
CITY OF ROCHESTER HILLS

Planning and
Development

DATE: July 2, 2008

TO: Rochester Hills Local
Development Finance Authority
Members

FROM: Dan Casey, Manager of
Economic Development

RE: 2009 Preliminary LDFA &
SmartZone Budget

The preliminary 2009 budgets for the LDFA Development and Financing Plan and the SmartZone Development and Financing Plan are attached for your review.

The LDFA revenues appear to be a slight increase over last year. Due to the Austin Ave. extension and Devondale paving projects, total expenditures will exceed revenues, requiring a transfer of more than \$600,000 from fund balance. At the moment, we have more than \$1.6-million in fund balance.

The SmartZone revenues are significantly higher than anticipated. This, in part, reflects the assessed values of the newly constructed buildings by Grand Sakwa at M-59 and Adams Road. Although the LDFA Plan cannot capture tax revenues from commercial development, the SmartZone Plan can capture from certain jurisdictions.

In addition, the City has received and filed a reimbursement form with the Michigan Department of Treasury. As you will recall, the new Michigan Business Tax negatively impacts our SmartZone due to the 100% exemption of personal property from the levies of the State Education Tax, local school district and Oakland Intermediate School District. However, legislation was approved earlier this year to provide for a reimbursement of lost revenues for tax increment financing authorities, such as an LDFA, under certain conditions. It is not known at this time whether we will receive a reimbursement under the SmartZone Plan, but we felt it was worth pursuing. If the Department of Treasury rules in our favor, we will receive a reimbursement of approximately \$100,000 in tax revenue. This revenue will be in addition to that shown in the attached SmartZone Budget.

No action of the Board is required at this time.