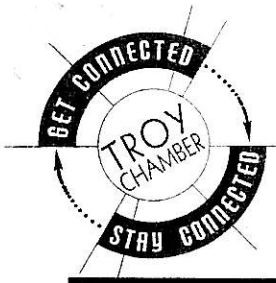

4555 Investment Dr. Suite 300 Troy, MI 48098-6338 www.troychamber.com PH: 248.641.8151 F: 248.641.0545

TROY CHAMBER OF COMMERCE
MEMORANDUM

Troy Chamber
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Michele Hodges

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Ted Wilson
Featherstone Corp.

Pat Zatina
Chase Investment Services Corp.

TO: Honorable Mayor and Members of Troy City Council

FROM: Michele Hodges
President

DATE: 20 February 2006

RE: 27 February 2006 Public Hearing to Consider Amendment of Troy Downtown Development Authority (TDDA) District Boundaries

ACTION REQUESTED: **Immediately Forego Consideration to Amend TDDA Boundaries**

A core value of the Troy Chamber of Commerce is to ensure viability of both the business and residential communities of Troy. It is important to recognize this principle when making decisions central to Troy's future.

Preserving and continuing such viability includes maintaining the TDDA and its existing boundaries. The Troy Chamber has arrived at this conclusion for the following reasons, and believes a move to amend the boundaries would be unwise.

1) First and foremost, the City of Troy has a "moral obligation to bondholders" (Bendzinski & Co., 20 October 2005, page 8). It would be acting in bad faith to move forward with a boundary amendment.

2) "The City and the DDA would most likely face a reduction in the City's outstanding credit rating of AAA and the DDA's outstanding credit rating of AA." (Bendzinski & Co., 20 October 2005, page 9). If a reduction in rating occurs, costs to taxpayers will increase.

3) Industry experts are on record in opposition of the action, including professional City staff, Miller, Canfield, Paddock and Stone, PLC, and Bendzinski & Co.

4) A reduction in boundaries would discourage mixed-use development, seriously mitigating Troy's ability to embrace emerging land use trends, and thereby disabling its ability to compete.

5) It would create uncertainty for future investors and developers, and would likely make the City vulnerable to litigation.

6) The TDDA currently generates General Fund revenues in excess of the value of City services consumed within the District. Thereby not negatively impacting the General Fund.

7) The TDDA's ability to implement recommendations of the Big Beaver Corridor Study would be severely limited.

8) The TDDA would have difficulty implementing projects such as the Big Beaver expansion, the Rochester Road intersection, the ongoing landscape/maintenance/enhancement of the Corridor, the Troy Community Center, the Somerset North parking deck, and the MEGA matches for companies like HTC Global, Axletech, and the Kmart Data Center.

9) The TDDA was legally formed per provisions of Public Act 197, of 1975, in July of 1993. The boundaries were established based on land use trends at the time, resulting in minimal residential use within the District. Given the trend toward mixed-use development, it is now rational, and sensible, to allow residential uses within the District. To ensure the needs of residents are met, the legislation provides for representation on the TDDA Board of Directors.

10) The TDDA would no longer be able to capture non-City taxes, resulting in a loss in revenue.

Recent articles demonstrating the value of DDAs in neighboring jurisdictions are attached. Nowhere is a DDA seen as a hindrance, or as a drain on City resources.

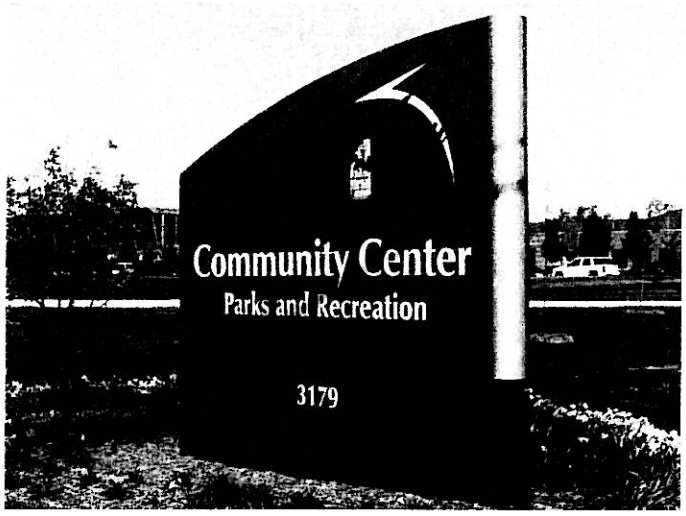
CC: John Szerlag, City Manager
Doug Smith, Director of Real Estate &Economic Development

MADE POSSIBLE BY THE TDDA

BIG BEAVER EXPANSION & ROCHESTER ROAD INTERSECTION

BIG BEAVER LANDSCAPING & & ONGOING MAINTENANCE

BIG BEAVER ENHANCEMENTS



TROY COMMUNITY CENTER

SOMERSET NORTH PARKING DECK

HTC GLOBAL FINANCIAL MATCH

Allow the good work of the TDDA to continue. Keep it whole.

