be placed along Downtown's sidewalks. These would be well cared for, demonstrating that "people care." And, Downtown's recently completed streetscape improvements would also be well-maintained on a long-term basis. Benches would be placed on Downtown's sidewalks, Downtown would be free of weeds, Main Street would be repaved, private parking lots on Main would be paved, and overall, Downtown would be clean and neat.

Downtown's parking would be "ample" and convenient. And, the parking lot behind Pappas' restaurant, which is located on the river, would be used for "something more than parking."

There would be a "unified marketing plan" in place to attract businesses, to attract customers, and to more broadly market Downtown's special events to those outside of the area.

Finally, there would be a tangible change in attitudes with people being "happy and proud to live here."

The revitalized Downtown Cheboygan would be able to attract a wide range of users. This would include locals, summer residents, hospital-users, Opera House patrons, regional residents, those who work seasonally in Mackinac City, area visitors, outdoor enthusiasts (boaters, snow mobilers, hunters, campers, fishermen), and sports enthusiasts (hockey, ice rink users, etc.).

The revitalized Downtown Cheboygan would have the following image.

A Downtown that is family-friendly, family-oriented, and welcoming to all.

A real Downtown that feels warm and comfortable,
that is fun and friendly,
where you see your friends and neighbors, and
that makes you want to come back.

A unique and vibrant Downtown
that makes you say,
"This is the life . . .
great shops and natural beauty!"

An active and homey Downtown with
waterfront access and
lots of things going on.

A relaxing, safe, and
low-key environment that is an alternative to
"the craziness" of tourist towns.

An inviting Downtown that makes you feel
like you're part of
a small town environment and an experience.

A twelve-month Downtown that offers
great service, assistance, and attention,
along with quality products and good prices.

A high quality, economically thriving Downtown
that makes people
happy and proud to live in Cheboygan
and makes others envious.

Downtown Market Analysis

V. DOWNTOWN MARKET ANALYSIS

To ensure long-term economic results and success, Cheboygan's Downtown enhancement effort must be market-driven. This means that the effort must be one that results in all of Downtown's investors -- business owners, property owners, developers, patrons, the City government, etc. -- being able to realize an increasing return on their investments. This can only be achieved via an enhancement effort that is based on a sound, realistic understanding of Downtown's economic potentials. The following chapter quantifies Downtown's economic potentials in terms of retail, office, and housing development.

Downtown Retail Opportunities

Retail Trade Area -- Downtown Cheboygan's primary retail trade area has been defined as the geographic area from which the majority of retail customers are currently drawn and the geographic area which presents the greatest opportunity in the immediate future for gaining additional retail customers. Based on current customer travel patterns, discussions with local business leaders and government officials, and the opinion of HyettPalma, Inc., Downtown's primary retail trade area has been identified as Cheboygan County, Michigan.

Retail Economic Indicators -- Downtown's primary retail trade area can be currently characterized by the following economic indicators.

THE PRIMARY TRADE AREA HAS AN ESTIMATED POPULATION OF 27,716 -- WITH AN ESTIMATED 11,500 HOUSEHOLDS (Source: ESRI estimate)

THE PRIMARY TRADE AREA POPULATION IS PROJECTED TO INCREASE TO 30,210 BY 2008 -- WITH HOUSEHOLDS GROWING TO AN ESTIMATED 12,863 BY 2008 (Source: ESRI estimate)

THE AVERAGE HOUSEHOLD SIZE IS 2.38 PERSONS, WHICH IS LESS THAN THE NATIONAL AVERAGE OF 2.59 (Source: ESRI estimate)

THE TOTAL COMBINED INCOME OF HOUSEHOLDS WITHIN THE PRIMARY TRADE AREA IS APPROXIMATELY $546,000,000 PER YEAR (Source: ESRI estimate)

THE AVERAGE HOUSEHOLD INCOME FOR THOSE IN THE PRIMARY TRADE AREA IS APPROXIMATELY $47,489 (Source: ESRI estimate)

Current Retail Businesses -- Downtown Cheboygan currently contains approximately 55 retail businesses, which occupy approximately 150,000 square feet of building space. The retail inventory was completed by the City of Cheboygan and is shown on the following pages.

Downtown Cheboygan Retail Businesses

SIC CODE	BUSINESS TYPE	# BUS.	TOT. SQ. FT.
53	General Merchandise		
5399	Misc. General Merchandise	1	1,343
54	Food Store		
5461	Retail Bakery	1	2,000
55	Automotive Dealers and Service Stations		
5531	Auto/Home Supply	2	4,568
56	Apparel and Accessories		
5621	Women's Apparel	2	2,585
5651	Family Apparel	2	4,563
57	Furniture and Home Furnishings		
5712	Furniture Store	1	10,000
5734	Computers/Software	2	5,000
58	Eating/Drinking		
5812	Eating Places	12	30,174
5813	Drinking Places	2	5,850
59	Miscellaneous Retail		
5912	Drug Store	1	7,000
5932	Antiques	1	2,500
5941	Sporting Goods	1	2,711
5942	Books	1	3,360
5944	Jewelry	2	3,081
5945	Hobby/Toys/Games	1	1,600
5946	Camera/Supply	1	1,200
5947	Gift/Novelty	7	13,151
5992	Florist	1	8,000
5995	Optical	2	4,993
5999	Miscellaneous Retail	1	1,454
	Select Support Services		
7216	Dry Cleaners/Tailors	1	2,100
7231	Beauty Shops	6	6,886

Downtown Cheboygan Retail Businesses

SIC CODE	BUSINESS TYPE	# BUS.	TOT. SQ. FT.
	Select Support Services (Continued)		
7241	Barber Shops	1	480
7251	Shoe Repair/Shine	1	960
7832	Motion Picture Theater	1	17,995
	Amusement and Recreation Services		
7999	Mic. Amusement/Recreation	1	5,988

TOTAL NUMBER OF RETAIL BUSINESSES	**55**
TOTAL SQUARE FEET OF OCCUPIED RETAIL BUSINESS SPACE	**149,542**
TOTAL NUMBER OF VACANT RETAIL SPACES	**6**
TOTAL SQUARE FEET OF VACANT RETAIL BUSINESS SPACE	**44,245**

Source: City of Cheboygan

Retail Potential -- Currently, within Downtown's primary trade area, the total estimated demand for retail products is approximately $174,000,000 per year. This demand is shown on the following graphs. A complete presentation of retail product demand for the primary trade area is shown in **THE RETAIL REPORT®**, contained in the Appendices of this document.

As a conservative estimate, it is assumed that Downtown Cheboygan retail businesses now generate an average (blended figure) of approximately $130 per year per square foot in retail sales.

Since Downtown currently contains approximately 150,000 square feet of occupied retail space, Downtown Cheboygan should currently be generating approximately $19,500,000 in retail sales per year.

By dividing the project area's estimated annual retail sales -- $19,500,000 -- by the total estimated demand for retail products within the primary trade area -- $174,000,000 -- it can be concluded that Downtown Cheboygan may currently be capturing approximately 11.2% of the retail sales potential within the primary trade area. And, the balance of the demand is being captured by businesses within other parts of the primary trade area and/or by businesses in other trade areas.

Taking steps to further enhance Downtown Cheboygan, and barring a significant decline in the national or regional retail economy, it is conservatively anticipated that Downtown may have the potential to increase its share of retail sales in its primary trade area from the current level of approximately 11.2% to between 12% and 12.5% by the year 2009. This should be considered a goal of the economic enhancement program.

If Downtown Cheboygan is able to increase its market share to between 12% and 12.5% by the year 2009, it is possible that the project area may be able to increase its total capture of retail sales to between $21,000,000 and $22,000,000 by the year 2009 -- considered in constant 2003 dollars.

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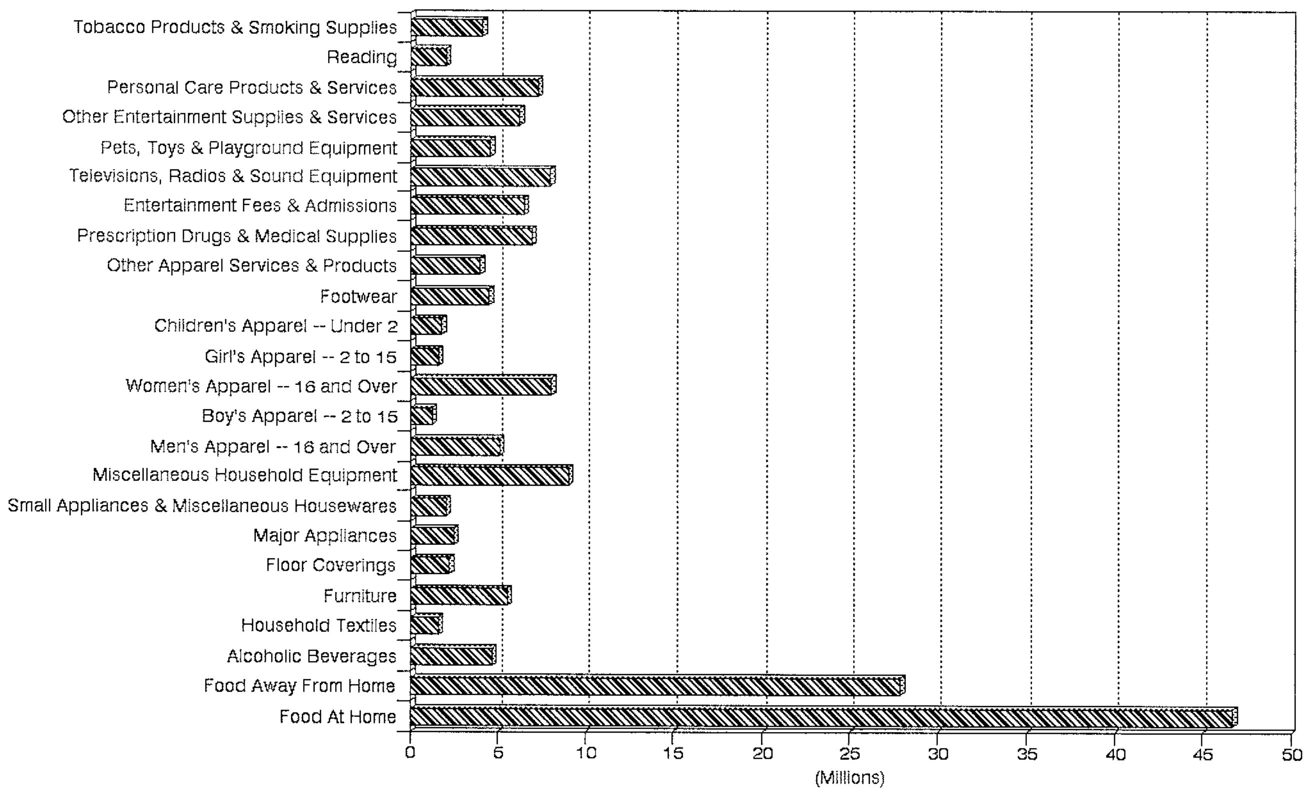
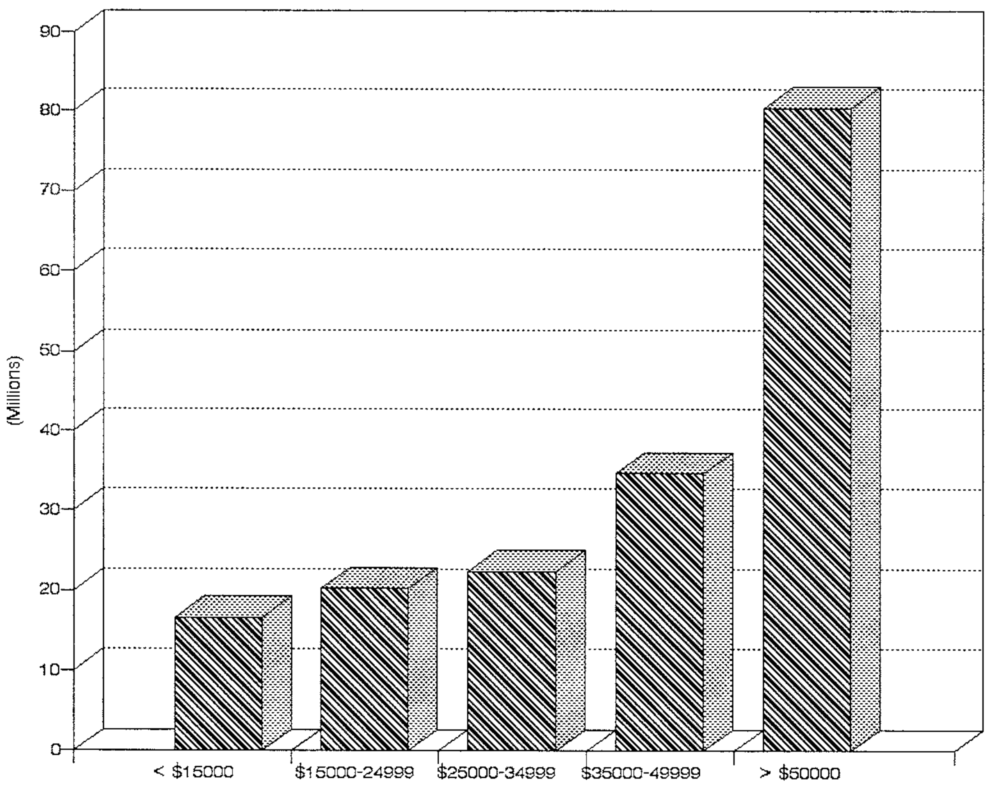
TOTAL PRODUCT DEMAND
BY PRODUCT TYPE



TOTAL PRODUCT DEMAND
BY INCOME GROUP



This increase in total retail sales could potentially support the development of between approximately 11,500 and 19,000 net square feet of additional retail space by the year 2009 -- which could include expansions or sales increases by existing Downtown Cheboygan retail businesses and/or the construction of some limited amount of new retail space.

