

City of Birmingham
Birmingham Shopping District Proceeding
Thursday, September 6, 2018 8 a.m.
The Community House
Birmingham, MI 48009

Minutes of the meeting of the Birmingham Shopping District Board held Thursday, September 6, 2018, at 8:04 a.m. in The Community House.

1. CALL TO ORDER AND ROLL CALL OF BOARD

PRESENT: Astrein, Eid, Hockman, Kay, Pohlod, Quintal, Roberts, Surnow, Valentine

ABSENT: Fehan, Solomon

ALSO PRESENT:

ADMINISTRATION: Tighe, Brook

2. RECOGNITION OF VISITORS

Ara Darakjian, Jeff Salz, Dick Lilley, Lisa Hamill

3. APPROVAL OF MINUTES

MOTION: Motion by Astrein, seconded by Quintal to approve the minutes dated August 2, 2018.

VOTE: Yeas, 9 Nays, 0 Absent, 2

4. BOARD MEMBER COMMENTS

Hockman recognized Dick Lilley and Jeff Salz for their commitment to the Birmingham Cruise Event. They have been key to the planning of the event for 23 years which has helped with continuity and bringing order to chaos with over 300 classic cars at the event each year.

Hockman then recognized Lisa Hamill from Harp's Lingerie as an integral part of the community for many years. Harp's has been in business since 1947 and in Birmingham since 1992. Hockman expressed the board's appreciation for their continued support of the City.

5. REPORTS

a. FINANCE REPORT – TIGHE

Tighe explained that July is the first month of the fiscal year. Revenue and expenses are in a good place, less than 10% through the budget and spending is higher at this time of the year due to the event schedule.

Both reports for cash flow (month and fiscal year) match. Due to summer events, there was a little more spending leaving an ending balance of \$592,236.

b. EXECUTIVE DIRECTOR REPORT - TIGHE

Tighe once again thanked Lilley and Salz for their hard work on the Cruise Event and said that the BSD couldn't do it without their efforts. She also thanked Harps for being an important member of the Birmingham community.

c. COMMITTEE REPORTS:

SPECIAL EVENTS - ASTREIN

Astrein explained that over \$47,000 of Birmingham Bonus Bucks (BBB) have been turned in for reimbursement by merchants. The special events committee is considering doing a similar program for Small Business Saturday.

The winner for the Construction Art Contest was recognized during the ribbon cutting ceremony at the start of Day on the Town which was held on August 11th.

The committee is now working on plans for the holiday season.

Quintal asked if the Cruise event had lighter attendance this year. Valentine said that he felt that Woodward seemed to be down, but that our event area seemed busier.

MARKETING & ADVERTISING - POHLOD

Pohlod said that at the committee has held a couple of meetings. They held the photo shoot for the fall magazine and are currently editing it. The magazine will be out later this month. She said that the holiday issue will be more of a gift giving guide, not just focusing on jewelry.

The September issue of showcases different restaurants. An effort is being made to incorporate more kinds of businesses.

The next meeting will look at the digital marketing strategy.

MAINTENANCE/CAPITAL IMPROVEMENTS - QUINTAL

Quintal shared that they have walked through the newly renovated streets with Nick's Maintenance and received a quote for snow removal. They are working with the City on this.

They had a meeting with another vendor to get another bid for the lights over Merrill which was about \$8,000.

The hanging baskets will be the same next year. Planters will be relocated, probably not in the downtown area.

Construction valet averaged 800 cars per week. They are looking into the possibility for shoppers in the future to be able to pick their car up at any stand, not just where they dropped it.

Tighe explained that the City has taken over two of the valet stands. Customers now pay \$5 for the first two hours and \$5 each additional hour. This is being done for a six month trial. During the holidays, the BSD will once again cover the first two hours so that it will be free for shoppers.

Valentine said that City staff will determine what will happen after trial period.

Darakjian said that he feels that \$5 is a ridiculous price for a short visit. He believes that parking continues to be a big issue in the City.

Hockman shared that normally we would not offer any valet after construction ended. So, this is an extra option and if someone wants the convenience they will pay for it. He reiterated that this is an experiment to see if we want valet to continue.

Astrein asked what happened to the idea of imaging lighting. Quintal said that cost was a problem. So, it would not be happening this year.

BUSINESS DEVELOPMENT - SURNOW

The committee is continuing to work go through the list that Buxton provided. There are still a couple of viable prospects. There is continued work to upgrade the website to make it more user-friendly.

Occupancy rates are still well above 90% (96% retail and 90% for office) and there is a lot in the pipeline. The Buxton contract is up in November. So, the committee is assessing going forward with them. More information will be shared at the next meeting.

