

**CITY OF WIXOM
LOCAL DEVELOPMENT FINANCE AUTHORITY
49045 PONTIAC TRAIL
TUESDAY, FEBRUARY 4, 2014**

**APPROVED
03/04/14**

This meeting of the Wixom Local Development Finance Authority came to order at 7:39 a.m. with the following individuals in attendance:

MEMBERS: Joseph Baker, Joseph Bell, Raymond Cousineau, Teri Les, Dennis Olsen, Eddie Osman, Dr. Jacqueline Shadko, Joshua Springer, County Commissioner Philip Weipert and Stuart Yankee
ABSENT: James Cutright (excused)
OTHERS: Carmine Avantini (City Planner), Laura Bassett (City Attorney), Anthony Nowicki (City Manager) and Deanna Murphy (Recording Secretary)

Determination of a Quorum:

A quorum of the Local Development Finance Authority was present for this meeting.

Public Comments:

None.

Election of New Officers:

According to the LDFA By-Laws, the Annual Elections usually take place in April; however, the positions of Chairman, Vice-Chairman and Secretary needed to be elected. As it has been established, the LDFA Treasurer and Recording Secretary functions will be performed by representatives of the City's Finance Department and Clerk's Office respectively.

MOTION and second by Boardmembers Cousineau and Olsen to accept the nomination of Eddie Osman as Chairman.

VOTE:

MOTION CARRIED

MOTION and second by Boardmembers Bell and Les to accept the nomination of Joseph Baker as Vice-Chairman.

VOTE:

MOTION CARRIED

MOTION and second by Boardmembers Cousineau and Shadko to accept the nomination of Joshua Springer as Secretary.

VOTE:

MOTION CARRIED

Establishment of Regular Meeting Dates, Time and Location:

The Board concurred to schedule the LDFA meetings on a monthly basis on the first Tuesday of the month at 7:30 am in Council Chambers B.

Boardmember Baker forewarned that if the monthly meeting falls on the 1st, he could have a scheduling conflict.

Mr. Nowicki explained that the schedule can be adjusted in the future (if necessary).

Approval of Meeting Minutes:

None.

Hearings:

None.

New Business:

A. Introduction of Members

After the introductions were made, Ms. Murphy requested that everyone review the contact list provided in the packet and let her know if any corrections are needed. She will e-mail the list once it is finalized.

B. LDFA Legal Review (Laura Bassett, Attorney – Miller Canfield)

Mr. Nowicki introduced Ms. Bassett, who is the City's Bond Counselor from Miller Canfield. She has worked with the City for many years.

Ms. Bassett explained in the 1970's and 1980's, a lot of Tax Increment Financing (TIF) authorities popped up nationwide, which were meant to deal with declining property values particularly in developed and urban areas. The best known TIF is the Downtown Development Authority (DDA). Essentially, a TIF authority is a public financing method used for capturing taxes; not levying new taxes. Once an authority is established, a plan is developed and approved for a certain area. Whatever the assessed value of the area is at the time the plan is approved is called the "initial assessment", which is not based on taxable value. When an increase in site value and private investment generates an increase in tax revenues, it is known as the "tax increment". Then each year as values presumably rise, the increase or gap is captured by the TIF authority which includes any taxes that would be levied in the particular development area (i.e., city, township, county, etc.). As of 1994, the only thing that cannot be captured is school taxes. The key is that the captured taxes can only be used for projects specified by the authority in its TIF plan and needs to serve a public purpose. The goal is to spur economic development, which means private investments and developments; however, since the money is generated through public tax dollars, it can only be used for public purposes (i.e., infrastructure). Unfortunately, for the last few years, the City has experienced declining taxable values and the statute (state law) does not address this very well. Fortunately, values are on the rise again so these challenges are diminishing.

Local Development Financing Authority (LDFA) was set-up by statute in the 1980's specifically to address or provide funding for manufacturing, technology and energy-types of projects. Where DDAs were set-up to focus specifically on downtown urban areas, LDFAs were set-up to deal with manufacturing and technology. Similar to a DDA, once an LDFA is set-up, the LDFA approves a plan (describing certain projects), the initial capture value is established, and then the captured amount can be used for the identified projects. In Wixom, the taxes captured off of manufacturing, technology and eligible properties are invested back into in the specific areas of which the taxes were captured. The one exception to this is if the LDFA establishes a business development area that encompasses multiple properties. If a business development area is established, any tax captured off of any of the properties in the area can be used for any other properties in the same area. In Wixom's case, whatever is included in the boundaries of the LDFA can be used for any properties within the area. Wixom's existing LDFA plan is valid through the end of 2020. This Board may want to evaluate the initial projects identified because the plan can be amended. Amending an LDFA plan is a straight-forward procedure and is a lot easier compared to other TIF authorities such as DDAs. If the Board decides there are other properties to address through tax capture outside of the LDFA boundaries, then the Authority would have to amend the boundaries to the plan. Even though this is possible, it is also time consuming and taxing jurisdictions from the original plan have the ability to opt out and would no longer be able to capture their taxes. Furthermore, a comprehensive review of Wixom's current plan is recommended.