Downtown Development Authority Articles from The Detroit News

Page#	Article Title
1.	Warren supports downtown growth, project
2.	City (St. Clair Shores) eyes business hub as a destination spot (9/22/05)
3.	DDA boundary (Farmington Hills) expansion considered (9/27/05)
3.	How can a bustling suburb (Royal Oak) be broke? (9/29/05)
5.	Main St. rebirth gains momentum (Highland Twp. & Keego Harbor), (9/29/05)
6.	Farmington hopes DDA growth will spell cash (9/30/05)
7.	Macomb is eager to provide wireless access (11/8/05)
8.	Falling bond rating should alarm Detroit (ll/25/05)
9.	White Lake Twp. Considers pursuing a DDA (12/19/05)
10.	Shelby Twp. Aims to link businesses on Van Dyke (12/23/05)
11.	Lofts remake Mount Clemens (12/29/05)
12.	Proposal to stretch downtown (Rochester) advances (1/18/06)
12.	Residents (New Haven) can weigh in on downtown districts (1/23/06)

Warren supports downtown growth, projects

■ The City Council rejects president's proposal to freeze expansion of DDA for two years till economy improves.

By Charles E. Ramirez
The Detroit News

WARREN – The City Council has rejected a plan to freeze any further expansion of the city's Downtown Development Authority.

City Council President Jim Fouts introduced the proposal, which called for the agency to put on hold any new undertakings for at least two years to give the authority more time to complete its current projects and for the economy to improve.

The Downtown Development Authority – or DDA – is a city agency charged with economic development in a particular part of Warren.

The council turned down Fouts' proposal by a 6-3 vote at its meeting Tuesday.

Fouts, who has been a vocal critic of Warren's DDA, said he was disappointed by the council's decision.

"I just don't think the city should be spending a lot of money for more DDA projects when the economy is shaky," he said. "All I was saying was complete what's already been started and then if the economy is better in two years, then go ahead and take on more.

"Right now is not the time."

The DDA is funding a $75 million project to build a new civic center, which includes a new City Hall, public library, parking structure, fountain and a 2-acre urban park with retail stores and housing. The project was started last year.

Joe Munem, a spokesman for the city and Warren Mayor Mark Steenbergh, disagreed and praised the council's move.

"We're pleased the council had enough foresight to reject the proposal," Munem said. "Especially when the mayor is proposing to take advantage of state legislation that would allow the city to expand the boundaries of the DDA into the south end – the city's oldest neighborhood – and use (the agency) to make improvements there.

"Fouts' proposal was an attack on the city's south end."

Warren business owner Paul Petrykowski said he's glad the DDA can continue its plan to expand into the city's south end. Petrykowski owns Ed & Lil's Flower Shop, on Van Dyke near Nine Mile in the southern half of the city

"I think expanding the DDA here is a great idea," he said. "It's better than doing nothing, right?"

The city of Warren established its DDA in 1993. The agency uses a portion of the taxes the city collects on properties in an area that stretches north from Interstate 696 to 14 Mile and west between Van Dyke and Mound to pay for economic development projects in that district.

In January, Steenbergh unveiled a proposal to extend the DDA district to include a strip of Van Dyke between 8½ Mile and 9½ Mile roads.

You can reach Charles E. Ramirez at (586) 468-2905 or cramirez@detnews.com

City eyes business hub as a destination spot

■ The mature community of St. Clair Shores revamps 6-mile stretch of Harper to attract shoppers, businesses.

By Edward L. Cardenas 9/22/05
The Detroit News

ST. CLAIR SHORES – Can a settled, inner-ring suburb like St. Clair Shores compete with growing communities in northern Macomb County for new residents and businesses?

The city is going to try with an overhaul of its hodgepodge central business district on Harper.

Over the past 50 years, the six-mile stretch has developed with no real coordination or theme.

After four years of planning, however, developers have a master plan to follow for revitalization that includes new housing along the roadway and "outlot" development in parking lots of large strip malls.

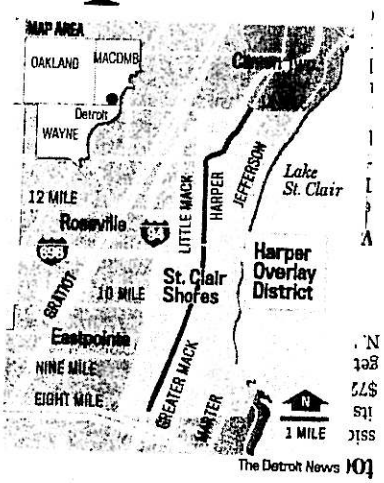
The Harper Overlay District ordinance came out of the revitalization plan for businesses that are located between Eight Mile to 14 Mile, which are the city boundaries.

"We need to reinvigorate the city. If we are not moving forward, we are moving backward," said Blair Gilbert, second-generation owner of Gilbert's Hardware and president of the Harper Avenue Business Association. "We want to make Harper Avenue more of a destination for shoppers who forget that we are here with over 600 businesses."

The City Council recently gave its approval to a pair of proposed developments that would be the first to fall under the overlay district.

The projects include two medical buildings to be built on two vacant lots on the west side of Harper between Gaukler and Alger and a retail development on the site of the former Bruno's Appliance on the east side of Harper, just north of Nine Mile.

Ironworkers Mic Camacho, left, of South Lyon and Robert Nell of Auburn Hills hook up cords to move beams.



While the district provides for a long-term plan, it would only apply when significant changes are made to a building, Current businesses won't be affected.

"The revitalization plan is the vision of what we want the city to look like. The overlay district is how we do it," said Liz Mancini Koto, city planner for St. Clair Shores.