Eid asked if we are happy with them. Surnow said that we have seen value in their work. They provided good resources and good leads, but the BSD's needs may not be the same this year as they were last.

EXECUTIVE BOARD REPORT - HOCKMAN

Hockman explained that every 3 years the assessment rate is determined to fund the BSD. This will be discussed further in new business.

He also shared that the board conducted their annual evaluation of the executive director. Board members were asked to evaluate Tighe in 8 different categories. He reported that Tighe received fabulous scores – 4.71 out of 5 which he said is phenomenal for someone here for just one year. He said that she shows good command and enthusiasm and represents the BSD and the community well. The board is very pleased. The evaluation is passed on the City Manager. Compensation adjustments follow the City process.

d. PARKING REPORT - VALENTINE

Valentine said that they will continue to tweak and improve the parking reports. A more simplified version will be coming soon. He also mentioned that the parking consultant will be giving their report to the committee next month. The committee is working to use the data available for Smarking – Smart Parking which will help leverage improvements.

e. CHAMBER REPORT

There was no report from the Chamber.

f. COMMUNITY HOUSE REPORT

There was no report from The Community House.

6. APPROVAL OF VOUCHERS

MOTION: Motion by Astrein, seconded by Surnow to approve the vouchers, as submitted, dated September 6, 2018.

VOTE: Yeas, 9 Nays, 0 Absent, 2

7. OLD BUSINESS

There was none.

8. NEW BUSINESS

a. Request to set BSD Rate and Public Hearing Dates

Hockman explained that it is time for the BSD's assessment to be approved as is done every three years. He said that Tighe has done thorough data analysis.

Tighe gave a brief history of the BSD. In 1991-1992 Somerset opened and citizens lobbied in Lansing to get a Principle Shopping District (PSD). We are a PSD in statute but rebranded as the Birmingham Shopping District (BSD) as it seems to make more sense from a marketing perspective.

The mission of the board is to provide leadership in the marketing, advertising, and promotion of the Birmingham Shopping District. We actively work to promote a district that is active, attractive, clean, safe and pedestrian-oriented, and ensure that the entire district continues to serve as a center for business, service, social, cultural and community activities.

The board created four committees – Business Development, Special Events, Marketing and Maintenance/Capital Improvements. Geographic boundaries were set that created two districts – District 1 and District 1A. District 1 is the center of the city and has a higher assessment than District 1A.

Currently, the assessment rates (per square foot) are – District 1 first floor – 49.4¢, 2nd floor and above – 19.6¢ for District 1A first floor - 24.7¢ and 9.6¢ for 2nd and 3rd floors. These rates have been the same for the last 10 years.

There was a strong retail focus when the PSD was created, but others have also benefitted. When the act was created in 1992, there was a cap of \$10,000 per building. The cap has been raised every year with inflation and is currently at \$15,517.

The Executive Committee did a deep dive into the history and financial management of the BSD and took into account future needs which include further road construction. Four years ago the BSD started saving for the Old Woodward construction project and would like to keep doing that for the next two phases of construction.

The goal of the board has been to maintain a fund balance of \$600,000. If the BSD were to shut down it would take approximately \$300,000 to pay the rest of the invoices and close out current contracts. This leaves an additional \$300,000 for contingency funds.

The Pave the Way program during construction was a huge success. Birmingham Bonus Bucks (BBB) showed \$1,047,691 in spending from receipts submitted to earn BBBs and there were over 15,300 valet users.

The Executive Committee would like to propose that the new assessment figures be good for four years instead of the typical three due to the third phase of construction happening at that time.

The proposed assessment rates would have the first floor remain at the same rate as today and for 2nd and 3rd floors to increase to 38.5¢ for District 1 and 19.3¢ for District 1A. These rates are an 18.9 cent increase and 9.7 cent increase, respectively.

This proposal is modeled to bring more equity as all of the floors benefit from the BSD's work.

Astrein compared this to CAM (Common Area Maintenance) fees charged by malls. Tighe agreed and said that the benefits to being in Birmingham are significant compared to being in a mall. This is a great environment and at a lower cost.

Quintal asked what this means for other floors. Tighe said that the increase is for floors two and higher – any upper floors that are office space. Residential properties are not assessed.

Quintal said that he is not comfortable knowing where all of the money is going. He said that this is a big increase for large companies and he is not comfortable with the assessment amount doubling. He pointed out that the building is taxed, not just the offices. So, he feels that it is likely that first floor rents will also increase.

Hockman asked if he is looking for budget cuts. Quintal responded that he thinks some things need to be reevaluated as to whether they are still needed and working or not.

