



CITY OF AUBURN HILLS
CITY COUNCIL AGENDA

MEETING DATE: APRIL 5, 2021

AGENDA ITEM NO.

**CITY OF AUBURN HILLS
TAX INCREMENT FINANCE AUTHORITY MEETING**

March 9, 2021

CALL TO ORDER: Chairman Kneffel called the meeting to order at 4:00 PM.

ROLL CALL:

Present:	Kneffel (Auburn Hills, MI), Klemanski (Auburn Hills, MI), Moniz (Auburn Hills, MI), Hawkins (Auburn Hills, MI), Thornton (Charlevoix, MI), Dolly (Auburn Hills, MI)
Absent:	Goodhall, Price, Waltenspiel
Also Present:	Brandon Skopek, Assistant to the City Manager
Guests:	Michael Wayne, Detroit Riverside Capital; Alec Harris, Detroit Riverside Capital (arrived at 4:20 p.m.)

LOCATION: Virtual Meeting

PERSONS WISHING TO BE HEARD

None.

APPROVAL OF MINUTES

A. TIFA Regular Meeting Minutes – February 9, 2021

Moved by Dr. Klemanski to approve the TIFA Regular Meeting minutes from February 9, 2021 as presented.

Seconded by Mr. Hawkins

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly
No: none

Motion carried by roll call vote

B. TIFA Executive Session Meeting Minutes – February 9, 2021

Moved by Mr. Hawkins to approve the TIFA Executive Session minutes from February 9, 2021 as presented.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly
No: none

Motion carried by roll call vote

CORRESPONDENCE AND PRESENTATIONS

None.

FINANCIAL REPORT

A. FY 2021 Adopted Budget and YTD Summary – February 28, 2021

Mr. Skopek presented the financial report for the period ending February 28, 2021.

There was no discussion on the financial report.

Moved by Dr. Dolly to receive and file the financial report for period ending February 28, 2021.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly

No: none

Motion carried by roll call vote

UNFINISHED BUSINESS

None.

NEW BUSINESS

A. Conveyance of TIFA Property

Mr. Skopek presented a memo dated March 1, 2021. He noted that while the City's Administrative Review Team was conducting their review of the proposed development at 27 S. Squirrel Road, it was discovered that the development, as proposed, would require an additional ten (10) feet of property on the east side of the building to conform with the building code; there is currently twenty-three (23) feet between the property line of 27 S. Squirrel Road and the surface parking lot on the TIFA-owned property directly east of 27 S. Squirrel Road. Due to the limited size of 27 S. Squirrel Road, it is not financially feasible for the developer to reduce the size of the building by ten (10) feet to meet building code; therefore, staff has proposed splitting off ten (10) feet of property from the TIFA-owned property to the east for addition to 27 S. Squirrel Road. The remaining thirteen (13) feet would be retained by the TIFA as a buffer for any future development on the property.

Vice Chairman Klemanski asked if the ten-foot strip of plan was always proposed to remain as a buffer regardless if it was added to 27 S. Squirrel Road.

Mr. Skopek noted that there would always be a buffer between 27 S. squirrel Road and the TIFA-owned property directly east, however, the building code requires the additional buffer on the development property even if the adjacent property remains vacant. This deters the other property from being developed too closely to the development proposed at 27 S. Squirrel Road.

Mr. Skopek continued that the section of property proposed to be split and added to 27 S. Squirrel Road contains a large amount of underground DTE utilities, making that section of property unbuildable with expending funds to relocate the existing utilities. Therefore, the TIFA would essentially be conveying an unbuildable piece of property due to building code and utility easement limitations. Staff recommends the TIFA Board consider adding the ten (10) foot strip of land to 27 S. Squirrel Road and amending the purchase agreement to include a new legal description for 27 S. Squirrel Road. Further, Detroit Riverside Capital shall pay for all costs incurred for the conveyance of this piece of property.

Dr. Dolly asked if the purchaser would be paying for the additional ten feet of property.

Mr. Skopek stated that the recommendation is to convey the ten-foot strip of land at no additional cost to the purchaser, aside from the purchaser paying any costs incurred for the conveyance of property. For example, the creation of a new survey and legal description. The reasoning for this is that the ten-foot strip of land is essentially unbuildable.

Mr. Moniz noted the utility easement within this strip of property and asked what would happen if a repair is needed.

Mr. Skopek stated that the building will not be extended into the ten-foot strip of land proposed and no permanent structure may be constructed within the easement. He added that items such as a sidewalk and patio may be constructed with the permission of DTE Energy, but any costs incurred for DTE to come in and remove structures from the easement would be covered by the property owner.