Long-term plans for the district include a possible Downtown Development District, which would capture tax revenue from properties within the district to be reinvested along Harper; streetscape additions such as park benches, flowers and landscaping; and wider, more pedestrian-friendly sidewalks.

"This establishes our identity for the future," said St. Clair Shores City Manager Kenneth Podolski, who wants the vision for the city to become a vehicle for investors and provide a variety of retail and business options for residents. "We are a mature community. This is how we get fresh tax dollars into the city."

Outlined in the plan are ways to distinguish the district from other roads, including creating identifying places at the mile roads and promote it as a "lively area."

Examples of the distinct structures include a Flagstar Bank to be built on the northeast corner of Harper and Nine Mile that will feature a clock tower and a sculpture at 12 Mile and Harper that will be placed in front of Walgreens.

Other improvements include allowing signs to be perpendicular to buildings to allow drivers on Harper to identify businesses.

Lifelong St. Clair Shores resident Linda Ramsey supports the plans to improve the Harper corridor.

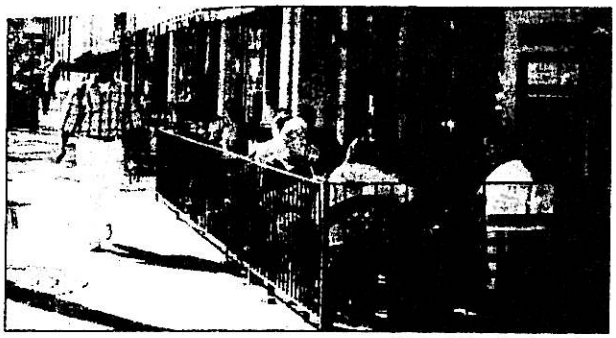
"If it looks attractive, it will tempt someone to come in," said Ramsey, who likes the pedestrian-friendly characteristics of the businesses district. As they develop the new district, St. Clair Shores officials say they are looking at similar efforts in Royal Oak and Ferndale, cities similar in age and development patterns.

You can reach Edward L. Cardenas at (586) 468-0529 or ecardenas@detnews.com.

FARMINGTON HILLS Detroit News 9/27/05

DDA boundary expansion considered

Farmington Hills officials are considering an expansion of the boundaries of the city's Downtown Development Authority. The DDA is allowed to spend money on enhancements only within the district boundaries, so an expansion would mean improvements to even more of the downtown. Although no specific new boundaries have been discussed, officials hope to establish a committee that will study the issue.



Charles V. Tines / The Detroit News

With its walkable downtown, Royal Oak is a big draw. But many wonder how a town so rich in development can face a $6.4 million tax deficit, a proposed tax increase and perhaps fewer services.

How can a bustling suburb be broke?

9/29/05

By Maureen Feighan
The Detroit News

ROYAL OAK — Cranes dot downtown Royal Oak's skyline as a piece of big-city living makes its way to one Motor City suburb.

As many as 13 loft and condo projects, boasting swanky kitchens, high ceilings and exposed brick, are planned or under construction in Royal Oak. Concentrated downtown, they'll eventually add as many as 900 housing units to the tax rolls and up to $1.2 million in revenue.

But the building explosion transforming the town once known as "Royal Joke" is likewise confounding residents and onlookers. They wonder how a town rich in development can face a $6.4 million tax deficit, a proposed tax increase and potentially fewer city services.

In a region where many suburbs are hurting because of a lack of economic activity, Royal Oak stands apart as one that is building — and going broke.

"Just look at all those high rises. The city of Royal Oak is booming," said Ted Kenyon, an eight-year resident. "For us to have a budget crisis is ridiculous."

Please see Royal Oak, Page 5A

There is no discussion underway to reduce the scope of the DDA, despite the budget crisis, and despite the significant amount of new residential projects.

Royal Oak

Continued from Page 1A

City leaders say comments such as Kenyon's are a familiar refrain. And with a November ballot proposal looming that will ask voters for a 1.75-mill tax increase, officials are planning two town hall meetings at 7 p.m. Oct. 12 and Nov. 2 at Mahany-Meininger Senior Community Center to explain.

They point to two major problems: A retirement fund that nosedived after the September 11 terrorist attacks and will require a $4.1 million contribution this year, and employee health care costs that have risen 98 percent since 1998.

And while hundreds of new condos and lofts will certainly help ease the financial crunch, they won't erase it, said Jan Hunt, the city's treasurer and interim financial director.

Proposal A and the Headlee amendment, which limits property tax increases to the rate of inflation, also are factors, she said.

"We're not rolling in dough," Hunt said. "It's good for a city to have development. It's a great thing. It generally just doesn't bring in money hand over fist, as much as we'd like it."

Loft projects increase

The corner of East 11 Mile and Main Street is ground zero for Royal Oak's boom.

Two loft projects are under construction side by side, with several more blocks away. Billboards carry signs with messages such as "80 percent sold" and "www.trueloftliving.com."

Chicago-based Joseph Freed and Associates LLC is building one of the city's biggest new developments — a $120 million mixed-use development on a six-acre block at E. 11 Mile and Main. Plans call for building three towers with 405 units, a 45,000-square-foot organic grocery store, restaurants and a parking structure.

The first nine-story tower with 94 units is 90 percent sold, said Kris Gosselin, director of sales and marketing for Joseph Freed.

"When you look at other products, there's not many that move at that pace," Gosselin said.

