



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
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Legislative File No: 2005-0040

TO: Mayor and City Council Members
FROM: Ed Anzek, Director of Planning and Development, ext. 2572
DATE: April 8, 2005
SUBJECT: Final Approval of the Amendment of the LDFA Boundaries

REQUEST:

Council is being asked to formally expand the boundaries of the Rochester Hills Local Development Finance Authority to make them the same as the certified technology park.

BACKGROUND:

City Council held a public hearing on February 16, 2005 to consider the expansion of the boundaries of the Rochester Hills Local Development Finance Authority District. A required 60-day referendum period has expired. The only step that remains is to pass a resolution formally adopting the new boundaries.

The original LDFA boundaries were established in 1994. Based on new projects being contemplated in industrial areas outside of the LDFA's current district as well as the recommendation of the State Treasurer, Administration is proposing to expand the boundaries so that they are the same as those of the Certified Technology Park. There are several reasons why expanding the LDFA's district is a good business decision.

First, it allows the City to establish strategic direction as it develops and implements a SmartZone plan for the area.

Secondly, it provides a means to fund deficiencies in infrastructure, such as expanding broadband capacity to existing or new development. The LDFA has the ability to use tax increment financing to fund infrastructure projects, which is more cost efficient to the City. Tax increment financing utilizes new taxes generated from eligible properties as they appreciate in value beyond a baseline established at the time the Tax Increment Financing Plan is approved. Further, it allows the City to utilize the new taxes that would have been distributed to local taxing authorities as a means of paying for the infrastructure projects identified in the Plan. The City can utilize those taxes generated above the baseline that would have been distributed to Oakland County, Oakland Community College and the Oakland Intermediate School District as well as its own mills. Taxes generated at the baseline, however, continue to be distributed to the local taxing authorities, including the City.

Third, the City also can utilize the operating mills and State Education mills to fund a SmartZone Plan. The School districts will be reimbursed for lost revenue from the State Education Fund. The SmartZone Plan could only contemplate projects permitted under PA 281, which include infrastructure within a certified technology park that results in the development of eligible properties (i.e. technology companies; manufacturing or other development *aren't* eligible); or the construction or renovation of

facilities for use as a business incubator and salaried positions employed to manage the SmartZone program and incubator. The State Treasurer must ratify any plan that calls for the capture of school or State Education mills.

RECOMMENDATION:

Adopt the Resolution in the packet.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		