

An aerial photograph of a city skyline, featuring several large commercial buildings, parking lots, and a multi-lane highway. The image is overlaid with a semi-transparent blue filter. The text is centered in the lower half of the image.

# City Council & Downtown Development Authority

Joint Meeting | Feb 3, 2021

# Purpose

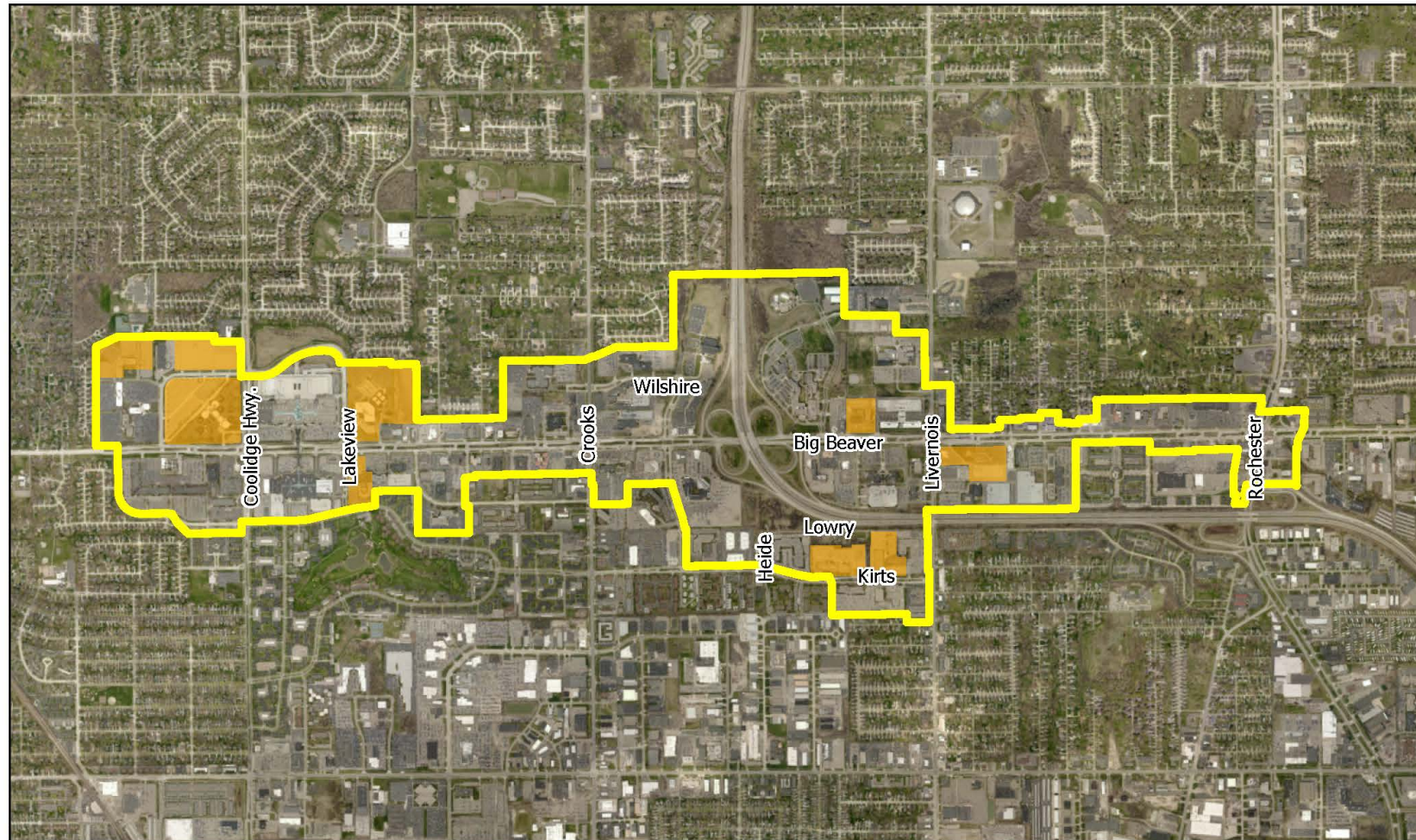
- Provide an overview of Michigan's DDA Act.
- Inform Council and TDDA of Zen Apartments and the Development Area Citizens Council.
- Provide an overview of what the current DDA plan allows.
- Inform Council and TDDA on forecasted budget.
- Inform Council and TDDA of the maintenance deficiencies and recommend a plan of action.
- Facilitate discussion to provide direction to City Administration.