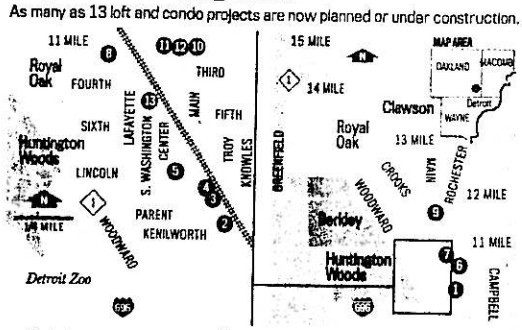
Royal Oak's walkable downtown was a big draw for Lory DeLosier and her partner, Cathy Ambrose. The couple had been living in separate houses in the Pleasant Ridge/Ferndale area when they decided they were tired of shoveling and cutting grass and wanted the contemporary feel of a loft.

After checking out the different lofts, they decided on Metro Lofts, a development slightly off the beaten path with 30 units ranging in price from $300,000 to $800,000.

"We just loved them," DeLosier said. But even with hundreds of lofts on their way to the city's tax rolls, city officials say only 21 percent of the property taxes will go to Royal Oak. The biggest share — 39 percent — will go to Royal Oak schools and the state for education, according to the city.

Royal Oak building boom

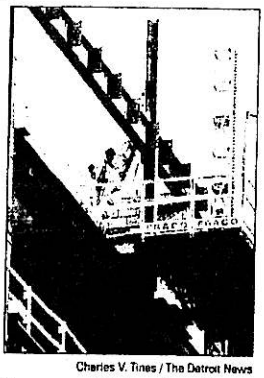
As many as 13 loft and condo projects are now planned or under construction.



Project	Units
1. Crossings At Irving	82
2. 416 & 420 E. Parent Avenue	8
3. Metro Lofts	30
4. Station 3 Lofts	45
5. E. Lincoln and S. Main Street	52
6. Grant Park Condominiums	17
7. SkyLofts MarketSquare	88
8. 622 W. 11 Mile	67
9. 1103 N. Main	3
10. Main North, Main North Terraces, Main North Phase II	405
11. Main Street Lofts	22
12. 120 W. 11 Mile	19
13. 422 S. Washington Avenue	92

Source: Royal Oak Planning Department

The Detroit News



Charles V. Tines / The Detroit News

As many as 13 loft and condo projects are planned or under construction in Royal Oak.

And with Proposal A and the Headlee amendment, which requires municipalities to roll back their millage rates when growth on existing property exceeds the inflation rate, Royal Oak's local millage has dropped from 8.09 mills in 2000 to 7.48 mills in 2005.

Pensions, benefits hit budget

Two factors already working against Royal Oak are its retirement fund and health care costs.

Royal Oak, like communities across the state, has been hit hard by the post-September 11 stock market drop. Its retirement fund dropped from 140.7 percent funded with assets valued at $159 million in 2000 to 94.2 percent funded with values worth $137 million in 2004.

A retirement system that is 100 percent funded means it has enough contributions that will accumulate value to cover pensions for employees throughout their retirement years.

State law requires municipal retirement funds be 100 percent funded. The city now has to make a $4.1 million contribution to the fund this year and as much as $4.4 million next fiscal year. City officials say the reason the investment losses weren't felt sooner is because retirement fund losses are usually spread out over a three-year period.

"After 9/11, everything tanked so we weren't earning as much on our investments," said Britt Winter, the city's deputy finance director. "Those 2001 losses were finally being realized in 2004."

Health care costs are another major challenge.

Royal Oak spent $3.8 million on employee health care and $8.1 million for retiree health costs in the 2004-05 fiscal year, the bulk of which came from the city's general fund. A health care reserve fund that covered some retiree costs ran out of money in 2003.

The city did change health benefits this year to require more contributions from new hires in three unions, but the changes don't apply to Royal Oak's biggest unions.

City looks to cut costs

Royal Oak is investigating other ways to cut costs and may hire a consultant to review its operations.

Bids are due Friday for the city-owned Normandy Oaks Golf Course, which if sold could bring up to $8 million to the city that would likely be spent over a three-year period. And Royal Oak may cut costs by not filling several positions, which could save up to $1 million.

Gosselin isn't worried that Royal Oak's financial woes, which may result in service or program cuts, will steer people away from the city. She believes downtowns are often insulated from such problems.

"Royal Oak is a great place to be, but the financial woes they're experiencing are not unlike any other municipality in the area," Gosselin said.

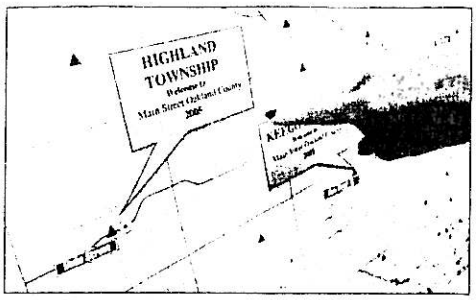
"The additional residences are going to generate additional revenue, and I think they had good foresight that allowing this will end up benefiting the city in the long run."

You can reach Maureen Feighan at (248) 647-7416 or mfeighan@detnews.com.

"We feel we're a diamond in the rough. Our goal ... is to get the word out that Keego Harbor is a good place to do business."

CAROLYN LEHR, *Keego Harbor city manager*

Main St. rebirth gains momentum



Highland Township hopes to recharge its historic district.

