May 22, 2014

The Honorable Mayor Ellison
And
Members of the City Commission:

On March 18, 2013 the city commission created the downtown task force with a membership comprised of community leaders, property owners and other interested groups. The attached report is a result of that group's work over the last year (Attachment 1). The group's last meeting was held on April 23, 2014.

The report was presented to the downtown development authority at its meeting on May 21, 2014 and is being presented here for the city commission’s review and consideration.

The following resolution is recommended:

Be It Resolved that the city commission hereby accepts the report from the downtown task force and thanks the members for their time and efforts.

Respectfully submitted,
Timothy E. Thwing
Director of Planning

Approved,

Donald E. Johnson
City Manager

1 Attachment
City of Royal Oak
Downtown Task Force Report

This document is the result of the goals and objectives adopted by the city commission in 2012. Those adopted goals and objectives include the following:

“To develop a downtown plan which enumerates our collective vision for downtown Royal Oak that addresses business development, liquor license policy, special events, land use, office space and downtown parking.”

On March 18, 2013, the city commission created the downtown plan task force with a membership comprised of community leaders, property owners and other interested groups. Preliminary meetings led to the task force’s first conclusion: if the community was going to continue to have a healthy and diverse mix of uses as well as the establishment of measurable outcomes, it needs to identify a geographic boundary and a specific vision.

The task force utilized the services of a facilitator, Mr. Brett Tillander, to focus its efforts. The task force arrived at two (2) vision statements;

“Downtown Royal Oak will have 180,000 square feet of new, strategically located, fabulous midrise (office) buildings on city or privately acquired sites providing at least 1,000 well-paid jobs by 2020.”

“Royal Oak retail will be a showcase of distinct, eclectic, innovative retailers that provide an unparalleled shopping experience.”

The task force then considered a variety of topics, issues, policies and regulations in order to accomplish these two vision statements.

Following the best practices established by the Michigan Economic Development Corporation (MEDC), the next step taken by the task force was to identify and prioritize redevelopment ready sites. The task force narrowed its area of focus to the geographic area identified on the attached map (Attachment A). Several publicly owned sites within this area where identified as suitable for office development. Those sites are shown in more detail on Attachment B.

It became apparent during discussions, that Site 1 has many opportunities and challenges that need to be addressed. Thus, the task force recommends that a more detailed development strategy/plan be prepared for this site. The task force is recommending that the city commission hire a consultant to prepare a development strategy/plan which may include a central park for Site 1 and the surrounding area. The $10,000 donation to ROOTS may be used as possible match funding in order to hire this consultant. Other funding sources may include grant opportunities such as Placemaking Technical Assistance Grants (PlacePlans) and/or Our Town Grants.

The task force also recognized that many economic development efforts or organizations have a philosophy of “anything and everything.” This philosophy needs to be replaced with a target-focused approach. It sends a clearer message to potential developers, businesses and the community, focuses limited resources and funding, and
allows for better performance measures due to the ability to track actual accomplishments as opposed to simply reporting all developments that may have occurred otherwise.

The task force, with the assistance of the meeting facilitator, conducted a series of exercises in an effort to identify “preferred” and/or “targeted” retail businesses. It reached the conclusion that it would be beneficial to hire a retail expert to help identify the market and the type of “niche” retail businesses to pursue. Additionally, fulfilling the stated vision statements requires formulating a strategic retail development plan.

A successful plan will identify target retailers that meet the demand of the market, consider the customers in the area, match the vision set forth for retail, and include marketing materials with data tailored to each individual retailer. Such a plan would give staff clear direction on the retail establishments desired by the city commission, and the data-driven tools to recruit those retailers to Royal Oak.

A strategic retail development plan would allow staff to create a marketing and incentive package to target and potentially assist specific retailers. A marketing package would include comprehensive information on the trade area, customer profiles, demographics, potential locations, city amenities, city history/culture/brand, tax information, leasing rates, relevant incentive programs, infrastructure, and projected sales data.

A retail market study is needed before a retail development strategy can be incorporated in the downtown plan. The market study would report on the current status of retail in the community, identify trade areas, identify actual spending habits of those already living in or shopping in the area, and select potential retailers that meet the demand of the market and vision set forth by the city commission.

The downtown task force proposes that a request for proposal be issued for a retail market study under the scope of services listed below. Once the study and proposed retail development strategy is complete, the city commission and stakeholders will review the proposed strategy for adoption in the downtown plan. The strategy will allow staff to focus its efforts on recruiting specifically desired retailers that meet the vision proposed by the downtown task force and the goals and objectives adopted by the city commission.

**Potential Request for Proposal - Scope of Service**

The City of Royal Oak is requesting a thorough retail market analysis and retail development strategy that serves to realize the city’s adopted vision for retail development. The proposed strategy should meet the demand of the market and consider the characteristics of the customers within the identified trade areas. The adopted vision is: “Royal Oak retail will be a showcase of distinct, eclectic, and innovative retailers that will provide an unparalleled shopping experience.”