Lastly, there have been a lot of rumors from Lansing concerning amending a number of TIF plans. As of today, nothing has changed but will acknowledge that there has been a little talk about "sunsetting" or gradually phasing out some of them. If considering moving forward, the LDFA could lengthen the duration of an existing plan. Again, the project needs a public purpose and it has to be included in the LDFA plan. LDFAs cannot levy taxes as a DDA can but can capture taxes.

Mr. Nowicki mentioned that a Wixom LDFA Plan exists, which everyone should have copy of. The main part of this plan was the construction of the realignment of Wixom Road. This project was finalized in approximately 2006 and partially funded through the LDFA, a Michigan Department of Transportation

Grant and federal funding. The project included the roadway as well as amenities such as street lights, signage and sidewalks, etc. After the completion of this project, there is a little over \$3 million remaining from the original tax capture. The City has stopped capturing taxes a number of years ago and it is his hopes that the new LDFA Board will be able to determine what to do with the remaining funds. A couple of alternatives include amending the LDFA plan and utilize the funds for public good or to return the funds to the taxing jurisdictions.

C. Process of Amending an LDFA Plan (Carmine Avantini, City Planner – CIB Planning)

Mr. Nowicki introduced Mr. Avantini, who is the City's Planning Consultant from CIB Planning and has been the City's consultant for +13 years.

Mr. Avantini explained that he has been involved in Wixom's downtown development and is now heavily involved with the redevelopment of the Ford plant property. It has been a very busy and exciting year in Wixom and is glad to see the economy picking up again. With regards to LDFA, Wixom is currently working on a third amended LDFA Plan. As it was explained, there is a +\$3 million balance in the LDFA Capital Project Fund that needs to be utilized. The process of amending an LDFA Plan is fairly basic. There are two components to the LDFA Plan: 1) Tax Increment Financing Plan and 2) Development Plan. These two plans are merged together where the TIF Plan captures taxes and the Development Plan outlines the projects. This Board will be tasked to identify the projects to determine how the LDFA captured funds will be spent. Note: The tax capture tables, which predicts what will be collected based on millages, will be amended as well. The process will include discussions with City Engineer and DPW Director of potential projects and recommendations to aid in the decision making. Once a list of projects has been identified, it will be incorporated in the Plan that will be updated so the adoption process can be started. The adoption process will include a public hearing to accept public comments and ultimately to City Council for their adoption and approval of the plan. Again, it is a simple process. The challenge will be identifying the projects.

Vice-Chairman Baker asked if there is an existing debt service on the current LDFA plan and if the City still capturing taxes.

Mr. Nowicki replied that the City is no longer capturing taxes for this purpose nor has any existing debt service.

Commissioner Weipert asked if there is a requirement to return any unused funds if not used in a certain period of time.

Ms. Bassett replied that there is not a certain time period but there is a requirement that if all projects identified from the Plan are finished and no other projects are being proposed then you are required to give the money back. This is one of the reasons this Board has been reestablished because if there is a need for more projects, the Plan needs to be amended.

Mr. Cousineau asked if the LDFA projects are subject to City Council approval or does the LDFA act independently.

Ms. Bassett explained that the LDFA Plan itself, if amended, would have to be approved by City Council. Once the LDFA Plan is approved by Council, the LDFA will be governed by the Plan.

Mr. Cousineau questioned why the City stopped capturing taxes for the LDFA.

Mr. Nowicki replied that the period of capture was established to cover the estimated project costs. The debt was forecasted on a repayment process for so many years, which was met. In fact, Hubbell, Roth & Clark (HRC) had been asked to conduct value engineering on the Wixom Road Realignment project, which enabled the City to significantly reduce the cost of that project providing the City the surplus it has today. Overall, the Wixom Road Realignment project turned out fairly well. It meets the needs of the City and

looks good. Also, at the time it was constructed, it met the traffic needs, which is not the case today due to all the growth that Wixom and Commerce Township have experienced. The Wixom business district in place would prohibit widening the roads further than what they are.

Mr. Olsen added that Beck Road (from Pontiac Trail to I-96) also experiences substantial traffic stack ups.

Mr. Nowicki explained that Beck Road has been programmed to be widened to five lanes of which concept plans were put together in the mid-90s. At that time, the City started applying for federal grants and funding for this initiative. This project is in the queue for preliminary engineering work (only) on Beck Road between West Road and Twelve Mile Road and this funding will not be available until 2017 or 2018, if approved.