■ Highland Township, Keego Harbor join 10 other Oakland communities in upgrading downtown hubs.

BY MIKE MARTINDALE 7/24/05
The Detroit News

SPRINGFIELD TOWNSHIP – Oakland County's Main Street program, designed to make its downtowns more user-friendly, got two new members last week in Highland Township and Keego Harbor.

The municipalities will join 10 other Oakland communities in the program, which provides expertise and training to help the county's commercial centers improve themselves and become more attractive to visitors.

The two were named as about 200 local and regional officials, developers, architects and others met amid the rolling hills and woods of Indian Springs Metropark.

The Oakland County government-sponsored conference included segments on how Ferndale is encouraging environmentally friendly buildings and how the village of Lake Orion is rebuilding after a restaurant fire took out a portion of a block and affected the area.

Keego Harbor, between Sylvan and Orchard lakes, has 2,800 residents. Highland Township, bisected by M-59 in western Oakland County, has nearly 21,000 residents.

"We're very excited," said Keego Harbor City Manager Carolyn Lehr. "We feel we're a diamond in the rough. Our goal is to create a program to set up a mix of business and entertainment potential. To get the word out that Keego Harbor is a good place to do business."

Tim Shepherd, who runs the TWC sporting goods-surf shop in Keego Harbor, believes its location, in the middle of a number of lakes, should be emphasized more.

"A lot of people turn to the lakes for recreation and we should be doing more in line with that," Shepherd said.

David Milan of Milan Co. is developing a boardwalk project along Dollar Lake that he envisions as a future draw.

"We're building Keego Harbor Square and redeveloping property and expanding it along the lake, including patio seating, boat docking, and maybe two or three restaurants," Milan said, "kind of a waterfront downtown in Oakland County. This is long overdue."

Highland Township Supervisor Triscia Pilchowski and Downtown Development Authority Director Jill Bahm hope to recharge a historic district at Milford and Livingston roads just south of M-59. Some of the late 1800s circa buildings are already in use for community activities and nearby Highland Recreation Area is a huge resource.

"It's a mixture of residential and small businesses and what we would like to do is enhance what is already there," Pilchowski said.

Township residents are invited to a 5:30 p.m. Oct. 5 meeting at Highland Senior Center at 209 N. John St.

"Our first step will be to get residents involved and on committees," she said. "Main Street will provide direction for our whole community. It's that important."

Attendees at last week's conference heard about the importance of preserving land, park expansion and how Main Street communities are helping define the county.

"We're very high on the Oakland County economy and how it remains stable in a tightening economy, and part of the reason is the balance of all aspects of life here," said Oakland County Executive L. Brooks Patterson, in his opening remarks.

"We are also challenged as government stewards to preserve the environment."

Patterson ticked off Oakland County statistics that any county would envy: 40,000 businesses; 750,000 jobs; 650 foreign-owned firms; 211 Fortune 500 companies along with 1,400 lakes, pristine natural areas and interconnecting hiking and biking trails.

You can reach Mike Martindale at (248) 647-7226 or mmartindale@detnews.com.

Max Ortiz / The Detroit News

"What we would like to do is enhance what is already there," says Highland Township Supervisor Triscia Pilchowski, with Downtown Development Authority Chairman Keith Rhodes, at Highland Station House in the historic district.

Oakland County's Main Streets

Communities that have been accepted into Oakland County's Main Street economic development programs to date.

- Rochester, Royal Oak, Walled Lake (2000)
- Ferndale, Holly, Lake Orion (2001)
- Farmington, Pontiac (2002)
- Ortonville, Oxford (2003)
- None added in 2004
- Keego Harbor, Highland Township (2005)

Source: Oakland County Planning & Economic Development Services

Farmington hopes DDA growth will spell cash

■ Downtown master plan calls for district expansion that would bring in more taxes to fund improvements.

By Delores Patterson 9/30/05
The Detroit News

FARMINGTON — The city wants to expand its Downtown Development Authority district to collect more money for community improvements.

The expansion is being sought now that Farmington has completed a new downtown master plan as part of Oakland County's Main Street revitalization program.

"This will not only help bring in more dollars to make enhancements throughout the DDA district, but more importantly, we need to do a better job of linking the corridors along Grand River and Farmington Road with the downtown area, especially some of the older commercial areas," City Manager Vincent Pastue said.

The DDA board helps maintain the viable businesses in the downtown area, encourages historical preservation and creates development plans to promote economic growth. The current DDA district is shaped a bit like a jigsaw puzzle with Liberty Street on the west, Slocum Street on the south, Mayfield on the east and just a little beyond Grand River on the north, he said.

The district is funded through taxes from commercial property within the district and not through the city's general fund. As a result, the money can only be used for projects within the defined boundaries even if some properties are just on the edge of the district.

About $150,000 is garnered from taxes on commercial properties, and a special assessment levy of the principal shopping district also brings in another $150,000. These combined with a general 2-mill levy and some county revenue accounts for the DDA's $350,000 annual budget, which doesn't provide the 11-member authority with a lot of resources, City Councilman James Mitchell said.

Funding has been used for streetscape improvements, assisting businesses with building facade enhancements, demolition costs and redevelopment projects like the Orchard Condominiums on Orchard Street.

