



# CITY OF AUBURN HILLS CITY COUNCIL AGENDA

MEETING DATE: SEPTEMBER 9, 2019

AGENDA ITEM NO. .

## CITY OF AUBURN HILLS DOWNTOWN DEVELOPMENT AUTHORITY MEETING

**August 19, 2019**

**LOCATION:** Auburn Hills City Hall, Administrative Conference Room, 1827 N. Squirrel Road, Auburn Hills, MI 48326

**CALL TO ORDER:** Chairman Young called the meeting to order at 5:41 PM.

**ROLL CALL**

Present:	McDaniel, Travnikar, Young, Gliniecki, Volk, Rasmussen (Arrived at 5:43 p.m.)
Absent:	Wise, Jernigan, Spurlin
Also Present:	Brandon Skopek, Director of Authorities
Guests:	None

### **PERSONS WISHING TO BE HEARD**

None.

### **APPROVAL OF MINUTES**

Mr. Rasmussen arrived at 5:43 p.m.

#### **A. Regular Meeting Minutes – April 15, 2019**

Mayor McDaniel noted that he was absent from the April 15, 2019 meeting due to a delayed flight.

**Moved by Mr. Volk to approve the DDA Minutes from April 15, 2019 as amended.  
Supported by Mr. Travnikar.**

**Yes: McDaniel, Travnikar, Young, Gliniecki, Volk, Rasmussen  
No: None**

**Motion carried**

#### **B. Joint Meeting Minutes – April 15, 2019**

Mr. Volk asked if there was any further discussion on the presentation given by staff at the joint meeting. He asked if the DDA and TIFA Board's were in agreement with the information provided.

Mr. Gliniecki stated that the information presented showed downtown's target market based on the City's demographics. Staff also discussed the retail market analysis within a certain parameter of downtown and what markets are underserved.

**Moved by Mr. Volk to approve the Joint Meeting Minutes from April 15, 2019 as presented.  
Supported by Mr. Travnikar.**

**Yes: McDaniel, Travnikar, Young, Gliniecki, Volk, Rasmussen  
No: None**

**Motion carried**

#### **C. Special Meeting Minutes – July 10, 2019**

**Moved by Mr. Volk to approve the Special Meeting Minutes from July 10, 2019 as presented.  
Supported by Mr. Travnikar.**

**Yes: McDaniel, Travnikar, Young, Gliniecki, Volk, Rasmussen  
No: None**

**Motion carried**

## **FINANCIAL REPORT**

### **A. FY 2019 Adopted Budget and YTD Summary – July 31, 2019**

Mr. Skopek reviewed the financial report for period ending July 31, 2019. He stated that the DDA has received approximately 85% of budgeted property tax revenue to date for a total of \$106,788. He stated that approximately 9% of budgeted expenditures have been utilized to date, but that expenditures will increase as funds are expended for other downtown events, irrigation costs throughout the year.

Chairman Young asked if the net position is still anticipated to be positive for 2019.

Mr. Skopek stated the Board should anticipate their fund balance to increase at the end of fiscal year 2019. The largest expenditure for 2020 will be the debt service payment to the Tax Increment Finance Authority (TIFA) for the development incentive loan to Robertson Brothers.

Mr. Volk asked what the payback period was on the loan.

Mr. Skopek stated it is a four-year payback.

There was no further discussion on the financial report.

**Moved by Mayor McDaniel to receive and file the financial report for period ending July 31, 2019.  
Supported by Mr. Travnikar.**

**Yes: McDaniel, Travnikar, Young, Gliniecki, Volk, Rasmussen  
No: None**

**Motion carried**

## **OLD BUSINESS**

None.

## **NEW BUSINESS**

None.

## **CORRESPONDENCE AND PRESENTATIONS**

### **A. 2020 – 2024 Budget Presentation**

Mr. Skopek presented the DDA Board with its 2020 – 2024 budgets. He reviewed that the DDA has budgeted extremely conservatively over the last several years in order to build its fund balance for future projects and downtown events. Currently, the only projected revenue for the DDA is tax increment revenue which conservatively increases each year by the rate of inflation which increases just above 2% annually over the next five years. When completing the budget process, new construction is not taken into consideration. Staff cannot accurately predict when tax increment revenue from new builds may affect the tax rolls. However, with the amount of

planned development within the DDA District in the next two years, staff anticipates that the cash position will increase more than the budget predicts.

