

DOWNTOWN DEVELOPMENT AUTHORITY

Regular Meeting Agenda

September 15, 2010
7:30 AM in the Lower Level Conference Room
Troy City Hall
500 West Big Beaver Road, Troy, MI 48084
(248) 524-3330

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes from August 18, 2010
- IV. Old Business
- V. New Business
 - A. Revenue Enhancements
 - B. Public Facilities within the DDA
 - C. Proposed Property Acquisition Policy
 - D. Economic Development Activity Report – August 2010
- VI. Public Comment
- VII. Member Comment
- VIII. Adjourn

The next DDA meeting is scheduled for October 20, 2010.



John Szerlag,
Executive Director

A meeting of the Downtown Development Authority was held on Wednesday, August 18, 2010 in the Lower Level Conference room, City Hall, 500 W. Big Beaver, Troy, Michigan. Alan Kiriluk called the meeting to order at 7:30 a.m.

Present: Stuart Frankel
David Hay
Michele Hodges
Larry Keisling
William Kennis
Alan Kiriluk
P. Terry Knight
Dan MacLeish (Departed 8:20am)
Ernest Reschke
Douglas Schroeder
G. Thomas York

Absent: Louise Schilling
Harvey Weiss

Also Present: John Szerlag
John Lamerato
Mark Miller
Alan Motzny
Brent Savidant
Steve Vandette
Zak Branigan

Minutes

Resolution: DD-10-03

Moved by: MacLeish

Seconded by: York

RESOLVED, That the minutes of the April 16, 2010 regular meeting be approved.

Yeas: All (11)

Absent: Schilling, Weiss

Old Business

None.

New Business

A. Addendum No. 1 – Contract No. 08-4 Rochester/Big Beaver Intersection and park

Resolution: DD-10-03

Moved by: Keisling

Seconded by: Reschke

RESOLVED, That addendum No. 1 to Contract No. 08-4, Rochester/Big Beaver intersection and Park Project, is hereby approved to Angelo lafrate Construction Co., 26300 Sherwood, Warren, MI 48091 in the amount of \$5,568.22 and final payment is hereby authorized.

Yeas: All (11)

Absent: Schilling, Weiss

B. Big Beaver Design Guidelines

Zack Branigan of Carlisle/Wortman Associates, Inc. presented the final draft of the design guidelines that correspond with the Big Beaver Corridor Study.

Public Comment

None.

Member Comment

Topics for next meeting

1. Financial condition update
2. Report on what other DDA's are doing
3. Explore expanding and adding corridors
4. Map of public held land in district

This meeting was adjourned at 8:38 a.m.

Next Meeting: September 15, 2010 at 7:30 a.m. in the Lower Level Conference Room, City Hall.



Memo

Date: 9/10/2010

From: John Szerlag, City Manager 
John M. Lamerato, Assistant City Manager/Finance & Administration 
Mark F. Miller, Acting Assistant City Manager/Economic Development Services 
Tim McLean, Intern 

Subject: DDA Revenue Enhancements

City management investigated four DDA's around the State of Michigan to see how they are addressing revenue enhancements. While many Michigan cities are faced with similar problems, other DDA's have not had a great deal of success in revenue enhancement.

The City of Grand Rapids generates a great deal of revenue from public parking structures and parking meters. Additionally, some of the parking structures charge a fixed monthly rate for parking in certain areas. 12% of all revenue generated by public parking goes directly to the Grand Rapids DDA. Also, some of the revenue generated from transactions made by city owned property goes to the DDA as well. This DDA does not receive millage revenue for its projects.

The DDA for the City of Kalamazoo receives its revenue through a DDA millage. The rate is currently at 2 mills. Tax Increment Financing (TIF) revenue also goes to the Kalamazoo DDA. The DDA also has a sister organization that brings in private dollars and grant money. Due to current economic conditions, the City of Kalamazoo has also been forced to scale back services. Presently the city is operating at 2006 service levels.