The city's initial DDA and tax increment financing plan and boundaries were adopted in 1988 and are set to expire in 2008, creating another need to reevaluate and update the DDA district in order for Farmington to participate in any long-term capital improvement projects. The special assessment levy of the principal shopping area is also set to expire in December 2006, Pastue said.

"We would like to be able to reach out beyond the current jurisdiction to help some of the other businesses and property owners that are near to the downtown," Mitchell said.

The City Council recently gave approval to establish a committee that is expected to be formed by mid-October to study the district and offer new boundary recommendations by spring 2006.

You can reach Delores Patterson at (248) 647-7225 or dpatterson@detnews.com.

Macomb is eager to provide wireless access

■ Downtown Authority, county board call for bids to equip Mount Clemens for high-speed connectivity.

By George Hunter 11/8/2005
The Detroit News

MOUNT CLEMENS — Karen Feigel would like a little high-speed Internet access to go with her coffee.

"It would be cool if I could bring a laptop here and go online," said Feigel, 18, a Macomb Township resident who is a frequent visitor to the Conga coffee house in downtown Mount Clemens. "I come here all the time, and it would be nice to have high-speed Internet access."

Feigel's wish may soon come true. City and county officials are taking the first steps in a three-phase plan to equip all of Macomb County with high-speed wireless Internet technology. The first phase is to enable wireless access for all of downtown Mount Clemens.

The Mount Clemens Downtown Development Authority and the Macomb County Board of Commissioners are calling for bids from Internet service providers to equip downtown Mount Clemens for high-speed connectivity. A vendor will likely be selected in January, 2006, and the system is expected to be operational by June 1.

"It's important to have this technology available in downtown Mount Clemens," said Arthur Mullen, executive director for the Mount Clemens DDA. "We're the county seat, and one big thing is, we have (Macomb Circuit Court) here. If an attorney is in the area working on a case, he could go online to quickly get whatever document he needed."

Devices called "repeaters," which route radio signals, would be affixed to light poles and other objects about every 300 feet downtown, in order to blanket the entire area for high-speed connectivity, Mullen said.

If the plan is implemented, computer users downtown would be able to purchase high-speed Internet access by the minute or hour. "We have a lot of bars and restaurants downtown, so if someone is waiting for a friend, they could purchase high-speed time and surf the Net while they're waiting," Mullen said. "Of course, you could go onto the Internet at a slower speed for free — but if you want high speed, you have to log on to the provider's Web site and purchase it."

Many of the details of the plan — such as cost — have not yet been worked out, Mullen said.

"We're hoping whatever company gets the bid will finance (the cost of installing repeaters) 100 percent," Mullen said. "Nothing firm has been established, but if we find we can't get a company to finance this at a reasonable cost, the project may not go through."

You can reach George Hunter at (586) 468-7396 or ghunter@detnews.com.

What's next

The Mount Clemens Downtown Development Authority will hold a meeting at 2 p.m. on Nov. 21 at the DDA offices at 49 Macomb Place in Mount Clemens, for companies interested in bidding to become the city's high-speed wireless Internet provider. Bids must be submitted to the DDA by 2 p.m. on Jan. 9. For more information, call (586) 469-4168.

The Detroit News

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FIRST AMENDMENT TO THE CONSTITUTION

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EDITORIALS: OUR OPINION

Falling bond rating should alarm Detroit

City shrugs as Standard & Poor's says clock ticks on city finances

Detroit Mayor Kwame Kilpatrick is way too cavalier about the city's slipping bond rating, which this week dropped to a hair above "junk" status.

The mayor responded by downplaying the slide. And that's no way to run a city, much less haul it back from the brink of bankruptcy.

Junk bonds scare many investors. And those who buy low-rated paper want higher interest to compensate for their risk, a demand that will cost taxpayers more money.

"The outlook is negative given the economic challenges that could further threaten revenues and create additional budget gaps," says a grim Standard & Poor's analysis published Monday. "Delays in addressing its structural imbalance have also increased the city's deficit and led to a deterioration of liquidity."

In response, the mayor said many companies and other cities are in bond trouble, too. And he tried a positive spin on the Standard & Poor's analysis.

The rating, however, reflects chronic inaction. The city has been whistling past the budget graveyard, sort of hoping things will take care of themselves. They won't.

Earlier this year, for example, City Council member Sharon McPhail suggested Detroit downsize its payroll from 18,000 to 12,000 employees.

That's the right call. But so far, no one in city government has the will to make it happen.

Meanwhile, "the clock is ticking" on Detroit, says an S&P analyst. The "ticks" include a city that spends $15 million more a month than it brings in, a finding by Detroit Auditor General Joe Harris.

Others predict the city's general fund will run low in a few months, forcing the city to pick and choose which bills to pay. Michigan has its own financial problems and can't afford a bailout.

Besides, the state is gun shy after its ill-fated takeover of schools stirred a strong backlash and raised issues of local control.

In struggling to balance the books, the city is pretty much on its own.

Yet, the City Council says it cannot get reliable cash flow numbers, making it hard to assess the problem and propose budget fixes.

Detroit is overdue for cutbacks along the lines of those made recently by Delphi Corp. and General Motors Corp.

Kilpatrick, while running for re-election, delayed budget calls as a campaign strategy. It worked. He won re-election.

But now is the time to stop campaigning and start governing.

