



AGENDA
CHARTER TOWNSHIP OF MERIDIAN
TOWNSHIP BOARD – STUDY SESSION
September 11, 2018 6:00 pm

1. CALL MEETING TO ORDER
2. PLEDGE OF ALLEGIANCE/INTRODUCTIONS
3. ROLL CALL
4. CITIZENS ADDRESS AGENDA ITEMS AND NON-AGENDA ITEMS
5. APPROVAL OF AGENDA
6. BOARD DISCUSSION ITEMS
 - A. DDA Plan and TIFA Update

7. COMMENTS FROM THE PUBLIC
8. OTHER MATTERS AND BOARD MEMBER COMMENTS
9. ADJOURNMENT

All comments limited to 3 minutes, unless prior approval for additional time for good cause is obtained from the Supervisor.
Appointment of Supervisor Pro Tem and/ or Temporary Clerk if necessary.

Individuals with disabilities requiring auxiliary aids or services should contact the Meridian Township Board by contacting:
Township Manager Frank L. Walsh, 5151 Marsh Road, Okemos, MI 48864 or 517.853.4258 - Ten Day Notice is Required.
Meeting Location: 5151 Marsh Road, Okemos, MI 48864 Township Hall

Dear Meridian Township Board Members,

On September 11, 2018, you will be presented with information critical to the development of our downtown Okemos. Much of the information has to do with the course of action and TIF information. There are projections based on historical statistics and projections into the future.

I am not a statistician, nor a mathematician nor an analyst nor a financier. You can imagine the smoke coming out of my ears trying to digest all the information. I am proud to say I finally did so (not in record time by the way) and scrutinized each bit of information provided. I went into a sea of complexity only to realize that it was really a sea of simplicity. Here is how simple it is:

- This project must be a public/private partnership in order to happen
- Public/private partnership is not a bad term but it does get a bad rap from those who misunderstand
- Entities who give “buy in” will not only receive money they would normally receive based upon years of historical data but also will most likely receive gains in terms of “cause and effect” growth. For this reason, there is little reason to NOT participate.
- Meridian Township will not only get “nothing” if nothing is done (i.e. no development) but they will probably get less than nothing (see I told you I wasn’t a math major) because it is likely in the next 10 years that certain infrastructures which will need attention and which would have been tended to by the developers over the ten years, will fall upon our township to pay for.
- My suspicious mind made me investigate to ensure there could be no double dipping by developers, given the road we are choosing to go down and to my delight there is not a way.

Very simply this is a win/win.

We are very fortunate to have a developer ready to go considering that this process is usually done in order to be attractive to and prepare for developers.

I ask you to listen with patient and wise ears. I ask you to open your minds a bit more than usual. I ask you to embrace the big picture and not worry about the small stuff right now – plenty of time for that. Please seek to understand the process which is complicated in technique but simple in application.

Respectfully,

Renee Korrey, DDA and Sub-Committee Member



6.A

To: Township Board
From: Chris Buck, Economic Development Director
Date: September 11, 2018
Re: DDA Plan and TIFA Update

Goal B of the Township 2018 Goals reads: “Create and adopt additional tools to assist in the redevelopment of our core commercial areas including the Four Corners of Okemos and Downtown Haslett.” To this end, staff has spent time learning about the existing Downtown Development Authority (DDA) Tax Increment Financing Plan (TIF) plan, searching for a way for the DDA to create additional funding to assist in fostering redevelopment projects. In the January and March 2018 DDA meetings, the DDA Board encouraged staff’s research efforts. At a regional economic developer’s event, I was introduced to Eric Helzer of Advanced Redevelopment Solutions. I was told his reputation was impeccable and experience vast. I shared with him our DDA dilemma and he offered to review the Meridian DDA bylaws and Eligible Activities and give me a free assessment as to what path we could take to revitalize our TIF plan. I was impressed by his recommendations as proposed that he present his findings to the DDA board on May 7, 2018.