Pohlod wanted to know if BBBs will be as important in phases 2 and 3 of construction. And, if so, should the office space be funding the BBB program?

Tighe said that this is to better align the upper floors with the first floor, not just to fund the BBBs. All floors benefit from flowers, planters, snow removal, events and the marketing of downtown. She reminded everyone that these have been the same assessments for the last decade and had they been increasing with inflation over the years it would be very similar to these proposed amounts.

Quintal wondered why we don't have an office representative on the BSD board. He pointed out that they are paying, but he doesn't feel that we reach out to them very often. We seem to not be tapping into a large group. He also asked why apartment buildings are not charged.

Tighe explained that that would require a statute change in Lansing. Quintal pointed out that they are renting buildings just like retail building owners.

Surnow wondered why residential buildings don't contribute as well. Quintal said that this would be doubling the cost for office space. Surnow asked about resources and how they are being used.

Hoffman explained that every year we go through a budget process and all of the information has been available to the board. He said that the BSD budget is \$900,000 and 75% of that comes from assessments. The rest is from program support. The vast majority is going into programs.

Quintal wanted to know if there is anything that is no longer necessary. He suggested asking committee chairs. Eid asked about the differentiation of District 1 versus District 1A. He said that both areas are getting the same benefits.

Hoffman replied that when the PSD was set-up it was geared to a central business district and 1A was outside of the central business district. He said that the question is what is it going to take to run the organization. There was an in-depth discussion when it was set. He continued that he thinks there is an equity argument. We could raise the first floor. There has been no increase in ten years, no CPI increase. We are now in a situation with programs coming that we want to have resources available for the second and third phases of construction.

Eid asked if there is a way to spread it out over more of the City. Surnow agreed with Eid that we need to take another look and make sure that's what we need and that we really understand the numbers.

Tighe let them know that this would increase the BSD budget by \$150,000 per year. Surnow said that his buildings are all offices. Astrein said that offices have benefitted from the BSD as much as retail has and that overall, the benefit outweighs the increase.

Pohlod said that she feels the executive committee has done a good job looking at the pieces and that it is good that the first story businesses will not see an increase as she does not want to put a further burden on retail. She said that she thinks the higher levels can go up, but doubling is big. She wondered if there might be something in between. Maybe construction expenses could come from the additional \$300,000 kept as reserve and those monies could be put back in the bank over the next couple of years.

Quintal said that the rate increases are assessed to the building owners. Some pass it through and some do not. He does not understand why apartments and hotels are not included.

Valentine said that adding them is not an option as they are exempted by law.

Hockman said that a change can be made to the law, but it will not happen in the short term. He said that the board won't vote until everyone is comfortable, but it does need to be done in the next 60-90 days or the current assessment will expire. So, he said that we need to know specifics of what everyone would like to see.

Roberts said that this discussion has been great. Astrein asked Quintal if he would look at his properties and see what the impact would be.

Hockman said that the group needs to read and understand the public act. This is the information on the PSD was formed. He also asked the group what additional information they would like to see about the budget and if there are specific questions. He pointed out that changing the budget is not going to get resolved in 30 days.

Valentine asked if they are comfortable assessing more money to continue construction programs that were successful. If yes, then how? Do we want to cut services? That seems counterproductive. Do we want to use some of the fund balance?

Surnow said that he would like to see options and that new programs do come with costs. Valentine said that things evolve and change over time.

Hockman asked if they want to continue construction support at the same level. He noted that he saw heads nodding. Pohlod said that she wants valet to continue to other phases. She feels that parking will be a big issue. She said yes, we need to do this.

Hockman said that further analysis can be done. The group has been very conservative with the fund balance. Changing districts will not happen in 30 days but it is a good idea to start looking into it. He wants to still work with the first floor not increasing.

He suggested that if board members would like to take a closer look at the budget, that can be done off-line. A decision will need to be made at the next meeting.

At this time we will defer action on this motion until the next meeting. The question about residential properties needs to be answered.

Darakjian asked if anyone had done the math to see how the increase would impact rentals. Hockman explained that we have the per square foot number. So, landlords can use that number to do calculations for their buildings.

Surnow said that top numbers go down if we don't have services. Astrein said that he pays more for his garbage collection.

Hockman encouraged board members to not wait until the next meeting if they have any other questions. He wants everyone to feel comfortable and have the information they need to make their decision.

9. INFORMATION

- a. Retail Activity**
- b. Announcements**
- c. Letters, Board Attendance & Monthly Meeting Schedule**

10. PUBLIC COMMENTS

11. ADJOURNMENT – 9:31 A.M.

Respectfully submitted,
Jaimi Brook (back-up notes on file)