# Overview

Michigan DDA Act &  
Troy Downtown Development Authority



# DDA Boundary



## Legend

 Parcels Excluded from TIF Plan

 DDA Boundary

# Michigan State Act 125.4207: Powers of the DDA

- Prepare an analysis of economic changes for the district.
- Study and analyze the impact of growth in district.
- Plan and propose construction, renovation, etc. of public facilities within a district.
- Plan and implement improvements to public facilities within the development area.
- Develop long range plans.
- Implement any plan of development in the district necessary to achieve the purpose of DDA.

# Michigan State Act 125.4207: Powers of the DDA

- Enter into contracts.
- Purchase land and other property.
- Improve land.
- Fix and collect fees for use of district buildings and property
- Lease any building or property under its control
- Accept grants and donations or property, labor, etc.
- Acquire and construct public facilities
- Create and fund marketing initiatives that benefit general retail marketing of the district.

# Zen Apartments

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# Development Area Citizens Council

- If a proposed development area has residing within it 100 or more residents, a Development Area Citizens Council shall be established at least 90 days before the public hearing on the development or tax increment financing plan.
- The Development Area Citizens Council shall be established by the governing body and shall consist of not less than 9 members. The members of the Development Area Citizens Council shall be residents of the development area and shall be appointed by the governing body. A member of a Development Area Citizens Council shall be at least 18 years of age.
- A Development Area Citizens Council shall be representative of the development area.



# Development Area Citizens Council

- Conclusion
- The Troy Downtown Development Authority Plan will require an amendment.
- Zen Apartments occupancy starts summer 2021.
- A Development Area Citizens Council will need to be created.
- City Administration will work on this amendment.

# DDA History

City Council & Downtown Development Authority

# Troy DDA Past Projects

## **Development Plan #1**

- Reconstruction and improvements to Big Beaver Road and a public parking deck.

## **Development Plan #2**

- Incorporated the area north of Cunningham Road for purposes of the construction of a data center for K-Mart and the proposed civic center site at Big Beaver and I-75. Which included providing some of the funding of the reconstruction of the old Troy High School into the Community utilizing a Bond sale.

## **Development Plan #3**

- Widened Big Beaver Road between I-75 and Rochester Road and from I-75 to the northern DDA boundary set the plans for development and financing of these projects required under Act 197.

## **Development Plan #4**

- Incorporated the project known as “Troy Place Improvement Project”.

## **Development Plan #5**

- Incorporated the project known as “Sheffield Plaza Building #2 Improvement Project.”

## **Development Plan #6**

- Incorporated the projects known as the “Big Beaver Corridor Study Implementation Plan.”

# History of the Troy DDA

- The 2013 Amendment occurred in response to unanticipated decline in the taxable value in the DDA development area.
- This amended the TIF Plan limited captured tax increment revenues for payment of City Bonds, which allowed the City to avoid defaulting on DDA Bonds.
- With this Amendment, surplus tax revenue was only to be used for maintenance of public facilities in the district and administrative costs consistent with the Development and TIF Plan.
- The 2013 Amendment resulted in the financial stability of the Troy DDA, then the 2017 Amendment allowed surplus revenues to be utilized in other ways.



# History of the DDA

## **The 2017 Amendment to DDA Plan, the current Plan.**

- Dedicates TIF for Debt Service
- Allows for the use of surplus revenues for:
- Big Beaver Corridor Maintenance
- District Promotion and Marketing
- Miscellaneous (i.e. Administrative; Tax Tribunals; Audit Fees)
- The Troy DDA Quality Development Initiative (QDI)

# Troy DDA

## Quality Development Initiative (QDI)

### **Quality Development Initiative (QDI)**

- The QDI proposes mixed use projects, requiring parking structures and other public improvements such as storm water detention/retention facilities
- Surplus revenue can be used to financially assist a developer on an annual basis for a portion of cost of the needed public improvements- not to exceed 60%
- QDI assistance is only given to proposed projects that meet the 11 eligibility requirements.
- One QDI project with Unicorp Development, at 888 W. Big Beaver and includes mixed use development with a privately owned public parking deck with The Zen Apartments.

