

## 2009 Requested Budget Input Form

<b>Fund:</b>	LDFA - 848
<b>Activity:</b>	LDFA - 848
<b>Director:</b>	Ed Anzek
<b>Contact Person for this Activity:</b>	Ed Anzek – Dan Casey

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**The mission of the Local Development Finance Authority (LDFA) Fund and the accompanying Tax Increment Financing (TIF) Plan is to establish the legal basis and procedure for the capture and expenditure of tax increment revenues in accordance with Michigan Public Act 281 of 1986, as amended, to further the retention, expansion, and attraction of high-quality jobs and tax base to the LDFA area.**

The LDFA will facilitate projects that foster new economic growth and development and lead to the creation of new employment opportunities within the City. The LDFA area consists of three distinct segments: the original LDFA is generally bounded by Adams Road on the west, Auburn Road on the south, Hamlin Road on the north and the eastern limit of the Avon Tech Park on the east. The LDFA Plan was amended to add the lands owned by the City on Hamlin Road known as Interchange Technology Park (formerly the Letica property) and the land area at the northern terminus of Devondale. In accordance with Michigan Public Act 281 a 13 member Authority was established at the onset. The Authority is represented by all local school jurisdictions; several land owners in the LDFA, and experts in the fields of real estate and property appraisal. The Authority meets quarterly to review the status of various projects, review and approve the proposed budget, conduct studies, evaluate needs and opportunities for the development or improvement of public infrastructure to support industrial and technology parks and facilities, and provides guidance to City Officials. The LDFA adopted a Development Plan and Financing Plan in 1995, which has been amended three times. The LDFA also adopted a SmartZone Development Plan and Financing Plan in 2005. The purpose of these plans is to identify public facility and infrastructure projects and the funding mechanism to accomplish them within an identified period of time. The LDFA is a benefit to the City because it allows the capture of taxes, in part or whole, from other taxing jurisdictions, as well as the city's millage levy, to fund its projects. This provides a joint funding approach where the City's contribution to fund the LDFA's projects varies generally from 40% to 60%, with the balance being provided by other taxing jurisdictions. An LDFA may sell general obligation bonds, receive donations or enter into payback agreements with the City or other agencies, using revenues generated from tax increment financing to repay its obligations. An LDFA may also acquire assets, including land, sell or lease facilities or land, construct, redevelop or rehabilitate buildings. It may also fund and operate a business incubator, including its operating expenses, bricks and mortar, and staff and benefits

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### **GOALS:**

- Promote a diversified tax base and high-quality employment opportunities
- Utilize incentive programs to encourage the reinvestment of monies to support high quality industrial and high-tech jobs within the City's business and industrial parks
- Conduct feasibility and other analyses related to market demand, best practices, land development issues, or industrial and technology park certification requirements
- Promote new business growth and development, as well as commercialization activity that leads to future tax base and high-tech and industrial jobs
- Fund or otherwise provide adequate infrastructure that supports the development or facilities of manufacturing and technology businesses

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**OBJECTIVES:**

- Examine the State of Michigan's revision to the LDFA rules to determine if any advantages exist for revising our LDFA plan
- Maintain and develop a database which identifies all properties, structure improvements, business activities, and tax generation rates
- Explore the potential for expanding (or decreasing) the LDFA district as projects are identified or as changes are needed, including regional opportunities
- Meet with the LDFA Board to discuss the LDFA Master Plan and prepare any recommended revisions based upon current knowledge and/or funding
- Explore the use of other state supported programs (including the LDFA) for use in other sections of the City
- Identify, construct, and maintain public infrastructure which supports manufacturing and "high-tech" businesses within the LDFA District
- Market and promote the LDFA District, its land, and facilities to prospective companies
- Support and market a business incubator and program that encourages business growth, acceleration and commercialization activity

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**SIGNIFICANT REVENUE/EXPENDITURE, STAFF & PROGRAM CHANGES:****Revenues:**

- The estimated revenue for 2009 is \$986,000. This amount is up from the estimated revenue of \$849,100 for 2008 (16.1% increase)

**Expenditures:**

- All staffing support costs associated with the management of the Local Development Finance Authority (LDFA) Fund are provided by the Economic Development function of the Planning and Development Department cost center
- An increase of \$45,000 in Professional Services are attributed to the Branding and Marketing Plan and the M-59 Corridor Study. The M-59 Corridor Study is in response to one of the recommended implementation strategies of the 2007 Master Land Use Plan
- Two critical projects have been established within the 2008 – 2013 Capital Improvement Plan and are slated for funding in 2008 through 2010: Austin Ave. extension and Devondale paving; and Interchange Technology Park improvements. Some flexibility has been expected for shifting monies toward whichever project is needed first based on new development opportunities. Based on a proposed development, the Austin Ave. project is expected to require funding in 2009. Therefore, the planned costs to complete the Interchange Technology Park are being shifted into the future so that the Austin Ave. project may be completed in support of the proposed development.
- An increase of nearly \$400,000 for Construction is attributed to the Austin Ave. extension. This extension was first identified in a Land Use Plan dating to the 1970's and again reinforced in the City's 1998 and 2007 Master Land Use Plan updates. No work is contemplated on the Technology Park Infrastructure (CIP FA-08B) in 2009.
- The planned IT infrastructure improvements for 2008 may not occur this year. This budgeted amount represents the same for 2009 but unspent in 2008. (CIP FA-09). The three-year implementation Plan for IT infrastructure is being pushed back one year.
- An increase of \$30,000 (from \$170,000 to \$200,000) for concrete slab replacement in various areas of the Business Parks within the LDFA. This work is an eligible LDFA expense and alleviates some of the burden on the City's Major Road Fund for repair and replacement activities
- A decrease of \$270,000 for ROW acquisition. No ROW acquisition is anticipated for 2009

- A transfer out to the Water and Sewer Fund for expenses associated with the water and sewer lines as part of the Austin Drive extension.