

A. ALL TO ORDER:

A Special Joint Meeting of the Troy City Council and Downtown Development Authority was held electronically on Wednesday, February 3, 2021. Mayor Baker called the meeting to order at 6:00 PM.

B. ROLL CALL:

(a)

<u>City Council</u>	<u>Downtown Development Authority</u>
Mayor Ethan Baker	Alan Kiriluk, Chairman
Edna Abraham	Timothy Blair
Mayor Pro Tem Theresa Brooks	Cheryl Bush
Rebecca Chamberlain-Creangă	Laurence Keisling
Ann Erickson Gault	Martin Knollenberg
David Hamilton	Kenny Koza
Ellen Hodorek	Daniel MacLeish
	Ward Randol Jr. - Absent
	Ernest Reschke
	Douglas Schroeder - Absent
	Tara Tomcsik-Husak

C. PUBLIC COMMENT:

There was no public comment submitted.

D. BUSINESS STATED IN THE SPECIAL MEETING NOTICE:

D-1 Troy City Council and Downtown Development Authority Joint Study Session: Budget Forecast and Potential Amendments to the DDA Plan

Mayor Baker introduced the meeting and turned the introduction over to Chairman Kiriluk. Chairman Kiriluk commented that he appreciates the relationship between the Downtown Development Authority and City Council and thanked City Administration for the opportunity for this meeting.

City Manager Miller introduced the purpose of the meeting and turned the presentation over to City Attorney Bluhm.

City Attorney Bluhm continued the presentation and discussed the DDA boundary, the purpose and powers of the DDA. She also discussed Zen Apartments, the first residential development in the DDA District, and some of the requirements as a result of the residential development.

City Manager Miller continued the presentation and discussed the history of the DDA, past projects, the 2013 Amendment, the 2017 Amendment, which is the current Plan, and the Troy DDA Quality Development Initiative (QDI).

Chief Financial Officer Maleszyk discussed the 2021 budget. He discussed the 2021 forecast and some of the potential impacts of COVID-19.

Public Works Director Kurt Bovensiep continued the presentation and discussed the landscaping and deficiencies with the landscaping in the DDA District. He said it is City Administration's recommendation for a request for qualifications to obtain a landscape designer to begin the design process so they can determine the costs and be prepared to execute the plan in the future.

City Manager Miller turned the discussion back to City Council and the DDA for their discussion and recommendations.

Mr. Knollenberg asked about the DDA District map and some properties that are excluded, whether they can be included, and the cash flow impacts on the DDA. City Attorney Bluhm commented that the changes occurred in 2013, where properties that fell below the values they were when the DDA was created were removed. She said it would be difficult to add them back in, that there may not be a benefit, and that the other taxing jurisdictions may object. City Manager further explained that when the DDA was created in 1993, there was a base value on the properties and when the property values increase, the DDA receives tax increment financing capture. He said the property values fell below the value in 1993 and they were causing a negative draw on the TIF, so by removing the properties from the TIF Plan, they were able to increase the revenue.

Chairman Kiriluk asked for clarification on adjustments in the budget for marketing and landscaping. City Manager Miller said they will propose a budget for the April meeting and will research and estimate what they will need to expend for landscaping. He commented on concerns with adding additional money for marketing until they discuss and evaluate what the needs are for marketing.

Council Member Chamberlain-Creangă asked how the decrease capture of taxable value affects the QDI. City Manager Miller said each QDI is by individual property and based on the how much investment they make and the value of the property, so he doesn't think it will impact Unicorp at 888 W. Big Beaver Rd. City Manager Miller commented that the impacts to the payment to the developer is that they finish the construction occupy it to increase the value of the property. City Assessor Nino Licari reiterated that the QDI only pays on taxes paid. He said that while the overall value may increase, they may not receive that full value if taxes are not paid.