It must be noted that Downtown's ability to gain a larger market share will be contingent on efforts to enhance its business climate, enhance and expand its existing businesses, and recruit additional retail businesses to the area. If such efforts are aggressively and diligently implemented -- on an on-going basis -- the actual growth in Downtown's market share could potentially be much higher than projected. Conversely, by the year 2009, Downtown Cheboygan's market share could be much less than projected above if efforts to enhance the area and expand/recruit businesses are not diligently and continually pursued.

Retail Business Development -- Based on the findings of this retail market analysis, the opportunity exists to enhance and expand certain types of retail businesses that are currently located in Downtown Cheboygan. In addition, the opportunity also exists to attract additional businesses to Downtown. A list of the types of retail businesses recommended for potential enhancement, expansion, and attraction is presented in the chapter of this document titled ***Course of Action***.

Downtown Office Opportunities

Office Market Indicators -- Several key economic indicators which characterize the current office operations within Downtown Cheboygan follow.

- Downtown Cheboygan currently has 40 various office businesses occupying approximately 114,000 square feet of building space.

- Downtown's occupied office space serves, primarily, the personal needs of those who live within the community and primary trade area, with the greatest concentration of offices in the areas of publishing, financial, insurance, business services, health services, legal services, membership services, and engineering/management services.

Current Office Uses -- The variety of office occupants found in Downtown can be seen in the following table, in which office tenants are listed by SIC numbers. The office inventory was completed by the City of Cheboygan.

Office Potential -- It is anticipated that most of Downtown's office market growth will continue to consist of office uses which serve the personal needs of those who live in, or in proximity to, Downtown Cheboygan's primary trade area.

Communities nationwide have experienced the fact that -- as improvements are made in the overall economic and physical condition of their Downtowns -- an associated increase in demand for office space normally follows. This is also expected to hold true for Downtown Cheboygan.

Therefore, it is estimated that approximately 7,500 to 10,000 square feet of additional office space could potentially be supported in Downtown Cheboygan between now and the year 2009. This should be considered an economic goal of the enhancement effort.

It must be noted that the actual growth in Downtown's office demand could be higher if Downtown is able to attract general offices or back office operations from outside the area; to attract office occupants currently located elsewhere in the community; or to experience significant expansion by current Downtown office operations.

Office Business Development -- A listing of office types recommended for recruitment and expansion in Downtown Cheboygan is presented in the chapter of this document titled ***Course of Action***.

Downtown Cheboygan
Offices by SIC Code

SIC CODE	BUSINESS TYPE	# BUS.	TOT. SQ. FT.
27	**Publishing**		
271	Newspapers	1	3,180
272	Periodicals	1	6,688
47	**Transportation Services**		
472	Passenger Trans. Arrangement	1	1,500
60	**Depository Institutions**		
602	Commercial Banks	4	28,269
606	Credit Unions	1	8,000
62	**Security and Commodity Brokers**		
621	Security Brokers	1	585
63/64	**Insurance**		
641	Insurance Agents/Brokers	4	10,588
65	**Real Estate**		
653	Real Estate Agents/Mgrs.	1	2,500
654	Title Abstract Offices	3	8,393
72	**Personal Services**		
722	Photographic Studios	1	500
73	**Business Services**		
733	Mailing/Reproduction/Comm. Art/Photography/Steno Servs.	3	7,740
80	**Health Services**		
801	Offices/Clinics of Doctors	2	2,870
804	Offices of Other Medical	2	4,017
81	**Legal Services**		
811	Legal Services	5	5,378
83	**Social Services**		
832	Individual/Family Services	1	2,000

Downtown Cheboygan
Offices by SIC Code

SIC CODE	BUSINESS TYPE	# BUS.	TOT. SQ. FT.
86	**Membership Organizations**		
862	Professional Organizations	1	2,160
864	Civic/Social Organizations	4	9,010
87	**Engineering/Management Services**		
871	Engineering/Architecture	1	5,300
872	Accounting/Bookkeeping	1	1,444
89	**Services Not Elsewhere Classified**		
899	Services	2	3,500

TOTAL NUMBER OF OFFICE BUSINESSES	**40**

TOTAL SQUARE FEET OF OCCUPIED OFFICE BUSINESS SPACE	**113,622**

Source: City of Cheboygan

Downtown Housing Opportunities

Based on a field survey conducted by the City of Cheboygan, the Downtown ***Blueprint*** area currently contains approximately 29 residential units, including 8 condominium units, 20 apartment units, and 1 townhouse unit. An additional 6 townhouse units are proposed in the project area, adjacent to the Cheboygan River. Downtown Cheboygan is also fortunate to have many people living in neighborhoods in proximity to Downtown and Downtown is located in an area of the community which is convenient to most residents of the city and broader community.

As noted by the Michigan State Housing Development Authority (MSHDA), Downtown Cheboygan is currently experiencing an increase in interest from building and business owners who desire to develop housing in the upper floors of existing commercial buildings, primarily along the Main Street corridor. This interest is being stimulated, to a great extent, by financial assistance provided through programs offered to Cheboygan by the Michigan State Housing Development Authority.

It is anticipated that significant demand exists and that additional assistance will be sought from MSHDA to introduce more quality housing units to the upper floors of existing buildings within the ***Blueprint*** project area, including both market-rate and affordable housing units.

As has been found throughout the nation during the past two plus decades -- regardless of community size -- as a Downtown's physical environment and mix of businesses is improved, it is very likely that the demand for housing in and near Downtown will also increase. This can also be expected in Downtown Cheboygan.

While housing of all types is in high demand in quality Downtowns throughout Michigan and the nation, conventional, market-rate housing is thriving. Every effort should be made, consistent with the implementation of the ***Blueprint***, to introduce more quality housing -- both market-rate housing and affordable housing -- in and in proximity to Downtown Cheboygan.

As market conditions allow, every effort should be made to:

- Support and encourage the development of additional market-rate townhouse and condominium units at the edges of Downtown -- such as the currently proposed additional 6 townhouse units -- particularly units which afford a view of the water;

- Introduce more loft apartments in the upper floors of existing structures throughout Downtown; and

- Encourage and assist owners, as feasible, in their efforts to further enhance existing housing in proximity to Downtown -- both renter- and owner-occupied units.

Specific MSHDA programs which should be considered in the future for Downtown Cheboygan should be determined through follow-up discussions with MSHDA. Specific assistance programs which may be appropriate for use in and near Downtown are further described in the Appendices of this document.

Rather than placing arbitrary or artificial limits on the number of housing units appropriate for Downtown Cheboygan -- and in neighborhoods in proximity to Downtown -- it is suggested that the absorption of units in the marketplace be used as the indicator of demand. And, every effort should be made to develop the greatest number of quality units possible in and near Downtown when market conditions allow.

Course of Action

VI. COURSE OF ACTION

As was stated earlier, based on Downtown's needs and the community's concerns, it is suggested that the Downtown enhancement effort take the following direction:

- Fill in the blanks by finishing Downtown's needed infrastructure improvements;
- Put old issues to rest -- such as the pedestrian bridge across the river;
- Rehab buildings by stressing preservation, rather than a false theme;
- Implement key cameo projects -- as described in this chapter;
- Improve Downtown's image -- and the community's self-image -- by no longer describing Cheboygan as a "struggling blue-collar community" but as an "up and coming, growing community," which it is;
- Not allow a vocal minority to block implementation of necessary Downtown improvements; and
- Enhance and market Cheboygan's Downtown as a real Downtown -- not seasonal, not contrived, and not fake.

The remainder of this chapter outlines the actions that should be taken to accomplish the above.

Cameo Projects

The following high profile, high impact projects should be implemented as quickly as possible to create "a head of steam" and additional community support for Downtown's further economic and physical enhancement.

1. Pedestrian Bridge

For at least the last 15 years, the community has discussed and debated the possibility of creating a pedestrian bridge over the Cheboygan River, linking Downtown with Major City Park -- Cheboygan's premier community recreational facility located adjacent to, but currently not accessible from, Downtown Cheboygan.

This is a very important project since it will:

- Create an economic link between Downtown and the park, opening up a whole new market for Downtown's businesses, since every park user will become a potential Downtown customer;
- Put an emphasis on the family-oriented nature of Downtown, inviting families using Major City Park into Downtown;
- Make the river more prominent and turn it into a unifying element, linking Downtown and the greater community; and
- Encourage greater use of the waterfront.

Therefore, the Downtown pedestrian bridge should be created as quickly as possible by:

- Rallying broad community support for the bridge;
- Documenting that support (possibly through a petition signing campaign);
- Not allowing a handful of people, who might be opposed to the bridge, stop the construction of what will be an economic stimulus as well as a community asset;
- Obtaining all necessary approvals -- primarily from appropriate State of Michigan agencies with regulatory control over the Cheboygan River -- for construction of the bridge;
- Identifying appropriate funding from local, state, and national funding sources, as appropriate and possible;
- Designing the bridge to be a work of art that becomes a symbol of pride for the community;
- Ensuring that the bridge is lighted at night; and

- Constructing the bridge at the earliest possible date.

2. Upper Story Housing

Housing in the upper floors of buildings adds vibrancy and animation to a Downtown. In addition, such housing is an economic stimulus since it creates an additional market for Downtown businesses. For these reasons, it is strongly suggested that:

- The community work with MSHDA to bring that agency's excellent housing incentive programs to Downtown, particularly programs leading to the development of quality loft units in the upper floors of Downtown's existing, historic buildings;

- The City encourage private investors to create market-rate apartments in and near Downtown; and

- Downtown residents be directed to park in off-street lots, rather than on Main Street.

3. The Former Woolworth Building

This structure, vacant for many years, has become a symbol of Downtown's demise. It stands as an economic blight on Downtown, a physical eyesore, and a symbol of weak community leadership. For these reasons, the current situation is untenable and must be addressed using the steps shown below.

Step 1: The first step should be to contact and try to work with the building's current owner to:

- Establish a reasonable selling price for the building; and

- Find a motivated buyer (or lessee) to rehab and reuse the structure, if possible, or to demolish the structure and redevelop the site.

Step 2: If the current owner proves to be either not motivated or not reasonable, then:

- The structure should be acquired (by friendly means or otherwise) by an entity acting as a "good agent" -- such as the DDA; and

- The structure should be resold to a quality and motivated buyer who will commit to either reusing the structure or redeveloping the site in a timely manner.

If the structure is to be rehabbed and reused:

- The mansard roof must be removed;

- Ideally, the building would be occupied by one, large retail business; and

- If one large retail use cannot be found, the front portion of the first floor (facing Main) should be tenanted with retail businesses, the remainder of the first floor should be used for offices, and consideration might be given to creating housing in a portion of the structure.

If the building is razed, a new structure should be built on the site as quickly as possible, using the following parameters:

- The infill building should be designed to be compatible with Downtown's older architecture;

- Zero lot line development should be required, placing the building's front facade at the Main Street sidewalk and side facade at the Bacus Street sidewalk, thereby making it pedestrian-oriented;

- The first floor of the new building should be designed for retail businesses that are oriented to and open onto the Main Street sidewalk;

- A two-story structure should be considered, with the upper floor designed for office use or housing; and

- The new structure should be smaller than the current building, allowing for on-site parking in the rear.

4. Water Street Parking Lot

The portion of this parking lot, located behind the comfort station, is a "dead zone" that is now used for parking. Since this valuable site is on the river and -- as it is understood -- owned by the city, consideration should be given to:

- Allowing a one- to two-story structure to be built on the "dead zone;"
- Creating a restaurant in this space, having a river view and outdoor seating; and
- Requiring that the restaurant be open all year long.

The City should consider marketing the property through the issuance of a request for proposals from qualified developers.

The balance of the parking spaces in the existing Water Street Parking Lot should continue to be used for public parking.

5. Mariner's Village

Currently, a mixed-use development, which would include a marina, boat hotel, and marine-oriented retail, is proposed at the intersection of Pine Street and the Cheboygan River. Plans for this project show a quality structure made of permanent materials -- plans that should be applauded. The facade of this structure that faces Main Street will have an impact on Downtown's appearance, pedestrian-orientation, and economic orientation. Therefore, it is suggested that the Main Street facade of Mariner's Village:

- Be zero lot line development, constructed at the Main Street sidewalk line;
- Be designed to complement and be in-keeping with Downtown's older architecture;
- Have display windows at street level; and
- Contain retail/marine office uses facing Main Street at street level.