At the May 7, 2018 meeting the DDA Board voted 8-0 to pursue the endeavor to rewrite the DDA TIF plan and asked Mr. Helzer to present again at the June 13, 2018 and include a proposed timeline, pricing and contract for consideration.

At its July 9, 2018 meeting the DDA Board discussed the proposed contract, options for payment (DDA pay directly, developer pay, grant options, gifts to the DDA – all are legal possibilities). The Board voted 6-0 to execute the contract with Eric Helzer of Advanced Redevelopment Solutions in conjunction with Carmine Avantini of CIB Planning. Member Weaver was absent, Member Randle recused himself as a developer with immediate interests within the DDA.

The DDA has created a subcommittee which has met regularly, and the DDA chair presented to the Township Board at its meeting on August 9, 2018 the DDA’s intent to rewrite the Meridian DDA TIFA Plan.

This work session is meant to give the Township Board a deeper understanding the of the path the DDA is on, to answer questions, garner the Township Board’s support and move forward with meetings with taxing jurisdictions to present to them the financial benefits to them should they “opt in” on the new plan.

Attachments

1. Downtown Okemos DDA TIF Plan Summary
2. DDA TIFA Plan Update - Modeling Scenarios
3. DDA Draft Eligible Activities-Projects
4. Inflation Rate Multiplier for MI Properties
5. Okemos Downtown Development Authority Map



To whom it may concern,

Advanced Redevelopment Solutions along with CIB Planning have been contracted by the Meridian Charter Township Downtown Development Authority (DDA) to amend the existing Tax Increment Finance Plan as well as the associated Downtown Development Plan. DDA's are authorized by Michigan Act 197 of 1975 and are a primary tool utilized by communities to revitalize their downtowns, especially those which have seen significant disinvestment over time. This is the case for Downtown Okemos, which has seen building vacancies and blight over the past several years.

As a means of spurring new investment, the DDA has decided to amend the Tax Increment Finance Downtown Development Plan as an opportunity to partner with a developer and help create an exciting traditional mixed-use community. This potential development project would invest millions of dollars into downtown Okemos and redevelop several blocks in the downtown core, while remediating existing environmental hazards. This potential project is only feasible, however, with an updated DDA Tax Increment Financing (TIF) Plan and participation from all taxing jurisdictions. This TIF Plan will not increase tax rates or negatively impact any taxpayer but will take advantage of future tax increment revenue gains.

Some of the benefits for the community, as well as Ingham County, include;

- Creation of a vibrant downtown with specialty retail, office and housing
- Significant new investment in the community and associated tax growth
- Existing tax revenue to taxing jurisdictions will remain
- New job creation within the community
- Increased ridership with Capital Area Transit Authority (CATA)
- Blight removal in downtown Okemos
- The cleanup of environmentally contaminated and hazardous sites
- Alignment with the Michigan Economic Development Corporation (MEDC) Redevelopment Ready Communities (RRC) program and potential eligibility for State funding.
- Provide opportunities for placemaking and the creation of a live/work/play center

As this project continues to develop, we look forward to speaking with you and answering your questions about the exciting benefits this project will bring Okemos, Meridian Charter Township and Ingham County. If you have any further questions, please contact us at 810-335-3800.

Sincerely,

CIB Planning

Carmine P. Avantini, AICP
President

Justin Sprague
Vice President

Modeling Scenario Schedules Summary Descriptions
Meridian Township DDA TIFA Plan Update - Downtown Okemos
(Okemos Village Area)

Approved by DDA Board 8-6-2018

The Meridian Township Downtown Development Authority (DDA or Authority) adopted a Tax Increment Finance and accompanying Development Plan (Plan) which captures new incremental tax revenues beginning in 2006 and concluding in 2026. Since that time, the economy has shifted significantly, and the township has identified Downtown Okemos as a critical redevelopment area in need of blight elimination and has identified specific projects within the DDA District (District) that need funding. These projects will help position Downtown Okemos toward becoming a great downtown destination and place to live, shop and work. This update and corresponding amendment will reset the base year to 2018 with the first year of taxable capture to 2019 and have a target conclusion date of 2039 (20 years).