The Ann Arbor DDA also finances many of its projects with TIF revenue. The TIF capture for Ann Arbor is 28% of the city taxes generated within the DDA district. The Ann Arbor DDA also receives

a portion of revenue generated through parking fees. All downtown parking structures are maintained by the DDA. The DDA is holding out hope that at some point it will be in charge of all parking enforcement. This would greatly enhance DDA revenue, promote greater sustainability, and lead to more improvements in the downtown area. The Ann Arbor DDA does not receive any millage revenue.

The DDA in the City of Midland derives most of its revenue from TIF money, special events held in the downtown area and from a 2 mill property tax levy on current downtown businesses. Currently the City of Midland, and consequently, its DDA is undergoing consolidation and what the Executive Director of the DDA calls "severe belt tightening." At this time, the only possible revenue enhancements that have been put on the table for Midland would be a possible increase in TIF or a millage increase.

DATE: September 10, 2010

TO: Troy Downtown Development Authority

FROM: John Szerlag, City Manager 
Mark F. Miller, Acting Assistant City Manager/Economic Development Services 
R. Brent Savidant, Acting Planning Director 

SUBJECT: PUBLIC FACILITIES WITHIN THE DDA DISTRICT

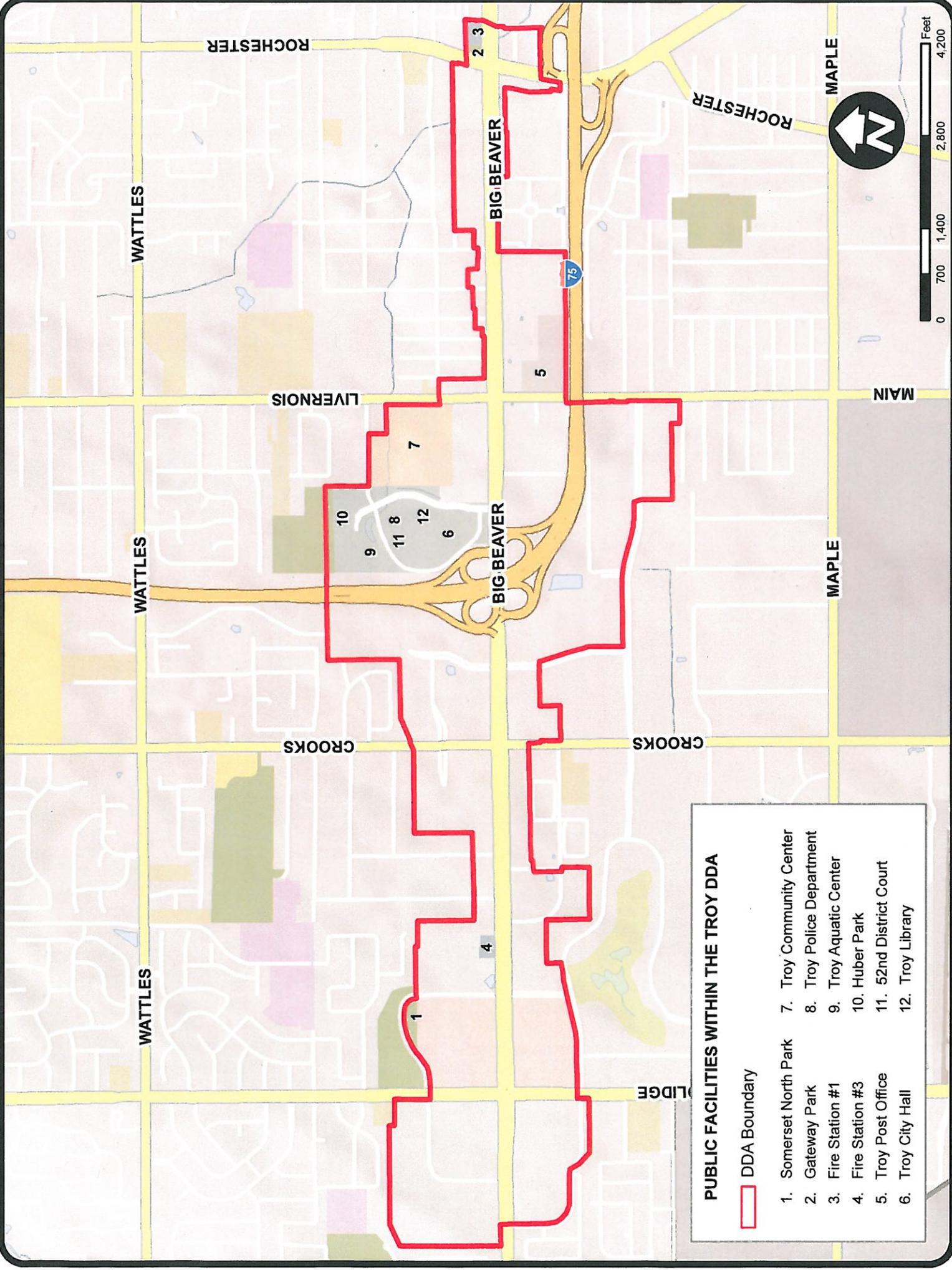
The attached map indicates the publically-owned facilities located within the Troy Downtown Development Authority District.