6. Marketing

Currently, an attractive and informative Cheboygan visitors guide is produced by the Cheboygan Area Chamber of Commerce. In addition, special events are held to attract people to Downtown. Other than that, Downtown is not being marketed to area residents and visitors as a distinctive destination. This should be remedied through the following.

- Downtown currently has a collection of good businesses and popular attractions. These should be marketed by creating a Downtown brochure that touts Downtown as a destination, tells what is available in Downtown, and begins to establish Downtown's image as a place of great shopping, dining, and entertainment.

- The Downtown brochure should be professionally designed and of high quality, consistent with all print pieces created by the Chamber.

- The brochure should list all of Downtown's businesses and attractions, highlighting those that are Chamber members.

- The brochure should be widely distributed to (at a minimum) local residents, residents of the county, residents of surrounding counties, second home owners in the area, users of Downtown's Opera House and movie theaters, marina users, Major City Park users, hospital users, area outdoor enthusiasts, and area visitors.

- Consideration should be given to running a "Ten Fun Things to do in Downtown" ad in the Chamber's *Images of Cheboygan, MI* magazine, to complement the "Ten Fun Things to do in Cheboygan" ad contained in the 2002-2003 edition of that publication.

- An image development campaign should be created for Downtown by getting positive stories about Downtown and its enhancement placed with all major media throughout the region.

- The image that should be established for Downtown is that of:

  A real and historic Downtown
  for locals and visitors
  that is filled with specialty retail businesses
  and unique eateries,
  where one is offered quality, attention, and
  a captivating small town experience.

- The Chamber of Commerce now has a newsletter and a Web site. The City publishes a quarterly newsletter. Downtown and its enhancement should have a regular presence in all three of these outlets.

- To strengthen Downtown's special events -- and increase their draw -- consideration should be given to making each multi-functional, such as by combining sidewalk sales with art and music. In addition, for Downtown's largest events and festivals, consideration should be given to closing Main Street.

Public Improvements

The City and DDA have recently completed a streetscape improvement project in Downtown, greatly improving the area's physical appeal. Now, the following steps should be taken to further improve and "fine tune" Downtown's ambience.

- Downtown **landscaping** should be intensified through greater use of flowers in beds and hanging baskets, as is planned by the City and garden club.

- The **amenities** of benches and trash receptacles should be added to Main Street, enhancing its pedestrian appeal.

- All Downtown crosswalks should be re-striped. Signs denoting crosswalks -- and requiring motorists to yield to pedestrians -- should be erected.

- A **maintenance schedule** should be defined to ensure that Downtown's streetscape improvements remain in good repair on a long-term basis.

- The City has created highly attractive **public signs** (such as the one in front of City Hall) aimed at directing motorists to attractions and identifying those attractions. Signs of the same style should be created to direct motorists to Downtown from marinas, the river, major entrances into the City, and all other high traffic areas. The remaining "Old Rivertown" signs should be removed. And, street name signs should be installed at all intersections throughout Downtown.

- The visioning sessions held as part of the ***Blueprint*** project revealed that having **public art** in Downtown is of interest to the community. Therefore, the Cheboygan Area Arts Council, working cooperatively with the City, should be asked to define a public art placement plan that would allow high quality, juried, indigenous public art to be placed in Downtown.

- The City should continue to provide and maintain **public parking** both on-street and in lots. It should be noted that customers view on-street parking spaces as being the most convenient and desirable. Therefore, it can be expected that -- over time, as business intensifies and housing increases in Downtown -- demand for these spaces will increase. As this occurs, the City should closely monitor turnover on Main Street, since there are no parking time limits for these on-street spaces.

- Currently, several **private parking lots** in Downtown are not paved, adding dirt to Downtown's environment and eroding Downtown's streetscape improvements. To minimize this, the City should encourage private owners to pave their existing lots. In addition, the City should require that any new private lots be paved when they are created.

- The City is planning to make **Downtown riverfront improvements**. This effort should be supported, particularly the goal of creating a boardwalk on both banks of the river in Downtown and the intent of creating connectivity between Downtown and the marinas to the north.

- It is understood that, in the future, consideration might be given to relocating **City Hall**. It cannot be stated strongly enough that City Hall must remain in Downtown. This is a critical component of Downtown's economic fabric which would be devastating to remove from the balance of associated uses found in Downtown.

- To encourage and welcome private sector investment in Downtown, City Hall must be -- and be seen as being -- **pro-business and pro-quality**. Therefore, the City should review all of its approval processes and staff interaction/attitudes regarding investors. Any needed changes should be made and this new posture should be widely conveyed to the investment community.

Building Improvements

While Downtown's public spaces should be further improved (as discussed above), so should its private properties.

- Over the years, the community has searched for a **theme** that would create a unique identity for Downtown. This has ranged from Old Rivertown, to Victorian Downtown, to turn-of-the century architecture -- none of which has particularly "stuck." Communities across the nation have found that the best "theme" for a Downtown is preservation. This means respecting and restoring your existing architecture, touting Downtown as a historic area, and urging building owners to make improvements that stress compatibility rather than uniformity. This approach should be adopted in Downtown Cheboygan.

- To encourage building owners to maintain and restore their structures, the following **incentives** should be considered:

  - Design guidelines which illustrate the "do's and don'ts" of rehabbing older architecture;

  - Preliminary design assistance from a qualified preservation architect, for owners serious about rehabbing their structures;

  - The continued marketing of the low-interest loan program created by local bankers; and

  - The possible creation of a 50-50 matching grant program -- using private or public funding sources -- to induce owners to make facade improvements that are in-keeping with the design guidelines.

- The **lot at State and Main**, which is owned by the DDA, should be viewed as a great opportunity to create a mixed-use infill structure in Downtown. It should be noted that, as new condos are developed adjacent to this lot (as is planned), the DDA lot will become even more valuable. At that time, the DDA should seek a qualified and quality developer to build a mixed-use structure here, containing retail on the first floor, with offices and apartments/condos above.

- There are a small number of buildings in Downtown that appear to possibly be safety and fire hazards. This is a travesty which should not be allowed to continue. Therefore, the City should institute an aggressive **code enforcement** effort immediately to see that these structures are brought up to standards.

Business Development

As a result of the ***Blueprint*** process, it became very clear that the community would very much like to see more retail shops in Downtown, making it a destination where one could "spend the day shopping." This should be accomplished through the following business development initiatives.

To further strengthen Downtown's existing businesses, and attract additional businesses to complement the existing businesses and better serve the needs and desires of the marketplace, the following specific business development actions should be taken.

- Every Downtown business should provide a level of **customer care and service** that makes all who walk through the door feel welcomed.

- Every first floor business in Downtown should have eye-catching and alluring **window displays** that are changed at least every two weeks, with window lights illuminated until at least 11:00 each evening.

- The owners of Downtown businesses that can benefit from impulse shoppers should consider shifting to later **business hours**.

- City ordinances should be revised to allow **outdoor seating** at Downtown food establishments. This should include establishing standards for placement of tables/chairs and for sanitation.

- Currently, **loitering** in Downtown by young people is proving to be intimidating to some Downtown customers and potential customers. Therefore, consideration should be given to assigning a police officer on foot -- or bike during clement weather -- to Downtown to reduce conflicts, avoid potential conflicts, and recreate a perception of pedestrian comfort in Downtown, particularly during times noted as problematic relative to loitering and any other intimidating activity.

- **Public safety** in Downtown must be ensured. Therefore, a "zero tolerance" policy is warranted regarding vandalism, graffiti, and violation of skateboard/bicycle riding laws. Working with the court system, those found guilty of vandalism and defacing property should be required to do community service work in Downtown -- in highly visible uniforms. Efforts to build a skateboard park should be continued. And, those found skateboarding or riding bicycles on Downtown's sidewalks should be fined and have their board/bike confiscated, if possible.

- The full range of **business types** most appropriate for location in Downtown include the following:

  Prepared Food
  - Fine Dining Restaurants;
  - Moderate Priced Restaurants;
  - Sandwich Shops;
  - Bistros;
  - Coffee Houses;
  - Delis;
  - Bakeries;
  - Candy/Ice Cream/Yogurt Shops;
  - Pubs/Taverns -- with Atmosphere/Operation Welcoming to Families; and
  - Ethnic Foods -- i.e., Italian, Greek, French, Chinese, Mexican, etc.

  Food for Home
  - Convenience Grocery;
  - Health Foods;
  - Meat/Fish/Green Market.

Entertainment
- Live Theater;
- Entertainment in Restaurants -- i.e., piano player, guitarist, dancing, etc.; and
- Movie Theater.

Specialty Retail
- Antiques;
- Appliances;
- Art Galleries, Framing and Supplies;
- Bike Shop (Sales and Rental);
- Books;
- Cameras and Photo Supplies;
- Casual Apparel and Accessories;
- Children's Apparel;
- Computers/Software;
- Florist;
- Gifts, Stationery and Cards;
- Small Hardware;
- Home Decorating Products and Design Services;
- Marine Supplies;
- Men's Apparel;
- Music (Recorded and Sheet);
- Newsstand;
- Office/School Supplies;
- Optical Products;
- Radio/TV/Electronics;
- Sewing Supplies;
- Shoes, Dress and Casual;
- Small Variety Store;
- Sporting Goods;
- Toys, Games and Crafts;
- Traditional and Costume Jewelry;
- Wall Coverings and Paint; and
- Women's Casual Apparel and Accessories.

Convenience Retail/Select Services
- Auto/Home Supply;
- Barber/Beauty Shops;
- Dance Studio;
- Dry Cleaners/Tailor Shop;
- Pharmacy;
- Physical Fitness Facility;
- Shoe Repair/Shine; and
- Video Rental.

Offices

- Accounting, Auditing, Bookkeeping;
- Administration of Educational Programs;
- Administration of Public Health Programs;
- Administration of Veterans' Affairs;
- Administration of Economic Programs;
- Administration of Utilities;
- Advertising;
- Child Care Services;
- Commercial Banks;
- Computer and Data Processing;
- Courts;
- Credit Reporting and Collection;
- Credit Unions;
- Dentists Offices;
- Doctors Offices;
- Engineering, Architectural Services;
- Executive Offices of Government;
- Fire, Marine Casualty Insurance;
- General Government;
- Health and Allied Services;
- Home Health Care Services;
- Individual and Family Services;
- Legal Services;
- Legislative Bodies;
- Library;
- Life Insurance;
- Management and Public Relations;
- Medical Service and Health Insurance;
- National Security;
- Newspapers;
- Passenger Transportation Arrangement;
- Personnel Supply Services;
- Photographic Studios;
- Print Shops;
- Public Order and Safety;
- Real Estate Agents and Managers;
- Residential Care;
- Savings Institutions;
- Security Brokers and Dealers;
- Subdividers and Developers;
- Tax Services; and
- Title Abstract and Insurance Offices.

Housing
- Above first floor uses; and
- Infill buildings on redeveloped lots, underutilized lots and surface parking lots.

- Businesses of the type recommended above should be actively and aggressively recruited to Downtown. However, the following types of businesses should be considered the **top priority of the recruitment effort**:

  - Bakery;
  - Coffee house;
  - Restaurants;
  - Casual apparel and shoes;
  - Home furnishings and accessories; and
  - Gifts.

- Only **year-round businesses** should be recruited for Downtown. And, under no condition should seasonal businesses receive any available incentives (such as low-interest loans or facade grants).

- When it is deemed an appropriate time to seek the opening of additional businesses in Downtown Cheboygan, new business prospects should first be sought from throughout the community, inviting existing business owners to open an additional appropriate business in Downtown Cheboygan, or, if businesses deem a move appropriate, the relocation of businesses from other areas of the community to Downtown. This form of business creation is known as **internal recruitment**.

- Once an "all-out" effort is made to induce existing business owners to open additional businesses in Downtown -- or, if appropriate, to relocate to Downtown -- **new business prospects should be sought** from outside the immediate area -- specifically from throughout central and northern Michigan. These prospects should be sought by the City's recommended economic development director, described in the next section of this ***Blueprint***.

Prospects should be sought through a personal visit by the economic development director -- not through blind mailings. The overall marketing effort of the Downtown enhancement initiative should also we used to notify the marketplace of specific businesses sought for Downtown Cheboygan. And, the economic development director should use any and all incentives available to businesses -- such as facade loans/grants, design assistance, etc. -- to induce the opening of new businesses in Downtown Cheboygan.

Management

The Downtown enhancement effort is now, and has been for a number of years, spearheaded by the City's DDA. This has resulted in solid Downtown successes and quality projects. Therefore, the DDA should remain in this role. The following recommendations are suggested to make the DDA as effective as possible in this role.