The scope of work includes the following:

- **Review and report on the current status of retail in the city** including, but not limited to, land use, space allocation, vacancies, lease/rental rates, current retail mix and planned developments.
Define primary, secondary and potentially tertiary trade areas. Trade areas should be identified with consideration of population, proximity to other competing business districts, destination attractions, traffic patterns, drive-times, retail mix, store sizes and sales volumes, and actual customer data. Data derived from actual customer spending in the City of Royal Oak is preferred.

Develop customer profiles. The customer profile information should include detailed demographics, ESRI lifestyle segmentation data, actual customer spending habits, and any other information deemed pertinent by the selected contractor.

An analysis of the trade areas should be completed to identify new potential customers and additional market sales potential derived from the customer profile data and actual market supply and demand data.

Identify at least three peer cities. Peer cities should be identified that have similar customer profiles and have a successful retail market to serve as potential models for a strategic retail development plan.

Develop a proposed retail development strategy. The city is seeking a strategic retail development strategy that serves to realize the city’s adopted vision for retail development, meets the demand of the market, and considers the characteristics of the customers within the identified trade areas. The strategy should identify retail categories, niches, and specific retail stores within those groupings to target for marketing. The list of specific target retail stores should be extensive. The strategy should also identify specific potential locations and spaces for targeted retail that considers all data gathered.

Create three sample marketing packages that could be used by city staff to market to targeted retail establishments, meet the goals of the retail development strategy, and attract targeted retail to the City of Royal Oak. The marketing packages should each be tailored to a specific retailer that is suggested for the city. The package should have comprehensive information on the trade area, customer profile, demographics, potential locations, city amenities, city history/culture/brand, tax information, leasing rates, relevant incentive programs, parking, infrastructure, projected sales data, and any other information deemed pertinent by the contractor.

Report on all data sources used in the final deliverables and identify how the information can be obtained on an ongoing basis to create future sample marketing packages.

The task force fully supports the utilization of incentives and other development tools to accomplish the desired outcomes on the “office” development sites and to attract “target retail.” Incentives are tools that influence business decisions and should be limited to those opportunities that result in a desired or targeted action. Incentives should result in
a positive scenario ("win/win") for the community, based on the vision of the downtown plan, and the business.

The task force recommends that the newly created position of economic development manager meet with private property owners, real estate brokers, lenders and developers to discuss specific obstacles and incentives related to the creation of additional office space and “targeted” retail businesses.

At this point in time, it is difficult to identify incentives/programs that may be appropriate and of benefit. The task force offers the following incentives/program as a non-comprehensive list of options.

**Incentives/Programs**

Review existing policies and codes for potential modifications related to targeted sites and/or targeted retail businesses such as:

**Liquor License(s) – Bistro (Development Licenses)**
The task force believes the ordinance amendments that removed restrictions related to the number of licenses that would be issued per year have negatively impacted opportunities for retail businesses to locate in Royal Oak. The perception is that property owners/landlords are holding out for businesses (i.e. restaurants with liquor) that can pay larger sums in rent and the city commission is more receptive to allowing establishments with a liquor license.

The task force is recommending that the city commission study the issue as part of the retail market study. Depending upon the findings, the city commission may want to amend the liquor ordinance.

**Zoning Ordinance**
The task force recommends that bonuses be established for developments/properties that agree to limit a significant portion of the ground floor space to “targeted” retail. This may include greater density, reduced or shared parking, parking passes, fee reductions, or preferred status under various programs. The redevelopment of publicly-owned sites to office space may receive a reduction in the purchase price.

**Downtown Development Authority (DDA)**
The Task Force recommends that the DDA analyze and consider the following:

- Consider utilizing tax increment financing opportunities to assist developments/projects that create office and targeted retail tenant space;
- Consider modifying the façade improvement program to provide preferred status to office and targeted retail applicants;
- Consider modifying its current events and promotional activities to meet the needs of targeted retail businesses;
- Consider establishing a program that guarantees available lease space for office and/or targeted retail;
- Consider establishing a grant/financial assistance program to influence targeted retail.