The redevelopment potential of these properties is controlled by the respective underlying zoning districts. If a proposed use is not permitted within the underlying district, the property could be rezoned. Rezoning applications within the DDA would need to be consistent with the City of Troy Master Plan, Big Beaver Corridor Study and the Design Guidelines (when they are adopted). Zoning does not apply to federally-owned facilities such as the United States Post Office.

A property designated as a public park can only be sold and redeveloped following a referendum vote within the City of Troy to remove the public park designation. Public parks within the DDA include Somerset North Park, Gateway Park, Huber Park, and the Aquatic Center. The sale and redevelopment of other public property need a majority of four or more members of Council. There may be exceptions that need to be discussed depending on the specific parcel. For example, if there are bonds on the parcel, or lease agreements or contracts, those need further legal research.

Attachments

1. Map.



PUBLIC FACILITIES WITHIN THE TROY DDA

- DDA Boundary
- 1. Somerset North Park
- 2. Gateway Park
- 3. Fire Station #1
- 4. Fire Station #3
- 5. Troy Post Office
- 6. Troy City Hall
- 7. Troy Community Center
- 8. Troy Police Department
- 9. Troy Aquatic Center
- 10. Huber Park
- 11. 52nd District Court
- 12. Troy Library





DDA AGENDA ITEM

September 10, 2010

To: Troy Downtown Development Authority 

From: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance & Administration 
Mark F. Miller, Acting Assistant City Manager/Economic Development Services 
Lori Grigg Bluhm, City Attorney 

Subject: Draft Property Acquisition Policy

At the August 18, 2010 meeting the TDDA asked about the status of a property acquisition policy. Research found that a draft policy was prepared by previous Executive Director Brian Murphy, but it had not been presented to the TDDA.

The purpose of the policy is to provide guidelines and criteria for the control of real properties within the TDDA district boundaries with the goal of increasing property values, creating jobs, encouraging real and personal capital investment and implementing the land use objectives of the City of Troy. Staff would like the TDDA to discuss the draft policy and give direction regarding the content of the draft policy and whether the TDDA would like to consider adopting a property acquisition policy. A copy of the draft Policy is attached to this memorandum along with a map of the TDDA boundaries.

The following is a generic example on how the policy could be used. The policy could be used to identify properties that are small and are not compatible from a land use standpoint. If the TDDA finds that certain investigative measures are appropriate and necessary to identify properties for consolidation, incidental expenses could be paid by the TDDA. The TDDA could then determine an option price and execute an option agreement with the property owner. Thus, the TDDA could assemble and consolidate properties and seek rezoning of the properties. Next the TDDA could market the site for future development and potentially work with a private development team to purchase and develop the properties. This scenario outlined and all other cases are required to adhere to the acquisition of real property guidelines within the draft policy. Further, there are four draft policy purposes on page 1, and this scenario is qualified under purpose (d): To acquire or control multiple properties for assemblage into developable size to meet future needs.