- The DDA is now comprised of eight members representing business/property interests and the Mayor. To make the DDA more of a private-public partnership, consideration should be given to **adding** a Council Member and the President of the Chamber of Commerce to the DDA as voting ex officio members.

- To allow the ***Downtown Blueprint*** to be implemented as quickly as possible, the City should consider hiring an **economic development director**. This professional should be directed to work half-time on Downtown's enhancement with the DDA and the Chamber, and the remainder of the time on overall economic development for the City.

- The Cheboygan Area Chamber of Commerce is located in Downtown and is very active in Downtown's enhancement. This is such a tremendous advantage that it is hoped that the **Chamber will continue** to be an active member of the Downtown revitalization "team."

- The Downtown **TIFA** is scheduled to sunset in 2005. It is strongly suggested that the City Council consider extending the TIFA until 2009, consistent with the timeframe of the ***Downtown Blueprint***. This will allow Downtown to benefit from new construction which is about to occur. In addition, extending the TIFA will also allow Downtown to be the recipient of funds that would not be ensured without a TIFA.

- The DDA and the City have been exploring the possibility of creating a **Principal Shopping District** (PSD) in Downtown and using the resulting funds to market Downtown. This is a very forward thinking idea which should be "kept on the table" and seriously considered as Downtown's businesses and business mix are strengthened through the ***Blueprint*** effort.

- The City and DDA should cast their net as broadly as possible when considering **funding sources** for implementing the ***Downtown Blueprint***. Specifically, funding sources that should be considered -- in addition to TIFA and PSD funds -- include:

  - City, County, and Township government;
  - MEDC, MSHDA, and other State agency programs;
  - Business owners and commercial property owners;
  - Developers;
  - Banks;
  - Utilities;
  - Service clubs (to sponsor projects recommended in the enhancement strategy);
  - Institutions;
  - Foundations;
  - Major area-wide employers, corporations, and industry;
  - The Federal government; and

- Any individual, entity, or institution that stands to benefit from an enhanced Downtown Cheboygan.

Implementation Sequence

VII. IMPLEMENTATION SEQUENCE

This document contains numerous actions recommended for revitalizing Downtown Cheboygan. This chapter shows the recommended actions which should be carried out during the **first year** of the enhancement effort.

At the end of each year, the implementation sequence should be updated. And, within five to six years, consideration should be given to updating the entire ***Cheboygan Downtown Blueprint 2004***, depending on the level of program accomplishments realized.

Year-1 Implementation Sequence
Cheboygan Downtown Blueprint 2004

Partnership and Management Actions

1. Formal adoption by the City of the ***Cheboygan Downtown Blueprint 2004*** as the official guide for the further economic enhancement of Downtown Cheboygan.

2. Continue oversight of Downtown enhancement by the DDA.

3. Add a Council Member and the President of the Chamber of Commerce to the DDA as voting ex officio members.

4. Hire an economic development director ASAP.

5. Extend TIFA until 2009.

6. Continue to seek broad-based funding for Downtown enhancement effort.

Cameo Projects Actions

1. Develop pedestrian bridge over Cheboygan River, as per recommended steps in the ***Blueprint***, ASAP.

2. Work with MSHDA and interested local developers to ensure the development of the maximum number of housing units in the upper floors of Downtown's existing buildings.

3. Work with the former Woolworth building's owner to find quality buyer/developer for the building.

4. Support the development of the proposed Mariner's Village mixed-use marina, boat hotel, and marine-oriented retail project at the intersection of Pine Street and the Cheboygan River, as per recommendations of the ***Blueprint***.

5. Undertake aggressive Downtown marketing actions, as per recommendations of the ***Blueprint***.

Year-1 Implementation Sequence
Cheboygan Downtown Blueprint 2004 (Continued)

Public Improvements Actions

1. "Fine tune" Downtown's streetscape with additions recommended by the ***Blueprint***.

2. Create and install signs to direct motorists to attractions and identify attractions -- from all directions -- and remove "Old Rivertown" signs.

3. Install street name signs at all Downtown intersections.

4. Cheboygan Area Arts Council, working with City, defines Downtown public arts placement plan.

5. Continue plans for riverfront improvements project.

Building Improvements Actions

1. Embrace "preservation" approach to Downtown building enhancement.

2. Create building enhancement incentives package recommended by ***Blueprint***.

3. Institute aggressive building code enforcement, particularly directed toward removal of safety and fire hazards.

Business Development Actions

1. Work with and encourage all existing businesses to ensure the highest level of customer care and service, maintain attractive and timely window displays, and maintain, as feasible, more convenient evening hours.

2. Modify City ordinances to allow outdoor seating at Downtown food establishments, with standards for placement of tables/chairs and for sanitation.

Year-1 Implementation Sequence
Cheboygan Downtown Blueprint 2004 (Continued)

Business Development Actions

3. Continue efforts to build a skateboard park.

4. Undertake actions to reduce negative impact of loitering -- as per recommendations of ***Blueprint*** -- and institute "zero tolerance" policy regarding vandalism, graffiti, and violation of skateboard/bicycle riding laws.

5. Initiate business attraction efforts as per recommendations of ***Blueprint***, including both internal and external business attraction.

Appendices

HyettPalma
Blueprints for Michigan Downtowns

MEDC Memo

MEMORANDUM

DATE: November 11, 2003

TO: City of Cheboygan (City)
Cheboygan Downtown Development Authority (DDA)
Cheboygan Area Chamber of Commerce

FROM: Jay Schwedler
Community Assistance Team Specialist
Michigan Economic Development Corporation (MEDC)

RE: Cheboygan Blueprint Implementation Strategy

As part of the MEDC's commitment to the Blueprint process, this memorandum shall serve as my formal written recommendations for MEDC-assisted implementation of HyettPalma's Blueprint for the City of Cheboygan. Technical Assistance from MEDC's Community Assistance Team (CATeam) is available to help the City accomplish its economic development goals and provide assistance for specific details for the following programs and incentives:

Community Development Block Grants (CDBG)- Grants are available for public infrastructure improvements for economic or community development projects that create new private jobs and private investment in the downtown area. These grants can be used for public infrastructure improvements including, but not limited to, public parking, water/sewer upgrades, public alley improvements, public utility relocation, streetscape enhancements, pedestrian improvements, and road improvements that compliment a private development and spur economic growth. The local unit of government is the applicant for grants. Typically, these funds are allotted at $10,000 per new full-time job created and a local match of a minimum of 10% is required. 51% of the jobs created must be held by low and moderate income people. *All grant agreements need to be processed and approved by MEDC staff prior to the development commencing. Typically a 2/1 private-public investment ratio is required.

Urban Land Assembly Loan Program (ULA)-
The CATeam is available to provide specific information to the City on the use of the Urban Land Assembly Loan Program. The program provides financial assistance in the form of loans to eligible municipalities for the acquisition of certain real property for economic development purposes, including industrial and commercial projects. The program is directed toward revitalizing the economic base of cities experiencing economic distress and decline.

Preference is given to proposals that identify one or more immediate user(s), leverage non-state financial contributions, maximize the creation of permanent full-time employment per dollar investment, increase the local tax base and constitute a major element in a citywide strategy for economic development.

Downtown Development Authority Tax Increment Financing (TIF)- The CATeam is available to answer specific questions on uses of Downtown Development Authority TIF/TIFA revenues. Programs funded by TIF revenues can be developed to support the downtown development efforts and downtown businesses. Specifically, the DDA TIF could be used for streetscape improvements, maintenance, and signage improvements. The match for many of the CDBG programs intended for downtowns has historically been funded through DDA's.

Brownfield Redevelopment Act-

MEDC CATeam is also available to assist with the formulation of either a county-wide or individual Brownfield Redevelopment Authority and to assist with project implementation utilizing the tools associated with this particular program. The City is legislatively classified as a core community. This designation provides for the potential use of additional incentives including the utilization of tax increment financing for clean-up, infrastructure, site prep, lead & asbestos abatements, mold removal, demolition, etc. The private developer can also claim a Single Business Tax (SBT) credit of up to 10% of the eligible investment. In addition to the Brownfield program, the community can also adopt by resolution an Obsolete Property Rehab district on a single building or multiple building, which is a program that allows for the property taxes to be frozen at pre-rehabilation/pre-investment assessments.

Historic Preservation-The State Historic Preservation Office (SHPO) has many resources available to serve the City in pursuing infill buildings for the downtown or preserving existing historic structures. They are able to identify the historic resources in the community and provide you with information on the tax credit programs they offer. This agency would also be able to consult you on the historic nature of the downtown buildings that make up the uniqueness of your community and provide you with some ideas in which you could make them a more visible asset to the community. Façade and architectural design assistance is available through SHPO. The CATeam works very closely with SHPO and would be available to assist the City with these endeavors.

Other Agency Programs and Funding-Programs and grant funding sources are available through other federal and state agencies including the History, Arts and Libraries, Michigan DOT, Michigan State Housing Development Authority, and the Michigan Department of Nat. Resources. The City should research the availability of these resources to support any efforts related to the enhancement of the downtown area.

The MEDC's CATeam stands ready to assist the City of Cheboygan in the implementation of its Blueprint. Please feel free to contact me if you have any questions:

Jay Schwedler
Community Assistance Team Specialist
Michigan Economic Development Corporation
300 North Washington Square
Lansing, MI 48913
Phone: 517.241-2106
Fax: 517.373.6683

Attachments

Michigan Community Development Block Grant (CDBG) Program

The Michigan Economic Development Corporation (MEDC) administers the Michigan Community Development Block Grant (CDBG) program. CDBG is a federal grant program involving funds received from the U.S. Department of Housing and Urban Development (HUD). Funds are used to provide grants to eligible counties, cities, villages and townships, usually under 50,000 population, for economic and community development and housing projects. The Michigan State Housing Development Authority (MSHDA) administers the housing portion of the program.

Each year, Michigan receives about $45 million in federal CDBG funds out of which some 150 projects are funded throughout the state. There are 1,655 local governments eligible to apply for these funds.

The following counties and their respective units of local governments are *not* eligible: Genesee, Kent (except the City of Cedar Springs), Macomb, Oakland and Wayne. In addition, the following cities do *not* qualify: Ann Arbor, Battle Creek, Bay City, Benton Harbor, East Lansing, Holland, Jackson, Kalamazoo, Lansing, Midland, Muskegon, Muskegon Heights, Norton Shores, Portage, Port Huron and Saginaw. Indian tribal jurisdictions are not eligible.

Eligible economic development projects are those involving public infrastructure directly related to a for-profit private business location or expansion that will result in the creation and/or retention of permanent jobs, with at least 51% of the jobs held by low- and moderate-income people. Community development projects with economic development impacts address critical infrastructure needs in communities with concentrations of low- and moderate-income people.

To receive consideration for economic and/or community development funding, initial contact should be made with MEDC. If the project appears eligible, then a local government must prepare and submit a Notice of Intent (NOI – this is a two- page form providing basic information on the proposed project). If the proposed project warrants further consideration, the MEDC may authorize the local government to prepare a full application.

PRESERVATION TAX INCENTIVES FOR HISTORIC BUILDINGS

The federal historic preservation tax incentive program is targeted at income-producing properties that are listed in the National Register of Historic Places. In Michigan, the program is administered by the State Historic Preservation Office (SHPO).

Current tax incentives for preservation, established by the Tax Reform Act of 1986 include:

- 10% tax credit for the rehabilitation of non-historic, non-residential end-use structure built before 1936.
- 20% tax credit for the certified rehabilitation of certified historic structures.

To qualify for the credit, the rehabilitation must be substantial and must involve a depreciable resource. The two credits are mutually exclusive – only one applies to a give project. Which credit applies depends on the building – not the property owner's preference.

PROGRAM SPECIFICS

- The tax credit applies to any project that the National Park Services (NPS), acting on behalf of the U.S. Secretary of the Interior, designates as a certified rehabilitation of a certified historic structure. A certified rehabilitation is one that is approved by the NPS as being consistent with the historic character of the building and, where applicable, the district in which it is located. Projects are reviewed against the *Secretary of the Interior's Standards of Rehabilitation.* The NPS assumes that some alteration of the historic building will occur to provide for an efficient and contemporary use.
- The tax credit is available for buildings rehabilitated for commercial, industrial, and agricultural rental residential purposes, but it is not available for buildings, or portions thereof, used as the owner's personal residence.
- The building must be returned to use. The tax credit is claimed in the tax year in which the rehabilitated building is placed in service. If a building remains in service throughout the rehabilitation, then the credit may be claimed when the building has been substantially rehabilitated.
- Unused tax credits can be "carried back" one year and "carried forward" for up to 20 years.
- Tax credits are subject to recapture. Ownership must be maintained for five full years after completion of the rehabilitation. If the building is disposed of within one year after it is placed in service, 100% of the credit is recaptured. The recapture amount is reduced by 20% per year for a building held between one and five years after it is placed in service. The NPS or the SHPO may inspect a rehabilitated property at any time during the recapture period. The NPS may revoke certification if work was not done as described in the Historic Preservation Certification Application or, if unapproved alterations were made, after certification of the rehabilitation.