Detroit's financial indicators

- The city spends $15 million more a month than it takes in in revenue, says the city auditor general.
- The city's budget deficit varies from $139 million to more than $300 million, depending on the estimate.
- Standard & Poor's has downgraded the city's bond rating to one step above junk status.
- Standard & Poor's says the city's financial outlook is "negative."

Local agenda

White Lake Twp. board considers pursuing a DDA

■ As township population increases, officials envision creating downtown district along the M-59 corridor.

By Delores Patterson 12/19/05
The Detroit News

WHITE LAKE — The township Board of Trustees will discuss Tuesday whether to move ahead with plans to create a Downtown Development Authority in White Lake.

The steadily growing township doesn't have a downtown and wants to map one out.

The 7 p.m. meeting will take place at White Lake Township Hall, 7525 Highland.

The population in White Lake has increased to nearly 32,000 since the 2000 U.S. Census, up from 28,000, Township Supervisor Mike Kowall said.

DDAs are intended to help communities promote downtown business, encourage historic preservation and create development plans.

The districts are funded through taxes from commercial property within the DDA.

Kowall said he brought up the idea for a DDA because White Lake is "virtually in need of everything," from a new fire station and township hall to new water mains and sewer lines.

"And the only way I can see us dealing with anything in terms of the funding we have available is to develop an authority," he said.

"So we are anxious to get this going."

Officials are considering creating the district along the M-59 corridor.

When developing a DDA, a community must show that the area is economically depressed

The M-59 corridor in White Lake is home to several original township buildings that need refurbishing, Kowall said.

It's also an ideal location because the corridor runs through the middle of the community, he said.

To make the downtown authority a reality, the township board must adopt a resolution stating its intention and work with the Oakland County Board of Commissioners, since county taxes would be part of the DDA budget.

Residents, schools, businesses and governments within the DDA district would have 60 days to offer opinions once the process begins.

If there is support, a board would be formed to oversee projects within the district.

Kowall said the process will likely take a year.

If it is successful, White Lake would join other rural Oakland County townships that have explored DDAs.

Highland Township recently completed the process, and Independence Township is considering a DDA district.

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Shelby Twp. aims to link businesses on Van Dyke

■ Establishing downtown authority would generate money for improvements within the district.

BY GEORGE HUNTER 12/23/05
The Detroit News

SHELBY TOWNSHIP — Arena Bridal and Formal has been through many changes since the boutique opened in 1938, and more alterations may be on the horizon.

Arena Bridal is in the heart of the Van Dyke business corridor, which is a hodgepodge of restaurants, jewelry stores, specialty shops and big box retailers. Officials are considering a plan to tie those businesses together and, they hope, attract new development while sprucing up existing businesses.

The township Board of Trustees is considering creating a Downtown Development Authority to fund improvements along Van Dyke from 21 Mile to 26 Mile. They envision a downtown area with a uniform appearance, where shoppers will walk from store to store.

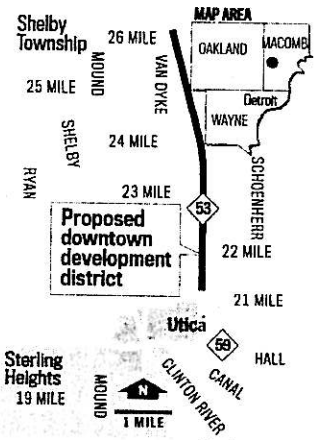
Board members are reviewing the steps required to form the DDA. Establishing a downtown district would promote economic development and revitalize the township's older businesses through property taxes, officials say.

Liz Ventimiglia, whose family owns Arena Bridal, thinks the DDA is a good idea.

"I think it would really spruce up this area, and create a nice downtown where people want to come," Ventimiglia said. "If you build a nice area to shop in, it'll bring in more people."

If the DDA plan becomes a reality, it would capture any increase in property taxes on existing businesses, and all the taxes for new structures. That money would be earmarked for improvements within the downtown district.

A DDA would help older businesses at the south side of the township compete with the new businesses on the northern end of the Van Dyke business district, Township Supervisor Ralph



The Detroit News

Maccarone said.

"If you look at Shelby Township, most development is occurring north of 23 mile, along Van Dyke," Maccarone said. "And if we look at what has happened in other communities, they often allow their older retail areas to the south to deteriorate and decline in value, while a lot of new development takes place in the north. A DDA would be a tool to rejuvenate and regenerate interest in those businesses to the south, and still promote development in the northern end.

"Many of these businesses in the southern end are still viable," Maccarone said, "but the question is: Can they compete with the state-of-the-art modern buildings that are being built in the northern end?"

In addition, the downtown district would give the township character, Trustee Paula Filar said.

"Utica has a DDA, and they have a nice downtown where visitors immediately know they're in Utica," Filar said. "It would be nice to have that in Shelby Township. The goal is to have an entranceway, so when you come into the township, there's a sense of place."

Filar also pointed to Rochester as one community that has successfully added a downtown. "They have nice street lighting all the way through the downtown area, brick pavers — things that have a nice curb appeal."

There have been several new developments along the Van Dyke corridor, including a new CVS pharmacy and a mixed-use development at 24 Mile and Van Dyke, under construction, that will include 250 condominium units, and retail and office space. Other projects are in the works, including a proposed movie theater and shopping center at 26 Mile and Van Dyke.

A public hearing on the proposed DDA is scheduled for 7 p.m. Jan. 17 in the township offices.

Not everyone thinks DDAs are good for communities. Warren City Councilman James Fouts said DDAs disenfranchise voters.