Council Member Chamberlain-Creangă asked for updates on any projects that were planned for the DDA District. Economic Development Specialist Glenn Lapin said that there are projects in the planning stages, but they have been delayed due to COVID. She said they have not received any applications for QDI.

Mayor Baker asked if there have been any cancellations for projects not involving QDI. Mr. Lapin responded not that he is aware of any cancellations.

Council Member Chamberlain-Creangă asked about marketing ideas. Mr. Lapin said there were some great ideas from a marketing firm, but it is difficult to prioritize the marketing strategies during the pandemic. He said they will need to revisit marketing.

Council Member Abraham asked about the Citizens Council. City Attorney Bluhm responded that it would be a 9-member board from the development area and the appointment process is similar to other boards. City Manager Miller said occupancy will begin in June, but it will be a phased occupancy and it will take time to reach 100 residents. City Attorney Bluhm said the Plan can be amended with a reference that a Development Area Citizens Council will be created.

Council Member Abraham asked about the longevity timeframe with a landscaping plan. Mr. Bovensiep said the longevity in a median or right-of-way setting has an expectancy of 15-20 years. He said they will provide criteria to the landscape architect for a 20-25-year landscape design.

City Attorney Bluhm clarified that the Citizens Council is required when there are 100 residents; however, the number of apartments proposed exceeds 100 apartments. Community Development Director Brent Savidant said they have proposed 272 apartments and they plan to occupy the first four stories in June.

Mayor Baker asked what are the consequences if they cannot find 9 people to occupy the board. City Attorney Bluhm said if there is no plan or TIF amendments then there is no need to have the board occupied. She said it is helpful and encouraged to have people living there providing recommendations.

Ms. Tomcik-Husak commented that they are already working on lease agreements for people who work at the 888 W. Big Beaver development and she doesn't think it will be difficult to find people for the Citizens Council.

Council Member Hamilton commented on the DDA District map and asked if the excluded parcels are still negative now. He asked if they could add the old Kmart HQ parcel if they have a plan in place. He asked what do other DDA's do with their Fund Balance. City Attorney Bluhm said it is a complicated analysis and she urged caution if considering to add a property back into the TIF revenue capture. City Manager Miller asked the City Assessor if any other properties have fallen below or have increased their original value. City Manager said they would need to evaluate the values of the properties. He said by adding the properties back in they risk the TIF and the DDA going forward. City Attorney Bluhm recommended that the values be based on the dates they were added back in. City Assessor Licari said there are parcels that fall below the taxable value. He said he is lowering taxable values, but it is not a crisis situation. He said every single parcel removed from the TIF Plan are still below the 1993 value, and he explained the challenges with adding a parcel back into the TIF Plan.

Council Member Hamilton asked what are other DDA's investing in with their Fund Balance. City Manager Miller said they will propose the budget in April with the debt and the appropriate Fund Balance amount in mind. He also discussed the powers of the DDA and said they will present more information at the April meeting.

Chairman Kiriluk commented that the promotion and branding of the DDA will offer interesting prospects. He said they need to attract employers and employees to Troy. He also commented on the Big Beaver interchange and the possible impacts to the DDA. City Manager Miller said Mr. Bovensiep met with MDOT to discuss the landscaping plan. Mr. Bovensiep commented that the landscaping will be basic. City Attorney Bluhm clarified that the DDA is limited by State Statute and also what is in the approved DDA Plan.

Mr. Keisling asked if there are other residential developments proposed in the DDA District. Mr. Savidant said the Kelly Services site has proposed some residential units, but the application is pending. He also said there is talk of a hotel switching over to residential units.

Council Member Hodorek commented that the landscaping needs a redesign. She asked if it is limited to plantings and trees. City Manager Miller said the current Plan talks about maintenance of what is currently there, which may include updates to irrigation and electrical, and anything above maintenance would require a revision to the Plan. City Attorney Bluhm said a conservative approach would be to amend the Plan which can be done relatively quickly. City Manager Miller said the plan would include new trees under maintenance.