(MORE)

Preservation Tax Incentives
For Historic Buildings

Projects approved to receive 20% federal tax credit may be eligible to receive an additional 5% state tax credit against the Michigan income tax.

To qualify for the tax credits, applicants must complete the Historic Preservation Certification Application. Application should be made as early as possible, and it must be filed with the SHPO prior to the completion of the project. For more information, and applications, contact the State Historic Preservation Office in the Michigan Department of History, Arts and Libraries at 517.373.1630.

MSHDA Memo

STATE OF MICHIGAN
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
DAVID C. HOLLISTER, DIRECTOR

JENNIFER M. GRANHOLM
GOVERNOR

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

RICK L. LABER
ACTING EXECUTIVE DIRECTOR

DATE: November 19, 2003

TO: City of Cheboygan

FROM: James Espinoza, Community Development Specialists
Office of Community Development
Michigan State Housing Development Authority

SUBJECT: City of Cheboygan
HyettPalma Site Visit, November 10 – 13, 2003

The City of Cheboygan's downtown district has the potential to revitalize its existing structures by utilizing the Downtown Rental Rehabilitation Program by the Michigan State Housing Development Authority (MSHDA). MSHDA was pleased to experience a strong interest in developing housing in the downtown district. Several local merchants gave tours of their second level dwellings and all are candidates for participating in the MSHDA Rental Rehabilitation program. The program would utilize Community Development Block Grant (CDBG) dollars to rehabilitate existing units and or construct new units for low to moderate-income families. In addition to the rehabilitation of the units, a portion of the rehabilitation dollars can be used for façade improvements.

The Cheboygan County Housing Department (CCHD) would have to apply for the program and the earliest that this can be done would be in February 2004. The CCHD has already received calls from interested parties and in turn has shown an interest in applying for these funds. Currently the CCHD administers a county-wide Homeowner Rehabilitation program and this would be a new component for them to administer. MSHDA would recommend that Technical Assistance be provided at no cost to the County to ensure an easy transition of administering a new Housing Resource Funding component.

The Michigan State Housing Development Authority's (MSHDA's) Office of Community Development (OCD) has combined MSHDA and U.S. Department of Housing and Urban Development (HUD) funds to create the Housing Resource Fund (HRF). The HRF is used to support local housing and community development activities, with an emphasis on projects that ensure sustainable and livable communities in Michigan. The following paragraphs will provide a brief description of the HRF funding components that are available to the CCHD.

Homebuyer Assistance The Homebuyer assistance component is designed to expand homeownership opportunities for low-income homebuyers through the acquisition, rehabilitation or new construction of single-family units. All homebuyers are required to receive pre-purchase homeownership counseling. Resale/recapture provisions are required to ensure long term affordability of assisted units and are enforced through a lien on the property. The term of the lien is dependent upon the amount of funds invested as a homebuyer subsidy. Two basic models of homebuyer assistance are listed below.

Equal Housing Lender

735 EAST MICHIGAN AVENUE • P.O. BOX 30044 • LANSING, MICHIGAN 48909
www.michigan.gov/mshda • (517) 373-8370 • (517) 335-4797 FAX • (800) 382-4568 TTY

Acquisition/Development/Resale (ADR) This model is designed to help a community or nonprofit acquire existing single-family homes or vacant land, thoroughly rehabilitate the units or build new, then resell the property to an eligible low income homebuyer. This model combines acquisition, rehabilitation, and development subsidy, but permits both new construction and substantial rehabilitation, to the extent reasonable and prudent for a target area. This model is generally used to help revitalize neighborhoods by rehabbing units which are in disrepair, or to add high-quality new construction units to a neighborhood once sufficient market demand has been established.

Homebuyer Purchase/Rehab (HPR) This model provides assistance for eligible homebuyers to obtain financing to purchase a home and provide needed moderate rehabilitation. It combines down payment assistance and rehabilitation activities while assuring financing which is affordable to the buyer.

Homeowner Assistance

The homeowner assistance component is designed to assist homeowners with incomes at or below 80% of the area median income adjusted for family size to improve their principal residence with repairs. All properties must be rehabilitated to HUD Section 8 Housing Quality Standards (HQS) property standards and minimum standards established by the local housing code, where applicable. Repayment is ensured through a lien on the property.

Neighborhood Preservation (reserved for high capacity grantees)

The neighborhood preservation component is designed to assist local efforts to comprehensively address neighborhood revitalization in geographically defined target areas. It is designed to maximize community impact by funding neighborhood improvement activities in support of affordable housing in a targeted residential area to reverse patterns of disinvestment. Revitalization may occur through the use of public facilities improvement, neighborhood beautification, demolition, and/or neighborhood marketing and education. Neighborhood preservation is normally funded along with other housing components targeted at the same neighborhood.

Property Improvement Program (PIP) (non-HRF Program)

MSHDA's Property Improvement Program (PIP) does not require municipalities to meet special eligibility criteria beyond the demonstration of capacity. The PIP loan can be used to finance renovations to both owner-occupied and investor-owned residential properties. Depending on the borrower's income, type of property, loan amount, and other factors, the PIP loan carries an interest rate of between 4 and 8 percent and can be repaid over as much as 20 years.

For further information on any MSHDA/Office of Community Development housing programs, please contact James Espinoza at 517-335-3078. I will be happy to answer any questions or provide further information.

HyettPalma
Blueprints for Michigan Downtowns

The Retail Report

HyettPalma

THE RETAIL REPORT®

Downtown Cheboygan Primary Retail Trade Area

MAKING DOWNTOWN RENAISSANCE A REALITY

HyettPalma

1600 Prince Street • Suite 110
Alexandria, Virginia 22314

Phone 703 683 5126
Fax 703 836 5887

E-mail: info@hyettpalma.com
www.hyettpalma.com

THE RETAIL REPORT®

THE RETAIL REPORT, presented within this document, was specifically prepared for Downtown Cheboygan, Michigan. This document presents information concerning the characteristics of the Downtown Cheboygan primary retail trade area. The report was prepared in 2003 by HyettPalma, Inc.

THE RETAIL REPORT presents:

- The current demographic and socio-economic characteristics of customers in the Downtown Cheboygan primary retail trade area;
- A five year projection of changing demographic and socio-economic conditions in the Downtown Cheboygan primary retail trade area;
- A projection of the number of retail dollars that residents in the Downtown Cheboygan primary retail trade area spend on retail goods; and
- A projection of the total retail spending potential for 24 classes of retail goods sought by customers in the Downtown Cheboygan primary retail trade area.

HyettPalma

TABLE OF CONTENTS

HyettPalma

DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS

Business Information Solutions
ESRI

Demographic and Income Profile

County: Cheboygan County, MI

Summary	**2000**	**2003**	**2008**
Population	26,448	27,716	30,210
Households	10,835	11,500	12,863
Families	7,579	7,959	8,836
Average Household Size	2.41	2.38	2.32
Owner Occupied HUs	8,969	9,567	10,748
Renter Occupied HUs	1,866	1,933	2,115
Median Age	41.3	42.6	44.9

Trends: 2003-2008 Annual Rate	**Area**	**National**
Population	1.74%	1.18%
Households	2.27%	1.37%
Families	2.11%	1.31%
Owner HHs	2.36%	1.53%
Median Household Income	1.59%	3.11%

	2000		**2003**		**2008**	
Households by Income	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
< $15,000	1,992	18.4%	1,985	17.3%	2,001	15.6%
$15,000 - $24,999	1,864	17.2%	1,892	16.5%	1,887	14.7%
$25,000 - $34,999	1,864	17.2%	1,800	15.7%	1,845	14.3%
$35,000 - $49,999	2,168	20.0%	2,370	20.6%	2,610	20.3%
$50,000 - $74,999	1,774	16.4%	1,969	17.1%	2,317	18.0%
$75,000 - $99,999	559	5.2%	635	5.5%	906	7.0%
$100,000 - $149,999	360	3.3%	501	4.4%	745	5.8%
$150,000 - $199,000	122	1.1%	156	1.4%	247	1.9%
$200,000+	138	1.3%	192	1.7%	305	2.4%
Median Household Income	$33,169		$35,328		$38,225	
Average Household Income	$43,423		$47,489		$54,148	
Per Capita Income	$18,088		$19,865		$23,218	

	2000		**2003**		**2008**	
Population by Age	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
0 - 4	1,557	5.9%	1,607	5.8%	1,661	5.5%
5 - 14	3,523	13.3%	3,504	12.6%	3,611	12.0%
15 - 19	1,724	6.5%	1,688	6.1%	1,855	6.1%
20 - 24	1,106	4.2%	1,390	5.0%	1,512	5.0%
25 - 34	2,961	11.2%	2,811	10.1%	2,716	9.0%
35 - 44	3,866	14.6%	3,822	13.8%	3,782	12.5%
45 - 54	3,657	13.8%	4,167	15.0%	4,781	15.8%
55 - 64	3,310	12.5%	3,663	13.2%	4,468	14.8%
65 - 74	2,636	10.0%	2,783	10.0%	3,266	10.8%
75 - 84	1,614	6.1%	1,735	6.3%	1,883	6.2%
85+	494	1.9%	546	2.0%	675	2.2%

	2000		**2003**		**2008**	
Race and Ethnicity	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
White Alone	25,072	94.8%	26,234	94.7%	28,521	94.4%
Black Alone	65	0.2%	79	0.3%	107	0.4%
American Indian Alone	674	2.5%	735	2.7%	851	2.8%
Asian Alone	52	0.2%	51	0.2%	50	0.2%
Pacific Islander Alone	5	0.0%	7	0.0%	11	0.0%
Some Other Race Alone	39	0.1%	47	0.2%	63	0.2%
Two or More Races	541	2.0%	563	2.0%	607	2.0%
Hispanic Origin (Any Race)	202	0.8%	236	0.9%	303	1.0%

Data Note: Income is expressed in current dollars.

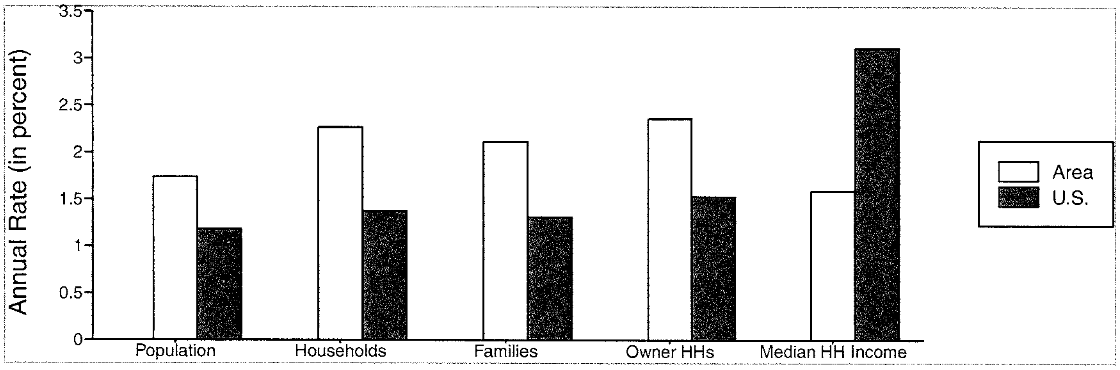
Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI BIS forecasts for 2003 and 2008.