Mr. Skopek reviewed the 2019 expenditures compared to 2020 expenditures noting that the budgeted decrease of \$137,841 is mostly contributed to the development incentive grant anticipated to be paid out in 2019. Although there is a decrease in expenditures, there are additional funds budgeted for new downtown events in 2020. He added that there is a debt service payment of approximately \$43,000 in 2020 to the TIFA, which will continue through 2023.

Mr. Gliniecki asked why contractual services decreased significantly over 2019 to 2020.

Mr. Skopek stated that the \$160,000 grant for the Robertson Brothers development is included in the 2019 contractual services budget. Because that is a one-time expenditure, those expenses are not be reflected in future projections.

Mr. Rasmussen asked if there was a plan to update the Hyett Palma report from 2009.

Mr. Skopek stated that there is no immediate plan to update the Hyett Palma report, but he and the City Planner had been discussing the possibility of creating an updated market study to share with prospective businesses. He added that Main Street Oakland County is generating a report from the resource team visit held last month that will have action items that the Board can review and determine how to proceed.

Mr. Skopek stated that at the end of fiscal year 2019, the projected fund balance of the DDA will be approximately \$364,000 and expected to increase based on the Board's conservative spending.

Mr. Volk asked how Auburn Hills' DDA fund balance and expenditures compare to other communities more mature DDAs.

Mr. Skopek stated that he does not have numbers from surrounding communities. He added that many DDAs fund capital projects in downtown districts whereas Auburn Hills has a TIFA that funds capital projects. Auburn Hills is unique in that we have more economic development tools than most communities.

Mr. Volk asked if having a large fund balance would put pressure on the DDA to fund larger capital projects.

Mr. Skopek stated that most of the downtown infrastructure has been updated and there is very little need for capital projects. He added that the TIFA handles the large capital projects, whereas the DDA primarily focuses on downtown promotions, marketing, and events.

Mayor McDaniel concurred that many of the capital projects have been funded and downtown can now focus on promotions. He added that a major goal of the City was to build up the downtown and make it a destination.

Chairman Young recommended more frequent meetings of the DDA and joint meetings between the DDA and TIFA to improve communication and engagement between the Boards.

Mayor McDaniel recommended meeting every other month in 2020.

Chairman Young recommended creating active committees for marketing/promotions and events and meeting every other month as a full Board to increase Board member engagement.

**Moved by Mr. Volk to approve the Downtown Development Authority 2019 Amended Budget and 2020 Proposed Budget as presented. Furthermore, recommend to the City Council the inclusion of these budgets for adoption in the City's overall budget documents.**

**Supported by Mr. Travnikar**

**Yes: McDaniel, Travnikar, Young, Gliniecki, Volk, Rasmussen**

**No: None**

**Motion carried**

**BOARD MEMBER COMMENTS**

None.

**DIRECTOR UPDATES**

Mr. Skopek updated the Board that the TIFA has purchased the building located at 3346 Auburn Road in downtown Auburn Hills. The intent is to split off the surface parking lot as part of that property for redevelopment and complete an interior demolition of the existing building. Staff will work to actively recruit a destination restaurant for the space.

Mr. Skopek stated that SeptemBEERfest planning is progressing nicely. Staff is awaiting confirmation from the beer distributor on participating breweries and Bad Brad's BBQ will serve as the food vendor for the event. Further, Michigan By The Bottle, Sprigs, and The Edge are participating in event specials at their stores and staff is assisting with promoting their specials.

Mr. Gliniecki asked if the restaurants were informed that staff would help promote their specials.

Mr. Skopek stated that all merchants were offered the opportunity to promote their specials in conjunction with SeptemBEERfest's marketing plan.

Mr. Volk asked if there was a cost on behalf of the merchants to receive assistance with advertising their specials.

Mr. Skopek stated there was no cost on behalf of the merchants.

Mr. Volk offered to assist in reaching out to merchants and advertising for SeptemBEERfest.

Mr. Skopek will forward marketing materials to the Board for them to distribute and promote.

**ANNOUNCEMENT OF NEXT MEETING**

The next Downtown Development Authority Board of Directors will be Monday, November 11, 2019, immediately following the informational meeting at 5:30 PM at City Hall in the Administrative Conference Room.

**ADJOURNMENT**

**Moved by Mayor McDaniel to adjourn the DDA Board meeting.**

**Supported by Mr. Travnikar.**

**Yes: McDaniel, Travnikar, Young, Gliniecki, Volk, Rasmussen**

**No: None**

**Motion carried**

**The DDA Board of Directors meeting adjourned at 6:33 p.m.**

Respectfully submitted,  
Brandon Skopek  
Executive Director