Mr. Keisling commented that the landscape plan should include more than the median. City Manager Miller clarified that the plan would cover the whole right-of-way, sidewalk to sidewalk.

Council Member Hodorek said she would like to refresh the landscaping on Big Beaver.

Mayor Baker clarified if the landscape design proposal and Plan amendments can be a part of the April meeting. City Attorney Bluhm said the current Plan is limited to maintenance, marketing and paying the bonds.

Chairman Kiriluk agreed with evaluating the current Plan and determining recommendations for changes for the near future.

Council Member Abraham recommended having the design architect consider a phased approach on the landscape plan.

Mr. Knollenberg asked if Administration is asking for a recommendation today or before the April meeting. City Manager Miller asked for input on the direction for the DDA. He said under the current plan, Administration recommends amending and improve the landscaping under the maintenance classification. He said the input and consensus from tonight's meeting will provide Administration direction on the budget going forward and to begin the process on amending the Plan. Mr. Knollenberg commented on adding long-term maintenance and costs for landscaping. He asked if the DDA can seek outside funding, such as grants. City Attorney Bluhm said the DDA can receive grants. City Manager Miller said the DDA budgets \$340,000 for maintenance, and Mr. Bovensiep discussed what that includes. Mr. Knollenberg asked if the DDA should consider outside funding. Mr. Miller said City Administration will look into grant funding.

Mayor Pro Tem Brooks commented on seeking grant funding and she provided an example.

Mayor Baker commented regarding budgeted amounts for the maintenance of Big Beaver. City Manager Miller said the initial consensus is to do landscaping above and beyond maintenance and they will prepare the budget and look to revising the Plan accordingly.

Mayor Baker commented on whether additional funds should be budgeted for marketing. Chairman Kiriluk spoke about vacancies in the corridor and the downward trend for rent, and he said a broader strategy is required to market the corridor. He recommends that Administration develop a plan, determine the costs, and whether it requires an amendment to the Plan.

Mayor Baker commented that restaurants and retail are heavily dependent on whether office buildings are full. He agreed with Chairman Kiriluk about looking to the future for more aggressive marketing strategies.

Council Member Hamilton commented on how sensitive the TIF revenue and DDA is to the vacancy rates. He said the money spent on marketing may bring back more revenue than it costs. He commented that we are a job center, but we do not market like we are.

Chairman Kiriluk commented that when assets deplete, it is a ripple effect to the City and its desirability. He said it is problematic on a long-term basis.

Council Member Chamberlain-Creangă agreed with the current funding for marketing. She recognizes the future of work may not go back to the way things fully were before COVID, and she believes they need to be cautious and very strategic toward marketing.

Council Member Hodorek understands that workspaces may evolve, but she wants Troy and Big Beaver to be where they should be looking for workspace. She said the budgeted amount may not be enough to find a source to carry out good community relations and a marketing plan.

Council Member Hamilton commented that while the demand for office space may go down, the demand for housing and work-from-home space may go up. He said the DDA has very limited residential and they may want to accommodate that shift. The Mayor commented that there is consensus to continue the current budgeted amount and to look at options for increased funding for marketing and promotion costs.

Mr. MacLeish commented that the I-75 interchange, not just COVID, has had an impact on our vacancy rates. He said once you lose a tenant, it is difficult to get them back. He also said the landscaping in the Big Beaver corridor has to be improved in order to boost the vacancy rates. Mayor Baker asked for any updates on the DDI. City Manager Miller commented that the City does not have any clout on making the project move any faster.

Mr. MacLeish commented on islands on the Woodward corridor in Birmingham and Bloomfield. He suggested that the Mayor reach out to Lansing regarding completing the corridor.

Mr. Knollenberg agreed with Mr. MacLeish and it is difficult to market the Big Beaver corridor when it is under construction. He said it is important to develop a multi-faceted marketing plan and be ready for when everything opens.