"You have political appointees (members of the Downtown Development Authority), making decisions instead of elected officials making decisions," Fouts said.

Filar acknowledged there are drawbacks to DDAs. "But the advantages outweigh the negatives," she said. "I realize that it does put another layer between the taxpayers and the people who are making decisions, and that's going to be a sticky point. But you have the same situation with county road commissions — the county board appoints members of the road commission, and those appointees make decisions, not elected officials."

One remedy, Filar said, would be to put several board members on the DDA. "By law, the township supervisor has to have a seat, but we could make sure there are other board members (on the authority), too," Filar said.

Filar stressed that plans to create a DDA are still in the preliminary stages. "None of this is written in stone," she said. "At this point, it's just something we're looking into. If at some point, the board decides this isn't the best thing for the township, we can pull out of it."

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David Coates / The Detroit News

Andrea Cereska models a wedding dress as her maid of honor, Deborah Surma, saleswoman Ida Matalavy, and Cereska's mother, Clorinda, look on at Arena Bridal and Formal, in the heart of the Van Dyke business corridor in Shelby Township.

Lofts remake Mount Clemens

■ Official says development in downtown is another step in turning the city into a hot spot for the affluent.

By Christina Stolarz 12/29/05
The Detroit News

MOUNT CLEMENS — Trase Kreucher loves downtown living, including walking to quaint art shops and other nearby amenities.

"Downtowns appeal to me," said Kreucher, 35, a technical support specialist at Crain Communications in Detroit. "I don't like taking care of a yard."

That's why she's packing up and selling her two-bedroom Eastpointe house and moving into a one-bedroom loft this spring in downtown Mount Clemens. She's one of two tenants signed up to live in the River Lofts phase II, a 24-unit building that overlooks the Clinton River.

It's the latest of several upscale loft housing projects in the works along the Clinton River. The unexpected housing boom has downtown business owners and residents excited, said Arthur Mullen, executive director of the Mount Clemens Downtown Development Authority.

"People really love the proximity to downtown," he said. "It helps the entire city. This is really an establishment of a tax base on property that was underused.

"It's bringing a new product into Macomb County."

Construction of the three-story River Lofts phase II, which also features a 36-space secured and heated parking garage, began in late September on the 1-acre parking lot of the city's former VFW Hall along northbound Gratiot near Church. It was built adjacent to the River Lofts phase I, a 13-unit building constructed in the former VFW Hall.

All the lofts in phase II include one bedroom and one bathroom and range in size from 900 to 1,370 square feet, said developer Ted Schollenberger, president of Mineral Springs Development in Grosse Pointe Park.

However, because of the 17-foot-high ceilings, a second level can be added to each unit providing a 300- to 400-square-foot bedroom with a bathroom and walk-in closet.

The lofts, which range in price from $148,000 to $225,000, also feature 8-inch concrete block walls, stained concrete floors and exposed duct work, he said.

Todd McInturf / The Detroit News

Trase Kreucher snaps a photo of her future home, a loft development overlooking the Clinton River in Mount Clemens.

Kreucher is one of two tenants signed up to live in the River Lofts phase II. She'll be moving into her one-bedroom loft this spring.

"It's another step toward making downtown Mount Clemens the hot spot to be in Macomb County," said Schollenberger, chairman of the DDA's Board of Directors.

He's hoping to revitalize the city's downtown by mimicking communities like Royal Oak and Ferndale, which have eclectic pedestrian-friendly downtowns. The lofts are geared toward singles, 20-somethings and empty nesters.

"I fell in love with Mount Clemens," Schollenberger said. "I just think there's so much potential there."

Kreucher said all she can think about is hosting cocktail and fondue parties and decorating her loft in modern furniture.

She's also looking forward to walking her two Boston terriers through the downtown streets.

"I'm thrilled," she said. "It is the focus of my attention right now. I think it's just going to be ideal."

Kathy Peruzzi is excited to move into the River Lofts because it'll be much more convenient than her three-bedroom home in Sterling Heights.

She doesn't want to deal with maintenance problems that come with a house and yard.

She also won't have to drive to work anymore; she'll just have to walk across Gratiot to the post office where she works as a mail carrier.

"I thought they were awesome," said Peruzzi, 56. "I saw the first phase and they sold out so fast that I couldn't get one. They have a New York-y appeal."

Schollenberger said he ultimately hopes to construct 1,000 lofts and condominiums in downtown Mount Clemens in the next five years.

Construction of two additional loft projects will likely to begin in late 2006, he said. They include two 52-unit mid-rise loft buildings along the Clinton River.

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NEW HAVEN 1/23/06

Residents can weigh in on downtown districts

Residents will have the opportunity to tell the Village Council what they think about creating a downtown district and Downtown Development Authority in New Haven at a public hearing scheduled for 7 p.m. Feb. 14. The hearing will be held in the library of the New Haven High School, 57700 Gratiot. Detroit News

ROCHESTER 1/18/06

Proposal to stretch downtown advances

Detroit News

The Rochester Downtown Development Authority will finalize its plan to extend the downtown district east of Main Street to the Paint Creek at 7:30 p.m. today at City Hall, 400 Sixth St. The city has recently expressed interest in recruiting more businesses east of downtown since the Royal Park Hotel opened on University at the creek. Once completed, the plan will be forwarded to the City Council for approval.