Business
Information
Solutions
ESRI

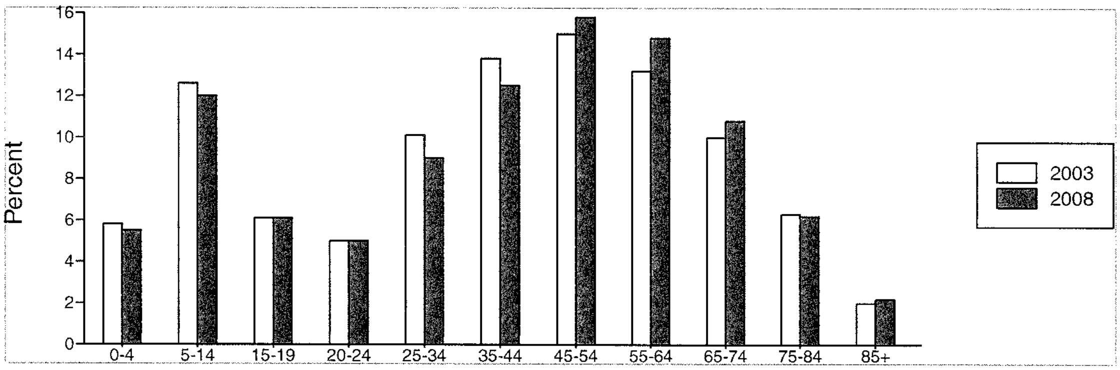
Demographic and Income Profile

County: Cheboygan County, MI

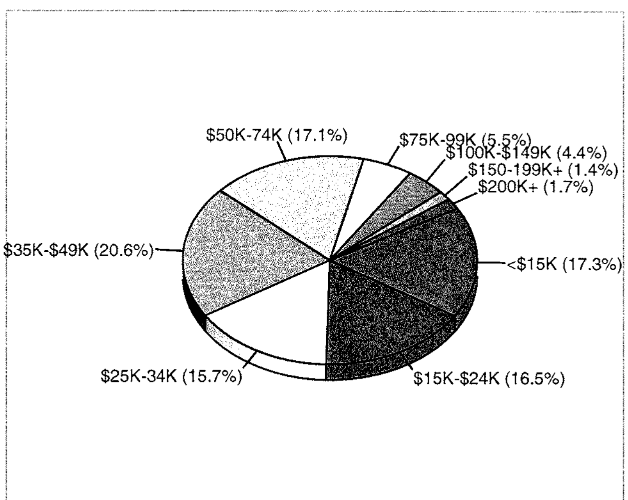
Trends 2003-2008



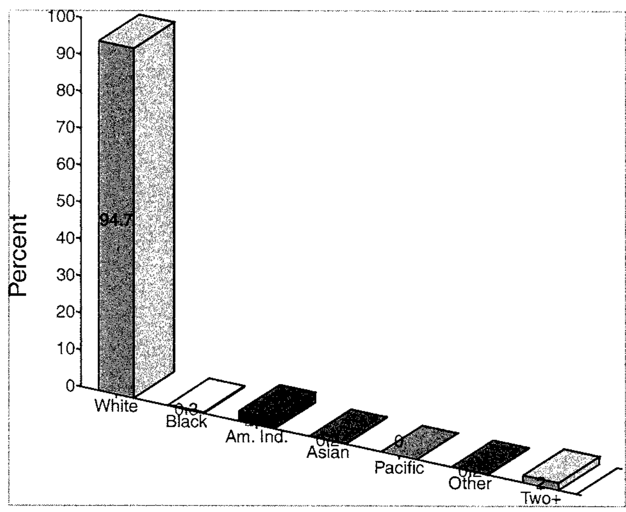
Population by Age



2003 Household Income



2003 Population by Race



2003 Percent Hispanic Origin: 0.9%

PRODUCT DEMAND BY INCOME GROUP

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF TOTAL RETAIL PRODUCT DEMAND
BY INCOME GROUP

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	8,320	16,515,200
$15000-24999	1,892	10,714	20,270,888
$25000-34999	1,800	12,402	22,323,600
$35000-49999	2,370	14,620	34,649,400
> $50000	3,453	23,314	80,503,242

TOTAL DEMAND FOR PRODUCT = $174,262,330

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Food at home, food away from home, alcoholic beverages, household textiles, furniture, floor coverings, major appliances, small appliances and miscellaneous housewares, miscellaneous household equipment, men's apparel, women's apparel, boy's apparel, girl's apparel, children's apparel, shoes, other apparel products and services, prescription drugs and medical supplies, entertainment fees and admissions, televisions, radios, sound equipment, toys, playground equipment, entertainment equipment, personal care products and services, reading products, tobacco products and smoking supplies.

PRODUCT DEMAND BY PRODUCT TYPE

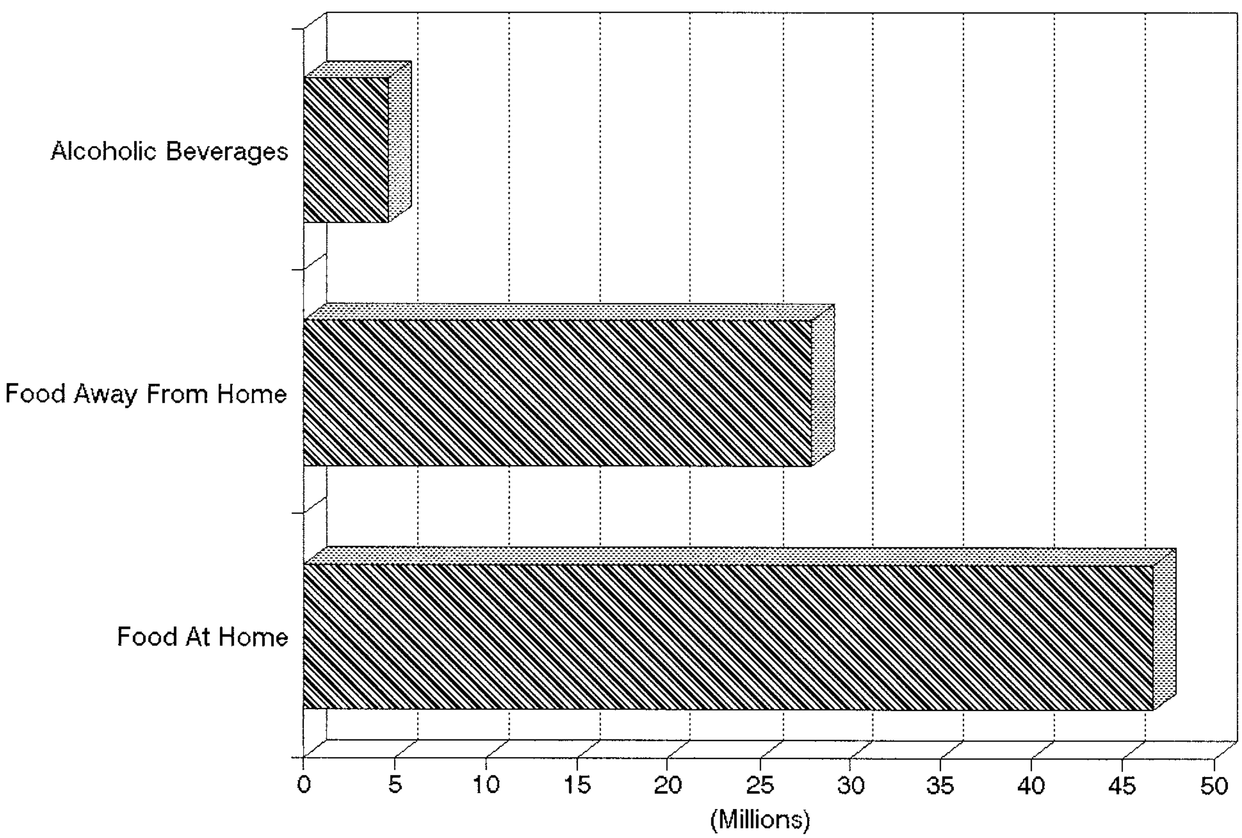
DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF TOTAL RETAIL PRODUCT DEMAND
BY PRODUCT TYPE

PRODUCT	DEMAND
Food At Home	46,704,763
Food Away From Home	27,905,359
Alcoholic Beverages	4,693,113
Household Textiles	1,593,194
Furniture	5,574,646
Floor Coverings	2,217,183
Major Appliances	2,462,480
Small Appliances & Miscellaneous Housewares	2,051,043
Miscellaneous Household Equipment	8,991,184
Men's Apparel -- 16 and Over	5,065,072
Boy's Apparel -- 2 to 15	1,278,486
Women's Apparel -- 16 and Over	8,064,034
Girl's Apparel -- 2 to 15	1,652,610
Children's Apparel -- Under 2	1,754,094
Footwear	4,494,200
Other Apparel Services & Products	4,003,557
Prescription Drugs & Medical Supplies	6,929,982
Entertainment Fees & Admissions	6,515,875
Televisions, Radios & Sound Equipment	8,020,945
Pets, Toys & Playground Equipment	4,621,295
Other Entertainment Supplies & Services	6,195,750
Personal Care Products & Services	7,299,775
Reading	2,064,890
Tobacco Products & Smoking Supplies	4,108,800
TOTAL DEMAND BY PRODUCT TYPE =	$174,262,330

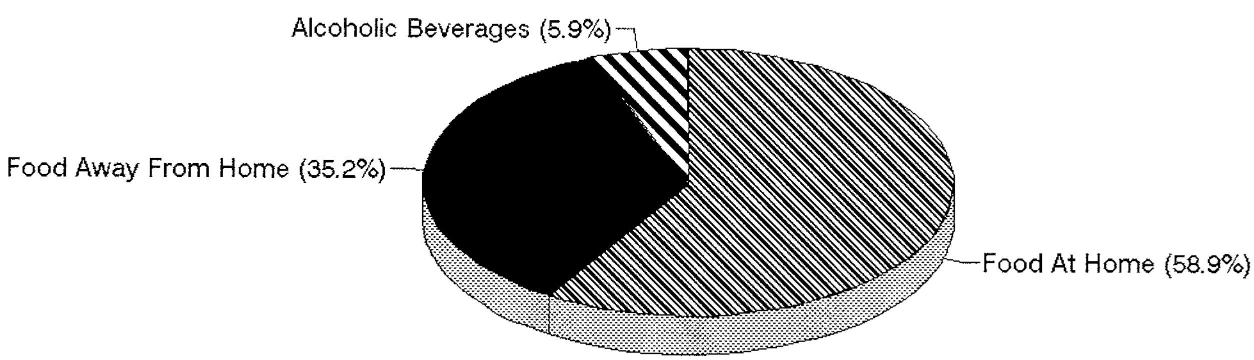
SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEMAND FOR FOOD PRODUCTS

FOOD PRODUCTS
$ DEMAND BY PRODUCT TYPE



FOOD PRODUCTS
% DEMAND FOR EACH DOLLAR



DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: FOOD AT HOME

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	2,561	5,083,585
$15000-24999	1,892	3,333	6,306,036
$25000-34999	1,800	3,686	6,634,800
$35000-49999	2,370	4,126	9,778,620
> $50000	3,453	5,474	18,901,722

TOTAL DEMAND FOR PRODUCT = $46,704,763

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Food at grocery stores or other food stores.

HyettPalma

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: FOOD AWAY FROM HOME

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	1,284	2,548,740
$15000-24999	1,892	1,487	2,813,404
$25000-34999	1,800	1,853	3,335,400
$35000-49999	2,370	2,284	5,413,080
> $50000	3,453	3,995	13,794,735

TOTAL DEMAND FOR PRODUCT = $27,905,359

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All food at restaurants, carryouts and vending machines.

HyettPalma

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: ALCOHOLIC BEVERAGES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	295	585,575
$15000-24999	1,892	260	491,920
$25000-34999	1,800	299	538,200
$35000-49999	2,370	401	950,370
> $50000	3,453	616	2,127,048

TOTAL DEMAND FOR PRODUCT = $4,693,113

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

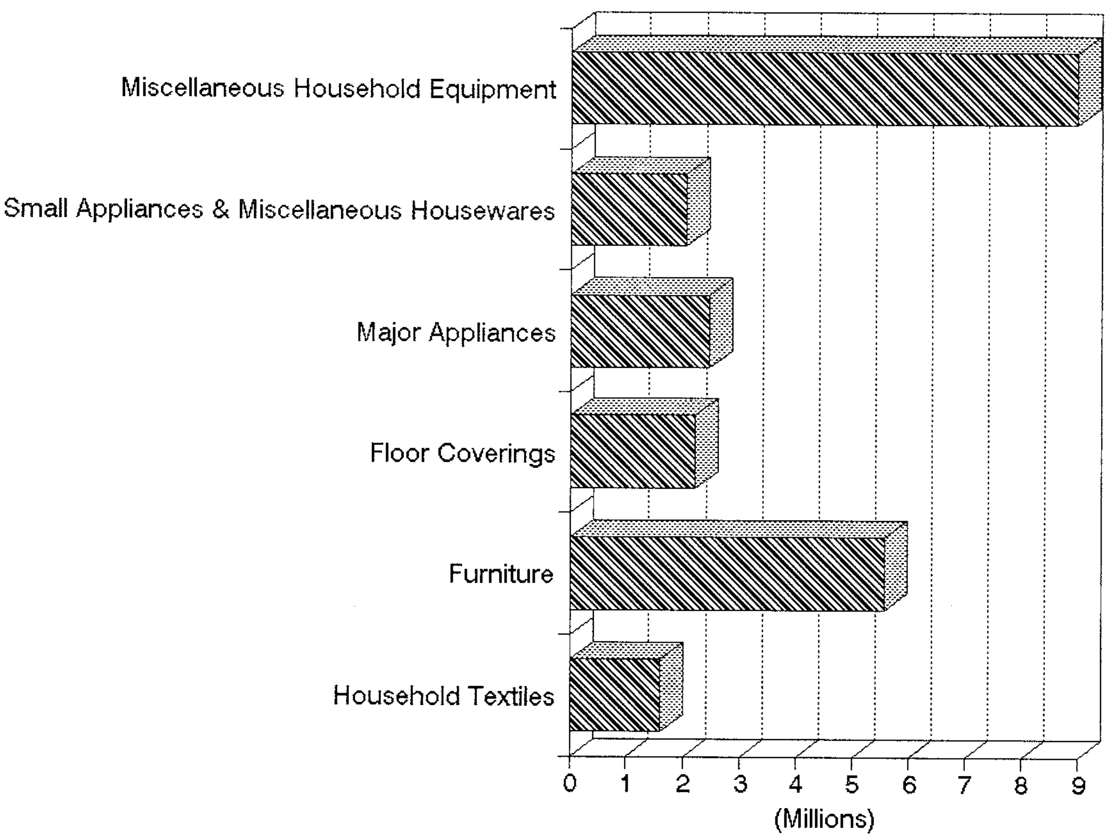
DEFINITION OF PRODUCT:

All alcoholic beverages.

