



500 West Big Beaver  
Troy, MI 48084  
troymi.gov



## CITY COUNCIL AGENDA ITEM

Date: June 5, 2020

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager  
Robert Maleszyk, Chief Financial Officer  
Glenn Lapin, Economic Development Specialist

Subject: Approval of the Joint Local Development Finance Authority Troy Subcommittee  
Proposed Fiscal Year 2020/21 and Three-Year Budget

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The Joint Local Development Finance Authority Troy Subcommittee (LDFA) recommended approval of its proposed 2020/21 budget at the June 4, 2020 LDFA meeting. City management recommends that City Council approve the LDFA's proposed 2020/21 and Three-Year Budget.



## *Local Development Financing Authority*

County of Oakland, State of Michigan

**2020/21 through 2022/23 Budget**

### Introduction

Troy's Local Development Finance Authority, as established by The Local Development Financing Act, Act 281 of 1986, Section 125.2151, is composed of seven members and appointed for four-year terms by the Mayor subject to the approval of City Council.

The Authority's primary objective is to encourage local development to prevent conditions of unemployment and to promote economic growth; to provide for the establishment of local development finance authorities and to prescribe their powers and duties; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; to prescribe powers and duties of certain public entities and state officers and agencies; to reimburse authorities for certain losses of tax increment revenues; and to authorize and permit the use of tax increment financing.

In 2003, the City of Troy established the Automation Alley SmartZone. In 2017, the SmartZone was extended for an additional 15 years. Central to the SmartZone was the designation of an area as a certified technology park. This 75-acre zone was created as a Local Development Finance Authority (LDFA). The tax increment will be used to fund infrastructure for the Automation Alley SmartZone. Initially funds were used to establish Automation Alley and its technology accelerator program. Funds are provided to Automation Alley for operational assistance of the technology accelerator. Automation Alley is a nonprofit manufacturing and technology business association and Michigan's Industry 4.0 knowledge center, with a global outlook and a regional focus. The organization connects industry, academia and government to fuel Michigan's economy and accelerate innovation. Automation Alley offers programs, resources and knowledge to help members grow and prosper in the digital age.



## Local Development Financing Authority

County of Oakland, State of Michigan

### 2020/21 through 2022/23 Budget

	2019 Actual	2020 Estimated	2020 Budget	2021 Budget	2022 Budget	2023 Budget
<b>REVENUE</b>						
Property Taxes	\$ 106,644	\$ 156,850	\$ 156,850	\$ 173,600	\$ 176,440	\$ 181,090
State Revenue Sharing-EMPP	41,568	59,109	40,000	40,000	40,000	40,000
Interest Income	6,245	1,400	100	100	100	100
<b>Total Revenues</b>	<b>154,457</b>	<b>217,359</b>	<b>196,950</b>	<b>213,700</b>	<b>216,540</b>	<b>221,190</b>
<b>EXPENDITURES</b>						
Automation Alley - Operations	152,558	118,000	118,110	112,896	114,516	117,222
Infrastructure	55,360	53,000	53,000	75,264	76,344	78,148
Tax Tribunals/Tax Refunds	5	-	-	-	-	-
Administrative Services	5,000	5,000	5,000	5,000	5,100	5,200
Marketing Costs (Membership)	17,500	17,500	17,500	17,500	17,500	17,500
Audit Fees	2,000	2,040	2,040	2,040	2,080	2,120
Other	-	1,000	1,000	1,000	1,000	1,000
<b>TOTAL - EXPENDITURES</b>	<b>232,423</b>	<b>196,540</b>	<b>196,650</b>	<b>213,700</b>	<b>216,540</b>	<b>221,190</b>
Change Before Other Financing	(77,966)	20,819	300	-	-	-
BEGINNING FUND BALANCE	140,883	62,917	62,917	83,736	83,736	83,736
<b>ENDING FUND BALANCE</b>	<b>\$ 62,917</b>	<b>\$ 83,736</b>	<b>\$ 63,217</b>	<b>\$ 83,736</b>	<b>\$ 83,736</b>	<b>\$ 83,736</b>

### Captured Taxable Value

	2020/21 Taxable	2021/22 Taxable	2022/23 Taxable
<b>Industrial Real Property</b>			
Real Base Taxable Value	\$ 13,016,380	\$ 13,016,380	\$ 13,016,380
Real Taxable Value	16,545,550	16,876,461	17,213,990
<b>Industrial Real Captured Value</b>	<b>3,529,170</b>	<b>3,860,081</b>	<b>4,197,610</b>
<b>Commercial Personal Property</b>			
Personal Base Taxable Value	545,070	545,070	545,070
Personal Taxable Value	2,316,860	2,340,029	2,363,429
<b>Commercial Personal Property Captured Value</b>	<b>1,771,790</b>	<b>1,794,959</b>	<b>1,818,359</b>
<b>Industrial Personal Property</b>			
Personal Base Taxable Value	885,930	885,930	885,930
Personal Taxable Value	1,916,870	1,533,496	1,226,797
<b>Commercial Personal Property Captured Value</b>	<b>1,030,940</b>	<b>647,566</b>	<b>340,867</b>
<b>Total Captured Value</b>	<b>\$ 6,331,900</b>	<b>\$ 6,302,606</b>	<b>\$ 6,356,836</b>
<b>Tax Revenues</b>			
Industrial Real Revenues	\$ 109,790	\$ 120,080	\$ 130,580
Commercial Personal Revenues	42,290	42,850	43,400
Industrial Personal Revenues	21,520	13,510	7,110
<b>Total Revenues</b>	<b>\$ 173,600</b>	<b>\$ 176,440</b>	<b>\$ 181,090</b>



## Local Development Financing Authority

County of Oakland, State of Michigan

2020/21 through 2022/23 Budget

Millage Rates	Oakland	City		School	*1/2 School	1/2	Community	Hold	State	
	County	(Less Debt)	OCPTA	OP	OP-12	ISD	College	Harmless	Education(*)	Total
Industrial Real	4.48460	9.61910	0.99270	-	9.00000	1.62695	1.53030	-	3.85525	31.10890
Commercial Personal	4.48460	9.61910	0.99270	3.00000	-	1.62695	1.53030	2.61600	-	23.86965
Industrial Personal	4.48460	9.61910	0.99270	-	-	1.62695	1.53030	2.61600		20.86965

\* Represents the effective rate on taxable value as opposed to the 6.0000 mills