# Funding

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# 2021 Budget

	2019 Actual	2020 Estimated	2020 Budget	2021 Budget	2022 Budget	2023 Budget
<b>REVENUE</b>						
Property Taxes	\$ 1,604,259	\$ 1,815,943	\$ 1,818,220	\$ 1,792,440	\$ 1,880,380	\$ 1,970,560
State Revenue Sharing- EMPP	-	-	-	-	-	-
Parking Deck Repayment	-	-	-	4,035,170	-	-
Interest Income	43,446	12,000	1,000	10,000	10,000	10,000
Total Revenues	1,647,705	1,827,943	1,819,220	5,837,610	1,890,380	1,980,560
<b>EXPENDITURES</b>						
Administrative Expenses	26,000	26,000	26,000	27,000	27,500	28,000
Audit Fees	3,100	3,160	3,160	3,220	3,290	3,290
Tax Tribunals	7,409	22,400	25,000	25,000	25,000	25,000
Quality Development Initiative (QDI)	-	15,130	15,130	30,250	45,380	45,380
Big Beaver Corridor Maintenance	230,496	201,240	252,590	338,155	322,995	327,295
Debt Service-series 2013	923,713	914,613	923,700	1,013,738	1,058,363	1,094,863
District Promotion	-	25,000	25,000	25,000	25,000	25,000
Other Expenditures	88	1,200	1,200	1,200	1,200	1,200
Total - Expenditures	1,190,806	1,208,743	1,271,780	1,463,563	1,508,728	1,550,028
Surplus (Use) Of Fund Balance	456,899	619,200	547,440	4,374,047	381,652	430,532
Beginning Fund Balance	546,661	1,003,560	1,003,560	1,622,760	5,996,807	6,378,459
<b>ENDING FUND BALANCE</b>	<b>\$ 1,003,560</b>	<b>\$ 1,622,760</b>	<b>\$ 1,551,000</b>	<b>\$ 5,996,807</b>	<b>\$ 6,378,459</b>	<b>\$ 6,808,991</b>



# 2021 Budget- Captured Taxable Value

	2020/21 TAXABLE	2021/22 TAXABLE	2022/23 TAXABLE	
Real Base Taxable Value (1993 initial/Revised 2013)	\$ 244,924,440	\$ 244,924,440	\$ 244,924,440	
Real Taxable Value	323,435,390	329,904,098	336,502,180	
Real Captured Value	78,510,950	84,979,658	91,577,740	
Personal Base Taxable Value (1993 initial/Revised 2013)	64,267,830	64,267,830	64,267,830	
Personal Taxable Value	97,686,220	96,709,358	95,742,264	
Personal Captured Value	33,418,390	32,441,528	31,474,434	
<b>TOTAL CAPTURED VALUE</b>	<b>\$ 111,929,340</b>	<b>\$ 117,421,186</b>	<b>\$ 123,052,174</b>	
<b>MILLAGE RATES</b>				
	Oakland County	Oakland Comm. College	City of Troy	Total
Millage Rates	4.4846	1.5303	9.9991	16.014

