



500 West Big Beaver
Troy, MI 48084
troymi.gov

I-06

CITY COUNCIL AGENDA ITEM

Date: April 23, 2019

To: The Honorable Mayor and City Council Members

From: Mark F. Miller, City Manager
Tom Darling, Director of Financial Services
Glenn Lapin, Economic Development Specialist

Subject: Approval of the Joint Local Development Finance Authority Troy Subcommittee
Proposed Fiscal Year 2019/20 and Three-Year Budget

The Joint Local Development Finance Authority Troy Subcommittee (LDFA) recommended approval of its proposed 2019/20 budget at the April 22, 2019 LDFA meeting. City management recommends that City Council approve the LDFA's proposed 2019/20 and Three-year budget.

Proposed Budget

JOINT LOCAL DEVELOPMENT FINANCE AUTHORITY BUDGET



2019/2020 Budget



Local Development Financing Authority

County of Oakland, State of Michigan

2019/20 through 2021/22 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

2019/20 through 2021/22 Budget

	2018 Actual	2019 Estimated	2019 Budget	2020 Budget	2021 Budget	2022 Budget
REVENUE						
Property Taxes	\$ 160,746	\$ 109,800	\$ 107,360	\$ 156,850	\$ 165,830	\$ 160,860
State Revenue Sharing-EMPP	-	41,596	47,600	40,000	40,000	40,000
Interest Income	249	100	100	100	100	100
Total Revenues	160,995	151,496	155,060	196,950	205,930	200,960
EXPENDITURES						
Automation Alley - Operations	96,447	90,840	92,980	118,110	123,500	120,520
Infrastructure - Parking Lot	-	55,000	45,000	53,000	56,000	55,000
Tax Tribunals/Tax Refunds	-	-	-	-	-	-
Administrative Services	5,000	5,000	5,000	5,000	5,000	5,000
Marketing Costs (Membership)	17,500	17,500	17,500	17,500	17,500	17,500
Audit Fees	2,000	2,000	2,040	2,040	2,080	2,120
Other	-	1,000	1,000	1,000	1,000	1,000
TOTAL - EXPENDITURES	120,947	171,340	163,520	196,650	205,080	201,140
Change Before Other Financing	40,048	(19,844)	(8,460)	300	850	(180)
BEGINNING FUND BALANCE	100,835	140,883	140,883	121,039	121,339	122,189
ENDING FUND BALANCE	\$ 140,883	\$ 121,039	\$ 132,423	\$ 121,339	\$ 122,189	\$ 122,009

Captured Taxable Value

	2019/20 Taxable	2020/21 Taxable	2021/22 Taxable
Industrial Real Property			
Real Base Taxable Value	\$ 13,016,380	\$ 13,016,380	\$ 13,016,380
Real Taxable Value	16,226,360	16,550,887	16,881,905
Industrial Real Captured Value	3,209,980	3,534,507	3,865,525
Commercial Personal Property			
Personal Base Taxable Value	545,070	545,070	545,070
Personal Taxable Value	1,620,060	1,655,701	1,692,127
Commercial Personal Property Captured Value	1,074,990	1,110,631	1,147,057
Industrial Personal Property			
Personal Base Taxable Value	885,930	885,930	885,930
Personal Taxable Value	2,396,280	2,303,922	1,535,949
Commercial Personal Property Captured Value	1,510,350	1,417,992	650,019
Total Captured Value	\$ 5,795,320	\$ 6,063,130	\$ 5,662,601
Tax Revenues			
Industrial Real Revenues	\$ 99,450	\$ 109,510	\$ 119,760
Commercial Personal Revenues	25,750	26,610	27,480
Industrial Personal Revenues	31,650	29,710	13,620
Total Revenues	\$ 156,850	\$ 165,830	\$ 160,860



Local Development Financing Authority

County of Oakland, State of Michigan

2019/20 through 2021/22 Budget

Millage Rates	Oakland County	City (Less Debt)	OCPTA	School OP	*1/2	1/2 ISD	Community College	Hold Harmless	State Education(*)	Total
					School OP-12					
Industrial Real	4.48780	9.66810	1.00000	-	9.00000	1.64065	1.54310	-	3.64210	30.98175
Commercial Personal	4.48780	9.66810	1.00000	3.00000	-	1.64065	1.54310	2.61600	-	23.95565
Industrial Personal	4.48780	9.66810	1.00000	-	-	1.64065	1.54310	2.61600	-	20.95565

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