Council Member Hamilton commented on the changes that will occur between now and July. He said he expects an economic explosion when everything opens and it is important to be ready.

Council Member Erickson Gault said that marketing is great, but it is clear to steer the DDA away from office space and retail. She believes those areas will bounce back, but they are not growth areas. She said they should consider amending the DDA Plan to allow for some of the other powers allowed by the DDA, such as analyzing growth, analyzing economic change, and implementing a development plan. She said they should consider a 10+ year plan for the DDA to bounce back but to also help it to grow.

Council Member Hamilton mentioned that this year they are required to do a 5-year update of the Master Plan and he hopes DDA Members can be a part of that process. City Attorney Bluhm said that DDA has been a part of the process in the past. City Manager Miller provided some history on the Big Beaver Corridor Study, which was made part of the Master Plan in 2008, the amendment to the Zoning Ordinance in 2011, and why they created the QDI. Mr. Savidant said he talks with developers daily encouraging them to think creatively and contemplate mixed use developments. He said during the 2016 amendment process, they targeted the development community and received a lot of positive feedback. City Manager Miller said the DDA will be part of the Master Plan process.

Mayor Baker said it is important to look long-term, but also recognize the existing buildings and market what we currently have. He likes the idea of more residential, but he also understands that ultimately a developer will develop what will make them the most money.

City Manager Miller summarized the discussion and said Administration needs to evaluate and determine an appropriate fund balance amount, move forward with an amendment to the Plan with more residential representation, look at a Plan amendment to allow for more landscaping improvement above maintenance, continue with the current budgeted amount for marketing and consider more in the future as needs arise, and look at the planning tools related to the DDA and the Master Plan and determine if any Plan amendments are needed.

City Attorney Bluhm summarized that the DDA is looking for flexibility and to look into a Plan amendment that would allow for flexibility, but also make sure the funding is there for the debt obligations. She also commented about looking into grants and donations.

Chairman Kiriluk commented on having the ability for crossovers, such as at the Altair location. He stressed the importance of refreshing the landscaping in the corridor. He said marketing is important, but it is more complicated and will take some time.

Mayor Baker restated City Attorney Bluhm's comments for amendments to the Plan that allow the most flexibility, while also recognizing the priority of paying back the bonds.

City Manager Miller thanked the DDA and City Council for meeting on short notice. He said their input really helps City Administration do their jobs more concisely.

City Manager Miller commented that another Special Joint Meeting will be required when they have a proposed amendment to the Plan.

E. OTHER BUSINESS:

F. ADJOURNMENT:

The Meeting **ADJOURNED** at 8:28 PM.

Mayor Ethan Baker

M. Aileen Dickson, MMC, MiPMC II
City Clerk

2021 SCHEDULED SPECIAL CITY COUNCIL MEETINGS:

March 10, 2021 Joint Meeting with Global Troy Advisory Committee
March 23, 2021 Personnel Evaluations
April 19, 2021 Budget Discussions
April 22, 2021 Budget Discussions

2021 SCHEDULED REGULAR CITY COUNCIL MEETINGS:

February 8, 2021 Regular Meeting
February 22, 2021 Regular Meeting
March 8, 2021 Regular Meeting
March 22, 2021 Regular Meeting
April 12, 2021 Regular Meeting
April 26, 2021 Regular Meeting
May 10, 2021..... Regular Meeting
May 24, 2021..... Regular Meeting
June 14, 2021 Regular Meeting
June 28, 2021 Regular Meeting
July 12, 2021 Regular Meeting
July 26, 2021 Regular Meeting
August 9, 2021 Regular Meeting
August 30, 2021 Regular Meeting
September 13, 2021 Regular Meeting
September 27, 2021 Regular Meeting
October 11, 2021..... Regular Meeting
October 25, 2021..... Regular Meeting
November 8, 2021 Regular Meeting
November 22, 2021 Regular Meeting
December 6, 2021 Regular Meeting
December 13, 2021 Regular Meeting