# 2021 Forecast

	2019 ACTUAL	2020 ACTUAL	2021 FORECAST	2021 BUDGET	2022 FORECAST	2023 FORECAST
<b>REVENUE</b>						
Property Taxes	\$ 1,604,259	\$ 1,763,992	\$ 1,792,440	\$ 1,792,440	\$ 1,367,060	\$ 1,577,440
State Revenue Sharing- EMPP	-	-	-	-	-	-
Parking Deck Repayment	-	-	4,029,736	4,035,170	-	-
Interest Income	43,446	45,244	25,000	10,000	10,000	10,000
Total Revenues	1,647,705	1,809,236	5,847,176	5,837,610	1,377,060	1,587,440
<b>EXPENDITURES</b>						
Administrative Expenses	26,000	26,500	27,000	27,000	27,500	28,000
Audit Fees	3,100	5,100	3,200	3,220	3,300	3,400
Tax Tribunals	7,409	10,833	25,000	25,000	25,000	25,000
Quality Development Initiative (QDI)	-	13,080	30,250	30,250	45,380	45,380
Big Beaver Corridor Maintenance	230,496	171,248	338,155	338,155	322,995	327,295
Debt Service-series 2013/2020	923,713	914,613	3,990,712	1,013,738	596,663	629,895
District Promotion	-	-	25,000	25,000	25,000	25,000
Other Expenditures	88	-	1,200	1,200	1,200	1,200
Total - Expenditures	1,190,806	1,141,374	4,440,517	1,463,563	1,047,038	1,085,170
Surplus (Use) Of Fund Balance	456,899	667,862	1,406,659	4,374,047	330,022	502,270
Beginning Fund Balance	546,661	1,003,560	1,671,422	1,671,422	3,078,081	3,408,103
<b>ENDING FUND BALANCE</b>	<b>\$ 1,003,560</b>	<b>\$ 1,671,422</b>	<b>\$ 3,078,081</b>	<b>\$ 6,045,469</b>	<b>\$ 3,408,103</b>	<b>\$ 3,910,373</b>

# 2021 Forecast- Captured Taxable Value

	2020/21 TAXABLE	2021/22 TAXABLE	2022/23 TAXABLE	
Real Base Taxable Value (1993 initial/Revised 2013)	\$ 244,924,440	\$ 244,924,440	\$ 244,924,440	
Real Taxable Value	323,435,390	297,849,212	311,953,766	
Real Captured Value	78,510,950	52,924,772	67,029,326	
Personal Base Taxable Value (1993 initial/Revised 2013)	64,267,830	64,267,830	64,267,830	
Personal Taxable Value	97,686,220	96,709,358	95,742,264	
Personal Captured Value	33,418,390	32,441,528	31,474,434	
<b>TOTAL CAPTURED VALUE</b>	<b>\$ 111,929,340</b>	<b>\$ 85,366,300</b>	<b>\$ 98,503,760</b>	
<b>MILLAGE RATES</b>				
	Oakland County	Oakland Comm. College	City of Troy	Total
Millage Rates	4.4846	1.5303	9.9991	16.014

# Effects of the COVID-19 Pandemic

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# 2021 Forecast

- Life of City Bonds, with DDA pledge of revenues, expires 2034.
- Total cost of principal and interest is \$10 + million.
- This is protected by the full faith and credit of the City!

**DDA District**

**Big Beaver Corridor Maintenance**

City Council & Downtown Development Authority

# Landscaping

## **Current Landscape**

- Developed in 2 different phases
- Landscape style is bisected by I-75
- Intent was to create a corridor so motorist could not see the opposing side of Big Beaver
- Designed to have annual flowers and a lot of irrigation

## **Current Landscape deficiencies**

- Current spruce trees have pitch borer mass and needle cast
- Trees are starting to encroach on each other
- Irrigation is not sufficient because of the watering time restrictions
- Annual beds were never reconfigured properly
- Landscaping in the Diverging Diamond Intersection (DDI) was not contemplated by MDOT

# Landscaping

## **Recommendation**

- Hire a qualified firm to redesign the DDA corridor in phases to improve longevity and consistency.



# Discussion

- City Administration will continue to forecast impact of COVID – 19. Unknowns!
- City Administration will cautiously propose budgets that ensure revenues for the \$10 million bond debt. Including development of an appropriate fund balance.
- Should City Administration budget for additional Big Beaver maintenance, above the current expenditure of \$325,000+?
- Should additional funding above \$25,000 be considered for DDA District promotion & marketing?
- DDA Plan needs to be amended to include a Development Area Citizens Council.
- Should other amendments be considered to the DDA Plan?

# Next Steps

- Budget approvals
- Amendment of DDA Plan to include Development Area Citizens Council.
- Future Joint meetings of City Council and DDA.