Mr. Avantini explained that over the years, the City has been collecting money and securing right-of-way easements from property owners along Beck Road. This initiative will help the City when it comes time to widen Beck Road.

Mr. Nowicki added that since a portion of the Beck Road corridor falls within the LDFA district, a possible LDFA project for consideration is to acquire necessary property rights-of-way along Beck Road. Due to district limitations, the City would also have to fund the Beck Road project through other road funds to help complete the project because the LDFA district starts just north of Moeller. HRC will be invited to present a number of projects and estimates of cost for consideration.

Commissioner Weipert requested that a color map of the LDFA district be provided to the Board.

Mr. Nowicki explained that currently we do not have a color map available but when the Plan is amended, Wixom's GIS will help create a new boundary map.

Vice-Chairman Baker asked if there is any consideration on expanding the boundaries of the LDFA district.

Mr. Nowicki explained that he does not believe the City is in the position of expanding the boundaries and if this Board decides to pursue expansion, the City will most likely reject it. Right now, the City needs to meet its own budgetary needs.

Commissioner Weipert asked if there are other programs (i.e., Oakland County Tri-Party Program) with matching funds available.

Mr. Nowicki explained that the City could pursue matching funds through the Tri-Party Program, which is a program funded by Oakland County Board of Commissioners, Road Commission for Oakland County and local municipality. A large portion of the Beck Road corridor falls within the LDFA district. Right now, Beck Road is solely a City road and not eligible for Tri-Party funding unless it intersects with a County road. If a City road and County road intersect, then improvements to that intersection could qualify for Tri-Party. Some of the projects already completed under the Tri-Party Program in Wixom include 1) intersection improvements (signalization) at Wixom and Charms Roads, 2) paving improvements on Pontiac Trail in the downtown area, and 3) paving of Wixom Road south of railroad tracks. County roads in Wixom include Wixom Road, Pontiac Trail and Grand River.

Chairman Osman asked if LDFA funds could be used for Wixom Road improvements near the Ford site to accommodate future traffic demands foreseen with the development. Wixom Road is essentially the entrance in to Wixom and should to be considered.

Mr. Nowicki explained that Wixom Road falls within the LDFA district and can be considered for projects.

Mr. Avantini added that there is potential to pass road improvements costs (lighting, signage, etc.) onto new developments on Wixom Road because the City does not have the same opportunity in other locations since

they are already established areas. New developments on Wixom Road could potentially create impacts on Beck Road or other adjacent roads and there is no money to neither fix it nor ask the businesses on Wixom Road because the impacts on Beck Road are not directly impacting them.

Mr. Springer said he would appreciate as much detail as possible to any proposed projects they will be considering. For example, will a proposed development impacting the potentially produce another 400 cars per hour, etc.

Mr. Avantini explained that the City does not have the benefit of an overall redevelopment plan for the Ford site, which was strongly encouraged a few years ago. In fact, the City crafted a redevelopment plan for Ford Motor Company, which was not considered. The City is doing its best in terms of “plan on the go”. The City has identified critical issues, such as traffic circulation inside as well as surrounding the site (Wixom Road). A traffic consultant is on-board reviewing this particular issue. Unfortunately, at this time, there is nothing concrete that can be shown on paper. He will share the Ford site drawings submitted so far at the next meeting.

Mr. Nowicki assured that when plans or concepts are proposed and prepared, the City always considers future impacts it could have and attempts to avoid creating situations that could be detrimental to the entire community. The biggest hurdle is that the City does not have a development plan from the owner of the Ford site. In fact, the owner has the property up for sale.

Information:

None.

Public Comments:

None.

Executive Director’s Comments:

Mr. Nowicki thanked everyone for volunteering to be part of the LDFA.

Board Members’ Comments:

The Board expressed their appreciation to Mr. Nowicki for providing them the opportunity to be involved in this worthy project.

Chairman Osman said he was honored to be selected as Chairman and believes they have the perfect team in place to do a lot of good for the City. Wixom is one of the best cities he has had the opportunity to experience. He further thanked Mr. Nowicki for trusting him with this responsibility.

Mr. Cousineau said he is looking forward to building something and warned the Board not to be shocked when they find out how little \$3 million actually is.

Mr. Springer said he is honored to be part of Wixom’s future and to be able to help set the vision.

Mr. Avantini and Ms. Bassett said they were happy to be involved and if any one has any questions, feel free to contact them.

Adjournment:

This meeting of the Wixom Local Development Finance Authority was motioned and adjourned at 8:47 a.m.

Deanna S. Murphy
Recording Secretary