Tax Increment Financing Procedures - The tax increment financing procedure as outlined in the Act requires the adoption of a Development Plan (Plan) and a tax increment financing plan by Township ordinance. When the Authority determines that it is necessary for the purpose of Michigan Act 197 of 1975 (Act 197), the Authority prepares and submits a tax increment financing plan to the Township Board. The Plan must include a Development Plan as provided in Section 17 of Act 197, and include a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred and the duration of the program, and a statement of the estimated impact of the tax increment financing on the assessed values of all taxing jurisdictions in which the Development District is located. The Plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the Authority shall be clearly stated in the Plan.

The tax increment financing plan may be included as part of the Development Plan. When combined into one Plan document, only one hearing and approval procedure is required to adopt both the Development Plan and the tax increment financing plan.

Once a Development Plan and tax increment financing plan have been approved and recommended by the Authority Board, the Township Board conducts a public hearing on the proposed Plan after providing notice of such public hearing by mail, posting and publication in accordance with Act 197. If required by Act 197, a Development area citizens council must be established and appointed and be provided an opportunity to review and comment on the Development Plan and tax increment financing plan prior to adoption of the Plan by ordinance.

Following the adoption of the ordinance to approve the Plan, the Township Treasurer and the County Treasurer are required by law to transmit to the Authority that portion of the tax levy of all taxing bodies paid each year of the "Captured Assessed Value," defined in Act 197

as the amount in any one year by which the current assessed value of the development area, including the assessed value of the property for which specific taxes are paid in lieu of property taxes, exceeds the “Initial Assessed Value” of the development District.

“Initial Assessed Value” is defined as the assessed value of all taxable property within the boundaries of the development District at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the Township for which equalization has been completed at the time the ordinance is adopted; provided, however, that the initial assessed value of property subject to a specific tax is equal to the quotient of the specific tax paid divided by the ad valorem millage rate.

Presented in the Plan will be a schedule showing the historical growth in state equalized value and taxable value of the properties in the development District and the initial assessed value of all real and personal property in the development District as finally equalized in 2018.

Estimates of Captured Assessed Values and Tax Increment Revenues; Amount to be Captured - Three tax increment revenue Scenario Schedules will be created to demonstrate the estimated dollar amounts of captured assessed values and tax increment revenues to be realized from projected increases in the assessed value during the next 20 years. Increases in assessed values within the District, which result in the generation of tax increment revenues, can result from any of the following three Scenario Schedules:

Scenario Schedule 1 - Utilizing current development trends, if the DDA Plan Update is not approved, increases in property values which occur for any other reason, including general inflation rate increases.

Scenario Schedule 2 - Construction of a newly proposed redevelopment project across a three (3) Block Area in Downtown Okemos occurring after the date establishing the “initial assessed value” or “base assessed value”, if the DDA Plan Update is approved. Increases in the remaining parcel property values within the District which occur for any other reason including general inflation rate increases will also be included.

Scenario Schedule 3 - New construction, rehabilitation, remodeling alterations, or additions occurring after the date establishing the “initial assessed value” and because of the redevelopment that occurs under Scenario Schedule 2, if the DDA Plan Update is approved.

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DRAFT Eligible Activities/Projects

**Meridian Township DDA TIFA Plan Update - Downtown Okemos
(Okemos Village Area)**

7-31-2018

The Meridian Township DDA adopted a Tax Increment Finance and accompanying Development Plan (Plan) which captures new incremental tax revenues beginning in 2006 and concluding in 2026. Since that time, the economy has shifted significantly, and the township has identified Downtown Okemos as a critical redevelopment area in need of blight elimination and has identified specific projects within the DDA District (District) that need funding. These projects will help position Downtown Okemos toward becoming a great downtown destination and place to live, shop and work. This update and corresponding amendment will reset the base year to 2018 with the first year of taxable capture to 2019 with a target conclusion date of 2039.