DEMAND FOR HOME PRODUCTS

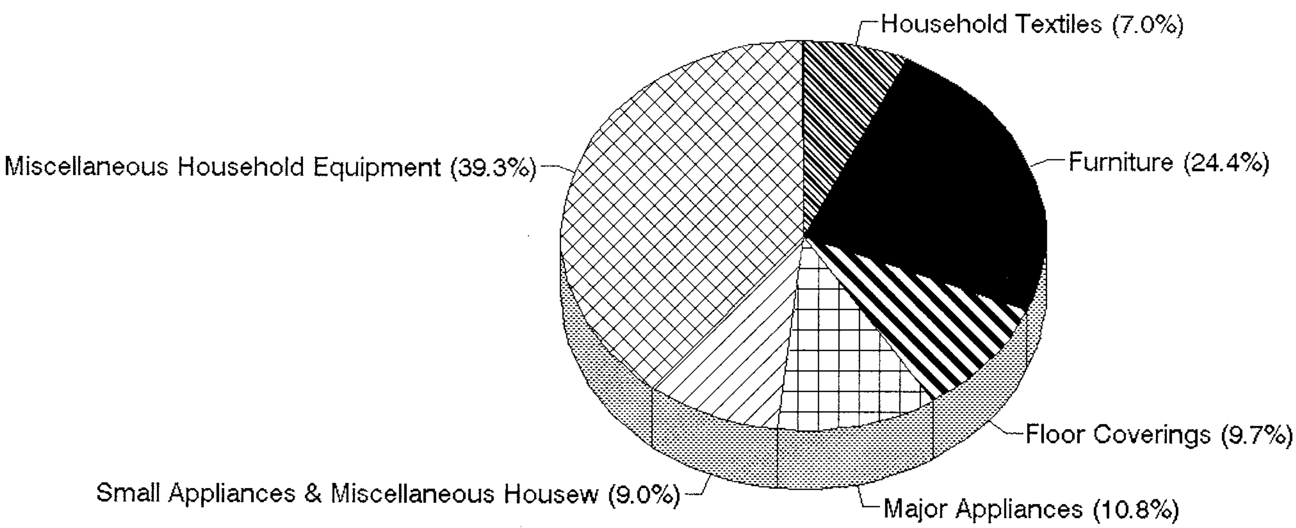
HyettPalma

HOME PRODUCTS
$ DEMAND BY PRODUCT TYPE



HyettPalma

HOME PRODUCTS
% DEMAND FOR EACH DOLLAR



DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: HOUSEHOLD TEXTILES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	58	115,130
$15000-24999	1,892	78	147,576
$25000-34999	1,800	88	158,400
$35000-49999	2,370	107	253,590
> $50000	3,453	266	918,498

TOTAL DEMAND FOR PRODUCT = $1,593,194

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Bathroom, bedroom, kitchen, dining room, and other linens, curtains and drapes, slipcovers, pillows and sewing materials.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: FURNITURE

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	239	474,415
$15000-24999	1,892	270	510,840
$25000-34999	1,800	322	579,600
$35000-49999	2,370	385	912,450
> $50000	3,453	897	3,097,341

TOTAL DEMAND FOR PRODUCT = $5,574,646

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All indoor and outdoor furniture.

HyettPalma

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: FLOOR COVERINGS

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	105	208,425
$15000-24999	1,892	126	238,392
$25000-34999	1,800	161	289,800
$35000-49999	2,370	141	334,170
> $50000	3,453	332	1,146,396

TOTAL DEMAND FOR PRODUCT = $2,217,183

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Carpet, rugs and other soft floor coverings.

HyettPalma

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: MAJOR APPLIANCES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	80	158,800
$15000-24999	1,892	140	264,880
$25000-34999	1,800	165	297,000
$35000-49999	2,370	225	533,250
> $50000	3,453	350	1,208,550

TOTAL DEMAND FOR PRODUCT = $2,462,480

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Refrigerators, freezers, dishwashers, stoves, ovens, garbage disposals, vacuum cleaners, microwaves, air conditioners, sewing machines, washing machines, dryers, and floor cleaning equipment.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: SMALL APPLIANCES & MISC. HOUSEWARES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	84	166,740
$15000-24999	1,892	108	204,336
$25000-34999	1,800	150	270,000
$35000-49999	2,370	203	481,110
> $50000	3,453	269	928,857

TOTAL DEMAND FOR PRODUCT = $2,051,043

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Small electrical kitchen appliances, portable heaters, china and other dinnerware, flatware, glassware, silver and serving pieces, nonelectrical cookware and plastic dinnerware.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: MISCELLANEOUS HOUSEHOLD EQUIPMENT

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	376	746,360
$15000-24999	1,892	400	756,800
$25000-34999	1,800	530	954,000
$35000-49999	2,370	691	1,637,670
> $50000	3,453	1,418	4,896,354

TOTAL DEMAND FOR PRODUCT = $8,991,184

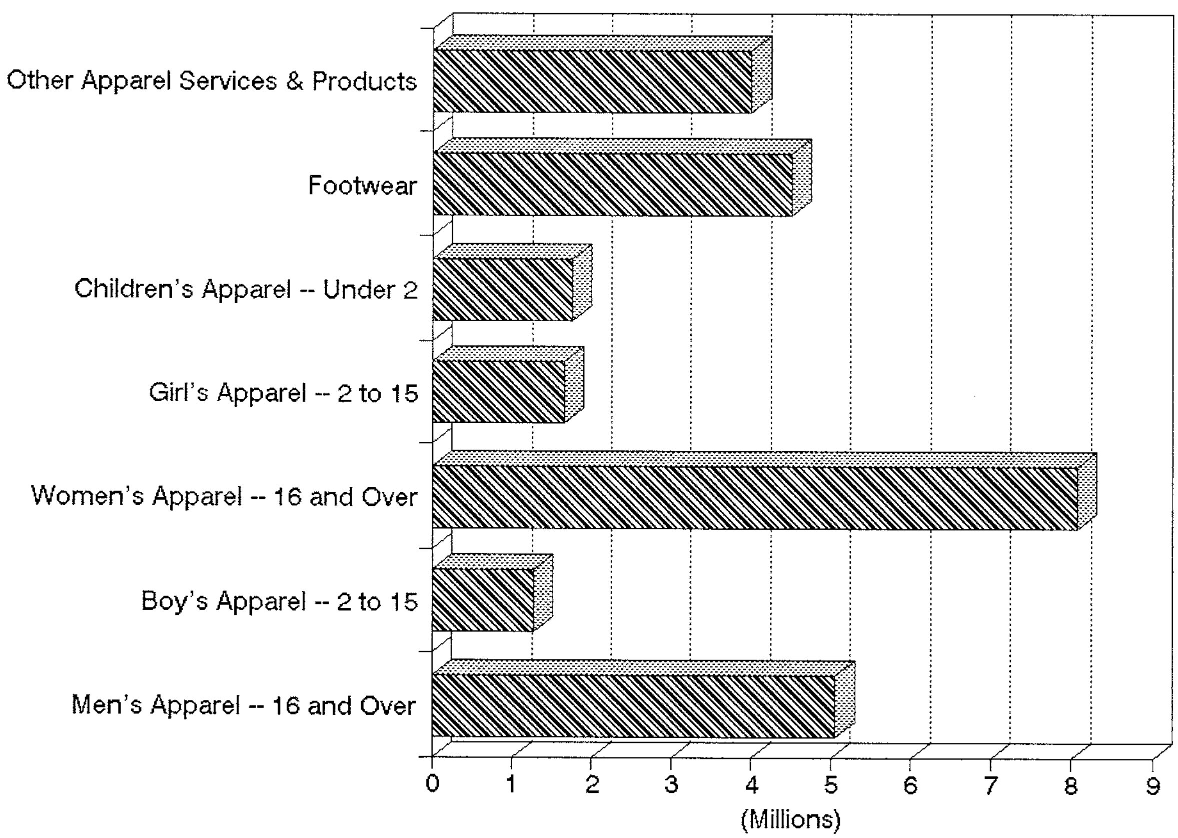
SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

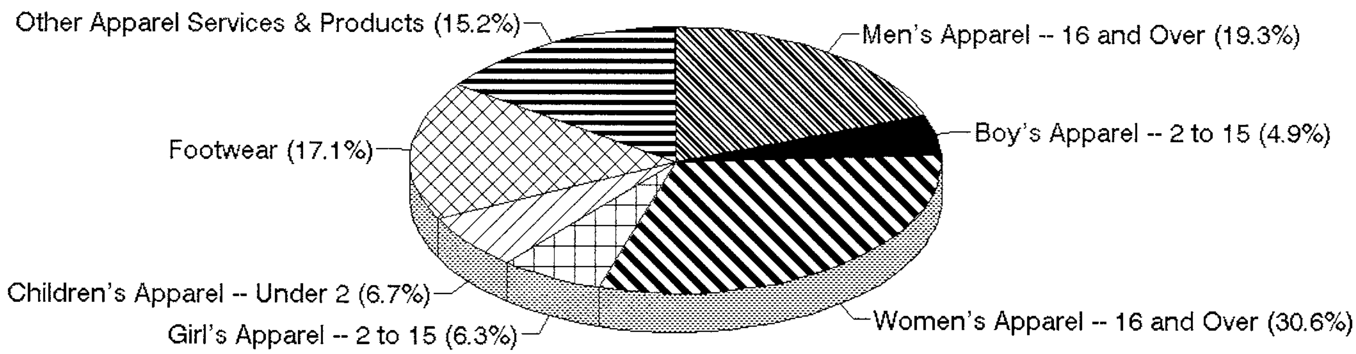
Typewriters, luggage, lamps, light fixtures, window coverings, clocks, lawnmowers, garden equipment, hand and power, tools, telephone devices, computers, office equipment, house plants, outdoor equipment, and small miscellaneous furnishings.

DEMAND FOR APPAREL PRODUCTS

APPAREL PRODUCTS
$ DEMAND BY PRODUCT TYPE



APPAREL PRODUCTS
% DEMAND FOR EACH DOLLAR



DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: MEN'S APPAREL -- 16 AND OVER

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	215	426,775
$15000-24999	1,892	285	539,220
$25000-34999	1,800	329	592,200
$35000-49999	2,370	403	955,110
> $50000	3,453	739	2,551,767

TOTAL DEMAND FOR PRODUCT = $5,065,072

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All apparel items and accessories, excluding footwear.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: BOY'S APPAREL -- 2 TO 15

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	55	109,175
$15000-24999	1,892	83	157,036
$25000-34999	1,800	95	171,000
$35000-49999	2,370	100	237,000
> $50000	3,453	175	604,275

TOTAL DEMAND FOR PRODUCT = $1,278,486

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All apparel items and accessories, excluding footwear.

HyettPalma

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: WOMEN'S APPAREL -- 16 AND OVER

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	363	720,555
$15000-24999	1,892	455	860,860
$25000-34999	1,800	527	948,600
$35000-49999	2,370	728	1,725,360
> $50000	3,453	1,103	3,808,659

TOTAL DEMAND FOR PRODUCT = $8,064,034

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All apparel items and accessories, excluding footwear.

HyettPalma

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: GIRL'S APPAREL -- 2 TO 15

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	63	125,055
$15000-24999	1,892	90	170,280
$25000-34999	1,800	111	199,800
$35000-49999	2,370	146	346,020
> $50000	3,453	235	811,455

TOTAL DEMAND FOR PRODUCT = $1,652,610

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All apparel items and accessories, excluding footwear.