City Administration would like direction from the TDDA regarding the draft property acquisition policy. Does the TDDA want to consider adopting the policy? If the answer is yes, then please provide comment regarding the draft policy. City Administration could revise the draft policy based upon TDDA input and bring it back to the TDDA for adoption at a future meeting.

PURPOSE

To provide guidelines and criteria for the control of real properties within the TDDA district boundaries, with the goal of increasing property values, creating jobs, encouraging real and personal capital investment and implementing the land use objectives of the City of Troy.

POLICY

It is the policy of the Troy Downtown Development Authority (TDDA) to establish uniform procedures to be used in acquiring, by purchase or otherwise, real property. This acquisition can be in the form of an option taken on real property, retaining an easement, acquiring a right of way or acquiring real properties, land or buildings, or as otherwise outlined in TDDA Development Plan #6.

The TDDA staff shall undertake (or cause a third party to undertake) the acquisition of real property using the following guidelines:

1. Any property to be acquired or controlled must be within the approved TDDA plan boundaries.
2. The property will be acquired or controlled for one of the following purposes:
 - a. To remove blight, unsafe or inappropriately used buildings within the TDDA plan boundaries;
 - b. To obtain or control a property that is strategic to the long term viability of the TDDA;
 - c. To make key options or purchases of land or buildings which become available within the plan boundaries;
 - d. To acquire or control multiple properties for assemblage into a developable size to meet future needs.
3. The cost of acquisition or control and incidental expenses, such as title searches, appraisals, administration, legal fees, commissions, taxes and closing costs will be borne by the TDDA.
4. An informational title search may be performed and a title commitment issued for each property interest acquired or controlled.
5. Determination of purchase or option price shall be based on an examination of all of the following:
 - a. The most recent State Equalized Value (SEV), as determined by the City Assessor's office;
 - b. An estimate of the dollar impact of additional or special conditions, including but not limited to:
 - Environmental remediation, if needed;
 - Relocation of any tenants, if required;
 - Securing a uniquely desirable location;
 - Any other special considerations which could influence the value to either the buyer or the seller.
 - c. An independent fee appraisal, if deemed advisable. The following are examples of situations in which an appraisal should not be necessary:
 - The asking or potential purchase price is less than or equal to two times the State Equalized Value (SEV); or
 - The purchase price is less than \$250,000.00;

PROPERTY ACQUISITION POLICY

09.10.09

- The City Assessor and Executive Director, upon examining the SEV and special purchase conditions (5b above) agree that the sales price is within the realm of fair market value.
6. The Executive Director, at his/her discretion, may order an independent fee appraisal without prior TDDA approval, for an amount not to exceed his/her authorized spending limit. To the extent allowed by law, any such appraisal shall remain exempt from FOIA until the time of acquisition or other alternate action takes place.
 7. The Executive Director may negotiate in good faith with the seller(s) and attempt to reach "a meeting of the minds" regarding an option or purchase price and terms, or the Executive Director may hire a third party to negotiate on behalf of the TDDA.
 8. A Phase I environmental site assessment shall be performed and the results reviewed with the City Attorney's office, when advisable, prior to the closing on the acquired property. Other due diligence may be required before the right to acquire property is finalized, but each situation will dictate the amount of due diligence that is necessary.
 9. All written agreements, conveying instruments and TDDA resolutions shall be reviewed by the City Attorney's office.
 10. The TDDA Board will review all real property offers and recommendations in executive session and approve all real property acquisitions or options at regular Board meetings.
 11. Conveying instruments will be recorded with the Register of Deeds office. Anything other than conveyance documents can be held by the City Attorney's office in escrow, as set forth in the instrument.