As such, it is necessary to review the eligible activities to be included in the Plan. Eligible activities are categories or projects which the DDA is eligible to spend tax increment revenue for enhancing, improving or redeveloping the District. Funds can also be utilized for marketing the District. The District as currently established will be left unchanged with no removal or addition of parcels. Below is a map with the shaded area identify the DDA District.



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Below is a description of eligible activities. A detailed project list will be included later in this Plan.

1. Marketing and Development Studies – Destination branding, and marketing have a key relationship with successful downtown districts. It is an important task to complete once the DDA has identified redevelopment goals and has established its identity within the greater region. These studies can also be utilized as tools to attract specific development types or specific developers.
2. Streetscape – Having an attractive, well designed streetscape strengthens the public realm within downtown corridors. It can enhance the image of the community, adds landscaping and other artistic elements and is complimentary to the pedestrian environment. Streetscape enhancements include but are not limited to planter boxes, waste receptacles, benches, brick pavers, decorative fencing, trees and tree grates, sculptures and other pieces of art and costs related to improving the street itself.
3. Façade Improvements – Typically, DDA’s utilize a portion of tax increment revenue funds to assist business owners with façade improvements for buildings in need of repair or upgrade within the District. This is usually set up as a low interest loan or competitive grant program with match requirements. These programs work great for improving the image of the buildings within the DDA District.
4. Park Improvements – Parks within downtowns can be gathering places and focal points for community events within the downtown. It is important to maintain parks and program events within the parks to draw pedestrians to the downtown and enhance the District.
5. Property Acquisition – This involves the acquisition of property to accomplish the goals set forth by the DDA. There are times when key pieces of property become available for purchase within the DDA District, which require the DDA to purchase said properties for redevelopment or public purposes. This can also be a tool to assist with blight removal and demolition within the District.
6. Master Planning/Urban Design Plans – Downtown plans and urban design help to guide the built environment of the downtown District. Many times these plans focus on form and design elements to enhance the function of the District. Results of these plans can lead to new development projects that have be thoughtfully crafted to create vibrancy and increase density within the District core. These plans also generally result with the development of design-based guidelines for redevelopment of existing sites or development of new sites.
7. Promotions – In order for downtowns to function at their peak, they require a critical mass of people. Regular programming of events such as concerts, art walks, farmers

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markets, and other events all assist with creating that critical mass but require promotions to reach specific target audiences which the District is trying to attract. This could include print content, web content, radio and television content and other forms of promotion to spread the message of the DDA.

8. Demolition – Occasionally, development opportunities require demolition of existing sites and structures. The DDA can participate in the costs of the demolition process when it is appropriate to spur new development opportunities.
9. Lead & Asbestos Abatement – Several buildings in pre-developed centers utilized lead-based materials or asbestos materials in their construction process. As part of any redevelopment process, these materials must be abated prior to new development occurring. This is a costly and methodical necessity for redevelopment to succeed.
10. Public Infrastructure Improvements – Public improvements covers a wide array of projects including street lighting, streetscape enhancements, water and sewer improvements, electrical improvements, burying of existing and new utilities, stormwater improvements, parking improvements and generally anything else that falls within the public right-of-way, easement or public realm.
11. Public Spaces – Many people equate public spaces to parks, but they can also include public alleys, community centers, non-park public owned green spaces and many more. Projects that can enhance these spaces all fall under the eligible activity expenses of the DDA.
12. Private Infrastructure Improvements – As part of redevelopment, developers are often required to improve private infrastructure or anything on a private property (not in a public right-of way). The DDA is able to assist with offsetting these costs, specifically when it comes to integrated parking structures such as vertical and underground parking, utilities, water and sewer tap fees, soft costs and others that support density in accordance with local zoning, master plans and township goals but may be cost prohibitive to complete the project.
13. Site Preparation – Costs associated with site preparation can be significant for both public and private investment. These costs include such activities as clearing & grubbing, compaction and sub-base preparation, cut and fill operations, dewatering, excavation for unstable material, foundation work to address special soil concerns, retaining walls, temporary sheeting/shoring, specific and unique activities, etc.) anything on private property not in a public right-of-way to support density and prohibitive costs to allow for greater density in accordance with local zoning, master plans and township goals.