HyettPalma

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: CHILDREN'S APPAREL -- UNDER 2

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	85	168,725
$15000-24999	1,892	107	202,444
$25000-34999	1,800	126	226,800
$35000-49999	2,370	160	379,200
> $50000	3,453	225	776,925

TOTAL DEMAND FOR PRODUCT = $1,754,094

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All apparel items and accessories, including footwear.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: FOOTWEAR

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	223	442,655
$15000-24999	1,892	300	567,600
$25000-34999	1,800	325	585,000
$35000-49999	2,370	400	948,000
> $50000	3,453	565	1,950,945

TOTAL DEMAND FOR PRODUCT = $4,494,200

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

All footwear, except for children under 2 and special foot-wear used for sports such as bowling or golf shoes.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: OTHER APPAREL SERVICES & PRODUCTS

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	147	291,795
$15000-24999	1,892	216	408,672
$25000-34999	1,800	230	414,000
$35000-49999	2,370	272	644,640
> $50000	3,453	650	2,244,450
TOTAL DEMAND FOR PRODUCT		=	$4,003,557

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

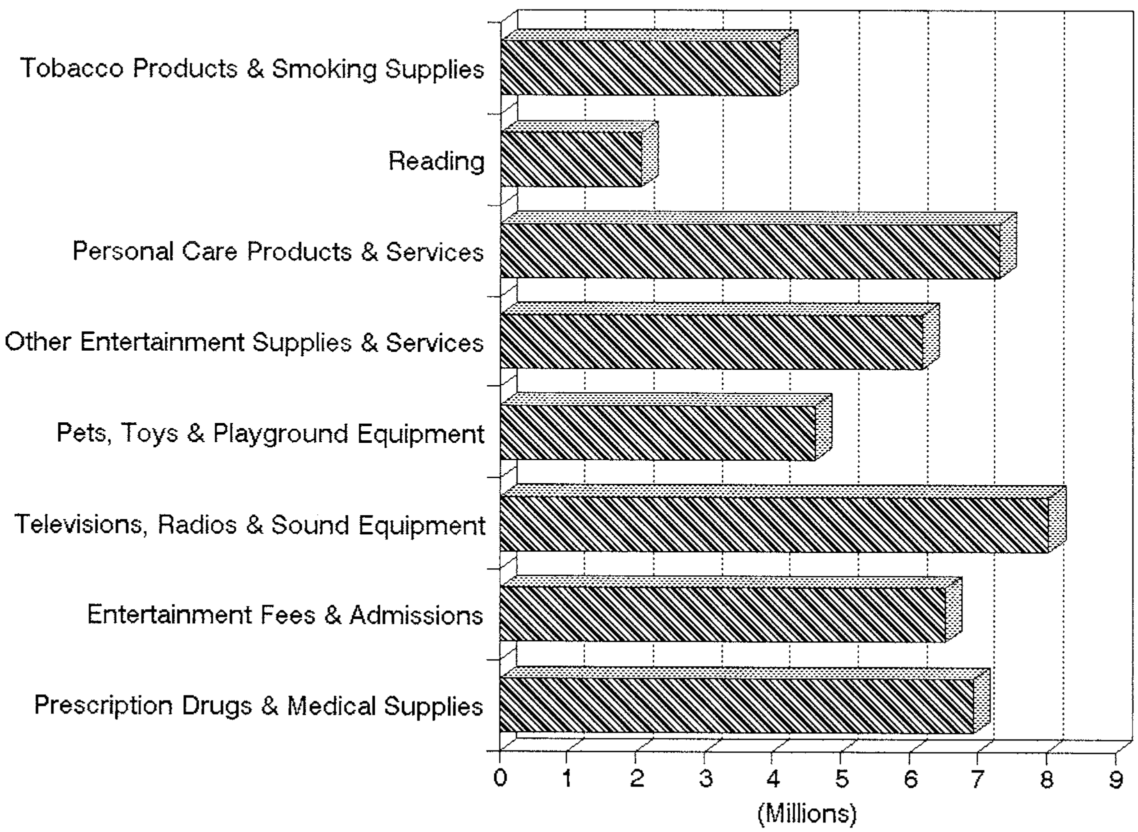
DEFINITION OF PRODUCT:

Material for making clothes, shoe repair, alterations, sewing patterns and notions, clothing rental, clothing storage, dry cleaning, and jewelry.

DEMAND FOR PERSONAL CARE AND ENTERTAINMENT PRODUCTS

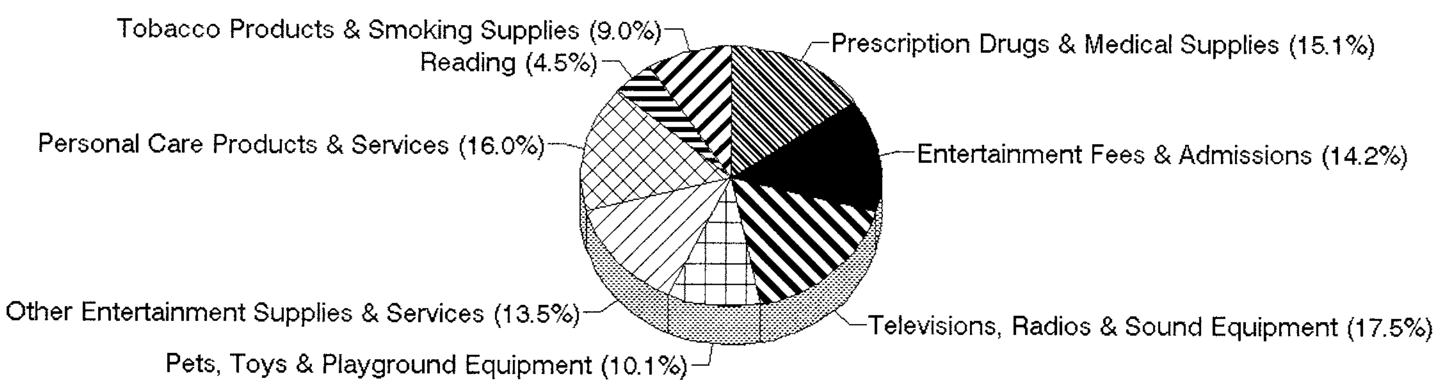
HyettPalma

PERSONAL CARE/ENTERTAINMENT
$ DEMAND BY PRODUCT TYPE



PERSONAL CARE/ENTERTAINMENT

% DEMAND FOR EACH DOLLAR



DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: PRESCRIPTION DRUGS & MEDICAL SUPPLIES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	466	925,010
$15000-24999	1,892	671	1,269,532
$25000-34999	1,800	611	1,099,800
$35000-49999	2,370	587	1,391,190
> $50000	3,453	650	2,244,450

TOTAL DEMAND FOR PRODUCT = $6,929,982

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Prescription drugs, over-the-counter drugs, dressings, medical appliances, contraceptives, eyeglasses, hearing aids, rental medical equipment, and medical accessories.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: ENTERTAINMENT FEES & ADMISSIONS

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	225	446,625
$15000-24999	1,892	275	520,300
$25000-34999	1,800	350	630,000
$35000-49999	2,370	400	948,000
> $50000	3,453	1,150	3,970,950

TOTAL DEMAND FOR PRODUCT = $6,515,875

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Admissions to sporting events, movies, concerts, plays, and movie rentals.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: TELEVISIONS, RADIOS & SOUND EQUIPMENT

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	372	738,420
$15000-24999	1,892	500	946,000
$25000-34999	1,800	606	1,090,800
$35000-49999	2,370	720	1,706,400
> $50000	3,453	1,025	3,539,325

TOTAL DEMAND FOR PRODUCT = $8,020,945

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Television sets, video recorders, tapes, video game hardware and cartridges, radios, phonographs and components, records and tapes, musical instruments, and rental of the same equipment.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: PETS, TOYS & PLAYGROUND EQUIPMENT

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	165	327,525
$15000-24999	1,892	250	473,000
$25000-34999	1,800	328	590,400
$35000-49999	2,370	416	985,920
> $50000	3,453	650	2,244,450

TOTAL DEMAND FOR PRODUCT = $4,621,295

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Pets, pet food, toys, games, hobbies, tricycles and playground equipment.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: OTHER ENTERTAINMENT SUPPLIES & SERVICES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	154	305,690
$15000-24999	1,892	380	718,960
$25000-34999	1,800	425	765,000
$35000-49999	2,370	475	1,125,750
> $50000	3,453	950	3,280,350

TOTAL DEMAND FOR PRODUCT = $6,195,750

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Indoor exercise equipment, athletic shoes, bicycles, camping equipment, sporting goods, and photographic equipment and supplies.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: PERSONAL CARE PRODUCTS & SERVICES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	345	684,825
$15000-24999	1,892	425	804,100
$25000-34999	1,800	550	990,000
$35000-49999	2,370	650	1,540,500
> $50000	3,453	950	3,280,350

TOTAL DEMAND FOR PRODUCT = $7,299,775

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Services and products for hair, oral hygiene products, cosmetics, and electric personal care appliances.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: READING

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	80	158,800
$15000-24999	1,892	125	236,500
$25000-34999	1,800	160	288,000
$35000-49999	2,370	175	414,750
> $50000	3,453	280	966,840

TOTAL DEMAND FOR PRODUCT = $2,064,890

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Books, newspapers and magazines.

DOWNTOWN CHEBOYGAN'S RETAIL TRADE AREA
COMPUTATION OF DEMAND BY RETAIL PRODUCT

PRODUCT: TOBACCO PRODUCTS & SMOKING SUPPLIES

Household Income	# Hlds.	$ Per Hld.	Total $ Demand
< $15000	1,985	280	555,800
$15000-24999	1,892	350	662,200
$25000-34999	1,800	375	675,000
$35000-49999	2,370	425	1,007,250
> $50000	3,453	350	1,208,550

TOTAL DEMAND FOR PRODUCT = $4,108,800

SOURCE: U.S. Department of Labor, Consumer Expenditure Survey; ESRI BIS; and HyettPalma, Inc.

DEFINITION OF PRODUCT:

Tobacco products and smoking accessories.

The Retail Report®

USER GUIDE

The Retail Report is a business development tool customized for your Downtown. In it, HyettPalma has targeted the kinds of retail businesses that Downtowns across the country are attracting.

The Retail Report brings effective data to your business development efforts in a user-friendly format. Tables, graphs and charts interpret and present information critical to your Downtown's future. And, the report is customized for YOUR Downtown, containing information unique to your Downtown.

In The Retail Report, demographic and socio-economic data are amplified and taken to a new level of detail. Households in your trade area are segmented by income bands, and consumer spending habits are analyzed by these income groupings. This allows you to determine which income groups to target in your business development program.

Business prospects will expect to review information like this prior to making a commitment to Downtown. The Retail Report shows them your Downtown -- and your Downtown enhancement program -- are one step ahead of the competition.

The following pages list numerous ways you can use The Retail Report to improve the economy of your business district.

What Does The Retail Report Tell You ?

The Retail Report reveals what you can expect the customers in your defined retail trade area to spend in 2003.

The Retail Report shows the number of dollars residents of your trade area spend each year on over 100 different types of products -- products such as food at home, food away from home, furniture, appliances, apparel, prescription drugs, toys, reading material, etc.

The Retail Report is not a listing of national figures or projections; it is a customized report that gives you accurate and definitive information for your own trade area.

A demographic and socio-economic profile of trade area residents is included -- both a snapshot of their characteristics today and a five year projection of their changing characteristics.

Who Can Benefit By Using The Retail Report ?

Current owners of businesses within a given trade area;

Business owners who are thinking of opening a store in the trade area;

Entrepreneurs who are determining what type of business to open or who are deciding on a business location;

Bankers and others who are deciding whether or not to invest in specific types of retail businesses;

Downtown directors and other economic development professionals whose work entails business retention, entrepreneur development and business recruitment; and

Downtown revitalization leaders, Downtown directors, economic development professionals, and local elected officials who want sound information that lets them speak with certainty about their Downtown's potential to sustain specific types of retail businesses.

***How Can Downtown Directors and Economic Development Professionals Use The Retail Report* ?**

To attract customers to Downtown by creating a mix of strong businesses which appeal to trade area residents.

To raise the confidence of investors in the profitability of your business district.

To help existing businesses become more profitable -- so that Downtown's rate of business turnover is lessened.

To fill building vacancies with the types of retail businesses that can succeed and thrive in your district.

To strengthen existing businesses and lessen business closings by:

> showing existing business owners what trade area residents are spending their money on;
>
> helping business owners determine how to cater to those shopping preferences -- and capture more shopping dollars; and
>
> enabling them to develop a business plan that is based on realistic market data.

To improve the variety and selection of retail goods offered in the business district by:

> showing existing business owners that there is money to be made by expanding or revising the types of retail goods they sell;
>
> showing existing business owners that there is money to be made by opening additional types of retail businesses in the business district; and
>
> targeting specific types of retail businesses -- so that you can actively recruit those businesses having the greatest potential to succeed and remain in your Downtown.

To attract additional businesses to the business district by:

providing definitive data that shows a market exists for the retail goods they sell.

How Can Business Owners Use The Retail Report ?

Business owners frequently ask, "How much money do residents of Downtown's trade area spend on the retail goods I sell?" Or stated another way, "How do I know there's money to be made in Downtown?"

The Retail Report allows you to answer these questions with certainty and authority by quantifying:

what the market is for particular retail products;

the spending potential of residents in your trade area for particular retail goods; and

the current "economic pie" -- how much money is being spent on various retail goods by residents in your Downtown's trade area.

To better plan, manage, and grow your business -- by using the information in The Retail Report, business owners can:

set annual benchmarks for how much of the "economic pie" they intend to capture for their business -- measured in anticipated gross sales receipts for YOUR Downtown;

set an annual budget based on their gross receipts benchmarks;

make informed budgeting decisions about how much to spend each year on inventory, overhead, advertising, staff, etc.; and

complete a business plan that persuades their banker to extend a commercial loan to them.

How Can Entrepreneurs Use The Retail Report ?

The Retail Report shows the sales potential within a given trade area for over 100 types of retail businesses. This would be invaluable in order to:

compare the markets for a variety of different retail products;

determine what type of retail business to open;

complete a realistic business plan before opening that business; and

persuade bankers and investors that a strong market exists for the type of retail business being opened.