**Additional Assistance Programs**

Brownfield Redevelopment Authority PA 381  
Business Improvement Dist/Principal Shopping Dist/Business Improvement Zone PA120  
Commercial Redevelopment Act PA 255  
Commercial Rehabilitation Act PA 210  
Conditional Land Use Transfer PA 425  
Core Community Fund  
Community Development Block Grant, CDBG  
Corridor Improvement Authority PA 280  
Downtown Development Authority PA 187  
Economic Development Corporation  
Historic Tax Credits  
Historic Neighborhood Tax Increment Financing Authority PA 530  
Local Development Financing Act PA281  
Michigan Community Revitalization Program PA 395  
Michigan Business Development Program  
Neighborhood Improvement Authority PA61  
PACE Districts  
PILOT, Payment in Lieu of Taxes  
Property Tax Abatements PA 198  
Personal Property Tax Relief PA 328  
Redevelopment Liquor Licenses PA 501

**Oakland County Assistance Programs**

Main Street Oakland County  
Financial Services –Loans, Bonds etc.  
SBA 504 Loan Program  
Tax Exempt Bonds  
SBA 7(a) Loan Program  
Small Business Innovation Research Grants  
Economic Development Job Training Grants  
Incumbent Worker Program  
On-the-Job Training

2 Attachments
Legend

- Discussions w/ Hanna
- Potential Redevelopment Sites
- Preferred Transit Route
- 2018 Capital Improvement Project
- 2014 Capital Improvement Project
- 2013 Capital Improvement Project
- 2013 E 11 Mile Rd physical improvements
- Potential Streetscape Project
- Downtown District
- Potential Fourth St Improvements
  - potential angle parking or center turn lane in downtown
  - potential decorative street lights, parking lot improvements, public art placement east of downtown
- Potential Site Acquisition
- Private Development Sites
- MDOT Owned Property
- City or DDA Owned Property

For Planning Purposes Only
November 5, 2013

0 0.125 0.25 0.5 Miles
Parcel Id: 72-25-22-103-004
Size: ~232,500 sq ft / ~5.34 acres
Owner: City of Royal Oak
Zoning: Central Business District
Current: 223 standards parking spaces
        9 barrier-free

Special Notes / Considerations: 
Dedicated War Memorial. Public safe radio tower. Recent renovations to the Public Library. Star Dream sculpture.
Parcel Id: 72-25-21-279-001
Size: 10,439 sq ft / 0.24 acres
Owner: City of Royal Oak
Zoning: Central Business District
Current: 48 standards parking spaces
2 barrier-free *

Special Notes: ⭐
Public parking within right-of-way.

Created by: Royal Oak Planning Department
Creation date: February 11, 2014
Source: Oakland County, Michigan
Department of Information Technology
Parcel Id: 72-25-21-284-004
Size: 52,021 sq ft / 1.19 acres
Owner: City of Royal Oak
Zoning: Central Business District
Current: 149 standards parking spaces
6 barrier-free "

Special Notes: *
Lease agreement with Grand Trunk Western Railroad to utilize 2521284002 for public parking.

Created by: Royal Oak Planning Department
Creation date: February 11, 2014
Source: Oakland County, Michigan
Department of Information Technology

Attachment B
Parcel Id: 72-25-21-287-006
Size: 16,990 sq ft / 0.39 acres
Owner: City of Royal Oak
Zoning: Central Business District
Current: 41 standards parking spaces
  2 barrier-free

Special Notes: The north facade of the OCC buildings have openings along the property line. OCC utilizes the public alley to access its parking spaces.
Parcel Id: 72-25-22-105-010
Size: 23,512 sq ft / 0.54 acres
Owner: City of Royal Oak
Zoning: Central Business District
Current: 55 standards parking spaces
4 barrier-free 
3 irregular 
3 irregular " currently under lease / outdoor deck
Special Notes:
The east facade of the building at 112 E Third St has an egress door which leads to an outdoor patio within the public parking lot. The lease agreement utilizes several irregular parking spaces.

Created by: Royal Oak Planning Department
Creation date: February 11, 2014
Source: Oakland County, Michigan
Department of Information Technology
Parcel Id: 72-25-22-108-015 & -014
Size:  
-015: 18,593 sq ft / 0.43 acres  
-014: 1,280 sq ft / 0.02 acres
Owner:  
-015: Royal Oak Downtown Development Authority  
-014: City of Royal Oak
Zoning: Central Business District
Current: 48 standards parking spaces  
2 barrier-free "

Special Notes: ⭐
The building at 418 S Main St encroaches into -014. The businesses utilizes the public alley.

Created by: Royal Oak Planning Department
Creation date: February 11, 2014
Source: Oakland County, Michigan
Department of Information Technology
Parcel Id: 72-25-21-231-011
Size: 26,406 sq ft / 0.61 acres
Owner: City of Royal Oak
Zoning: Central Business District
Current: 80 standards parking spaces
7 barrier-free

Special Notes:
The parking lot utilizes the S Center St right-of-way (70' wide).

Attachment B
Parcel Id: 72-25-21-232-001
Size: 92,206 sq ft / 2.12 acres
Owner: City of Royal Oak
Zoning: Central Business District
Current: 675 total parking spaces
500 within parking structure

Special Notes:
200-204 E Fourth St utilize the city-owned property for egress, deliveries, & refuse enclosure.
The building and ramp at 215 S Washington Ave encroach upon the city-owned property.