Property Transfer or Disposition

Property that is sold, transferred or disposed of in anyway must meet one of the following objectives; create development or jobs, increase the tax base, or other City objectives, such as reducing CO2 emissions, increase green space, etc. The sales price must take into consideration all of the following objectives, not just the price:

- Job creation and retention.
- Meeting the City's land use plan and other studies.
- Increasing property values for surrounding properties.
- Facilitating the assemblage of land for a larger development.
- Encouraging real and personal capital investment.
- Constructability of the project.

All land sales, transfers or dispositions will include a development agreement. The development agreement will include a clause that requires certain objectives/accountability measures determined to be in the best interest of the DDA. If the requirements are not met within specified times, the agreement will outline a penalty, including up to having the property revert back to the City, or some other negotiated penalty agreement. Each project will have its own set of requirements and timetables negotiated by the Executive Director and the developer. The criteria and time tables will differ from project to project. Some projects may include several timetables be met, such as 6 months to complete site plan approval, 6 more months to begin construction and 12 months more to complete construction.



DDA AGENDA ITEM

September 8, 2010

To: Troy Downtown Development Authority

From: John Szerlag, City Manager 
Mark F. Miller, Acting Assistant City Manager/Economic Development Services 
Pamela Valentik, Economic Development Specialist 

Subject: Economic Development Activity Report – August 2010

Below is an update on the City's economic development activities. In some situations, the projects are in preliminary stages and the company is not prepared to share this information publicly, thus we have left out the name of the company. Please contact the City Manager's Office if you have any questions.

• BUSINESS ATTRACTION

Van Rob

A Canadian firm that performs metal stamping and product development for the automotive industry has recently opened a Michigan engineering and sales office in 9,000 square feet of office space. The company plans to create five jobs in the first year and upwards of 39 jobs in the future.

IPS Technical Services

This is a new company providing CIO services and consulting, focusing on healthcare IT and litigation IT. The company is located at 4555 Investment Drive.

These are projects that we are currently working on:

- An automotive supplier who maintains their North American headquarters in Troy but is now considering the establishment of a manufacturing facility.
- A claims processing client currently located in west Michigan that is exploring opening a regional office in Troy.
- An IT company that is looking to enter the Michigan market and purchase an office building.
- An Asian medical device manufacturer who is looking to enter the U.S. market and open a sales and service office with the potential for manufacturing capabilities in the future.
- Working with a developer to attract a medical device manufacturing facility.

- **BUSINESS RETENTION AND EXPANSION**

- **Motion Index Drives**

Motion Index Drives is a privately-held company that designs and manufactures automation system drives and devices. The company recently relocated in to a larger facility on Maple Road.

- **These are projects that we are currently working on:**

- A German company that currently operates a sales and engineering office in Troy and is currently looking for a location to expand their operations.
- An engineering and product development company that is considering purchasing a vacant, industrial building and consolidating some manufacturing and engineering functions.
- Met with a company to discuss resources and programs to improve company's financial stability.
- Visited with a defense manufacturer with headquarters in Troy to discuss their plans for growth.
- An automotive supplier that is considering a consolidation of their southeast Michigan operations. The company will purchase an existing, vacant industrial building.

- **OUTREACH INITIATIVES**

- **Military Vehicles Exhibition – Prospecting Event**

Staff attended the Military Vehicles Exhibition held at Cobo Hall on August 12th. This event draws over 500 companies that are involved in the military/defense manufacturing industry. Companies come from all over the country and this is the second year that Michigan has hosted this national exhibition. This is also the second year that staff has attended the event jointly with representatives of the Michigan Economic Development Corporation and Oakland County to proactively recruit companies to Troy and visit the exhibits of existing Troy companies.

- **Chamber Building Owners & Managers Meeting Presentation**

Recently, the Troy Chamber of Commerce reinstated their Building Owners and Managers Committee. On August 26th, they held their second meeting where staff attended and presented information on Troy's recently updated Tax Abatement Policy. Staff will continue to attend these meetings as part of their economic development outreach initiatives to commercial property owners, property management firms and brokers.