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14. Environmental Activities - Environmental Activities would include activities beyond what may be supported by the Michigan Department of Environmental Quality (MDEQ) under an approved Brownfield Plan and Act 381 Work Plan in order to protect human health and the environment, off-set cost prohibitive environmental costs and insurance needs, etc.

15. Gap Funding - Recognizing that the cost of mixed-use, traditional development is higher than it is for undeveloped sites, the Township may, at its own discretion, commit project-specific future tax increment capture back to private projects for a specified period of time. The goal is to provide funding to close the “gap” that prevents the project from becoming a reality due to financial feasibility. For example, if the pro-forma for a project indicates that it cannot generate enough income to cover the cost of construction and a reasonable rate of return for a developer/investor, future tax increment can be committed to that development to make is feasible. It can also be used as a tool to attract companies and businesses to the township in an effort to create new employment opportunities within the DDA District.

Inflation Rate Multiplier/ Ratio for Real Property Values in Michigan

Source: State of Michigan - Department of Treasury

Year No.	Year	Inflation Rate Multiplier/ Ratio	Inflation Rate as a Percentage Rate	5 Year Average	10 Year Average	15 Year Average	20 Year Average
1	1995	1.026	2.60%	-	-	-	-
2	1996	1.028	2.80%	-	-	-	-
3	1997	1.028	2.80%	-	-	-	-
4	1998	1.027	2.70%	-	-	-	-
5	1999	1.016	1.60%	-	-	-	1.60%
6	2000	1.019	1.90%	-	-	-	1.90%
7	2001	1.032	3.20%	-	-	-	3.20%
8	2002	1.032	3.20%	-	-	-	3.20%
9	2003	1.015	1.50%	-	-	-	1.50%
10	2004	1.023	2.30%	-	-	2.30%	2.30%
11	2005	1.023	2.30%	-	-	2.30%	2.30%
12	2006	1.033	3.30%	-	-	3.30%	3.30%
13	2007	1.037	3.70%	-	-	3.70%	3.70%
14	2008	1.023	2.30%	-	-	2.30%	2.30%
15	2009	1.044	4.40%	-	4.40%	4.40%	4.40%
16	2010	0.997	-0.30%	-	-0.30%	-0.30%	-0.30%
17	2011	1.017	1.70%	-	1.70%	1.70%	1.70%
18	2012	1.027	2.70%	-	2.70%	2.70%	2.70%
19	2013	1.024	2.40%	-	2.40%	2.40%	2.40%
20	2014	1.016	1.60%	1.60%	1.60%	1.60%	1.60%
21	2015	1.016	1.60%	1.60%	1.60%	1.60%	1.60%
22	2016	1.003	0.30%	0.30%	0.30%	0.30%	0.30%
23	2017	1.009	0.90%	0.90%	0.90%	0.90%	0.90%
24	2018	1.021	2.10%	2.10%	2.10%	2.10%	2.10%
Average =				1.30%	1.74%	2.09%	2.14%

Notes:

The Michigan Department of Treasury calculates a new multiplier/ ratio in October of each year for the following year and it's available at the source noted below.

Source:

See "Inflation Rate Multiplier" Bulletin/ "Consumer Price Level (CPL/CPI)" Memo at:
https://www.michigan.gov/documents/treasury/Bulletin_16_of_2017_-_Inflation_Rate_Multiplier_for_2018_604882_7.pdf

Prepared by:

Advanced Redevelopment Solutions

Last revised: 8/23/2018



Downtown Development Authority (DDA) Map 2006