Mr. Hawkins asked if the developer required the additional ten feet because the building was upgraded to four stories.

Mr. Skopek stated that the additional ten feet would be required regardless of the height. He added that because the east wall is not a fire rated wall and has openings, a buffer is required by the building code.

Michael Wayne and Alec Harris of Detroit Riverside Capital arrived at 4:20 p.m.

Mr. Moniz asked if Detroit Riverside Capital had any additional input.

Mr. Wayne stated that the additional ten feet of property will maximize the value of the development.

Mr. Moniz noted for Detroit Riverside Capital his concern about construction within the DTE utility easement. He sought assurance that Detroit Riverside Capital is aware they would be responsible for the costs to remove a patio or sidewalk from the DTE utility easement, if necessary.

Mr. Wayne noted that he is both aware and comfortable with that possibility.

Mr. Moniz requested a development timeline from Detroit Riverside Capital.

Mr. Wayne stated that they have received a recommendation of approval from the Planning Commission and will be before the City Council on March 15. Assuming all goes well, they plan to close on the property on June 1 and begin construction on July 1. The development is proposed to be completed by April 1, 2022.

Mr. Moniz asked about potential tenants for the building.

Mr. Wayne stated they are targeting young professionals for the residential units and they are in discussions with Regus and Office Evolution for the office space.

Moved by Mr. Hawkins to authorize the conveyance of property from parcel identification number 14-36-126-020 and authorize the Executive Director to execute all the documents necessary to complete the conveyance of property. Furthermore, Detroit Riverside Capital shall pay all costs incurred for the conveyance of property.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly

No: none

Motion carried by roll call vote

Mr. Wayne apologized for attending the meeting late and requested an opportunity to provide feedback and comments on the TIFA Business Recruitment Grant.

Chairman Kneffel suggested Mr. Wayne provide his comments later in the agenda under Executive Director Updates.

B. 2021 Budget Amendments for 2020 Encumbered Fund by Purchase Order

Mr. Skopek presented a memo dated February 12, 2021. He noted that each year several purchase orders are rolled into the next fiscal year when the expected goods or services are not delivered in the year the purchase order was opened; however, there is not typically a budget amendment that recognizes these encumbered funds. A more appropriate method would be to amend the fiscal year budget that the encumbered funds are rolled into at the time they are rolled forward to accommodate the purchases that have already been approved and budgeted in the previous year. Establishing this method will not only allow the Board to see which funds are accounted for, but also provide an understanding as to why funds appear to be under budget. Staff is seeking Board authorization to roll over these encumbered funds into the next fiscal year without a formal budget amendment presented to the Board and rather provide the Board with a receive and file communication.

Vice Chairman Klemanski asked if the Board would receive information on the funds that were rolled over at the time the roll over took place. Specifically, he asked if staff could also include an explanation as to why the funds needed to be carried over. For example, construction delays.

Mr. Skopek stated that staff would include in the report the amount to be carried over, the project the funds are allocated toward, and the reasoning for the carryover.

Chairman Kneffel asked if the City Council approved a similar action.

Mr. Skopek confirmed that the City Council authorized the same action that is being requested of the TIFA Board.

Moved by Mr. Moniz to approve 2021 budget amendments for 2020 funds encumbered by purchase order for each fund as listed on the attached report. Further, authorize staff to amend future budgets for previous year amended funds with only a receive and file communication.

Seconded by Dr. Dolly

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly
No: none

Motion carried by roll call vote

C. 2021 Budget Amendments

Mr. Skopek presented a memo dated March 3, 2021. He noted that while reviewing capital projects from 2020, staff discovered a couple of projects that require an amendment in FY 2021 for project carry overs that were not encumbered by purchase order. These projects were budgeted in FY 2020, however, funds were not carried over into FY 2021 as these projects were anticipated to be completed prior to the end of FY 2020. These projects are the pedestrian alleyway in downtown and the storage building on the municipal campus. An amendment of \$20,170 is required in FY 2021 for the alleyway project and an amendment of \$18,742 is required for the storage building. These amendments will cover budget carry overs.

Mr. Moniz requested an update on the pedestrian alleyway project.

Mr. Skopek stated that the electrical contractor and OHM Advisors are working through electrical issues with the project. He reminded the Board that the electrical was installed incorrectly and required additional work. The contracted electrician is now requesting payment for the additional work; however, staff and OHM Advisors are working through these issues.

Moved by Dr. Dolly to amend the 2021 Tax Increment Finance Authority Budget as presented.

Seconded by Ms. Thornton

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly
No: none

Motion carried by roll call vote

D. Grant Match for Clinton River Trail Maintenance

Mr. Skopek presented a memo dated March 3, 2021. He stated that the Clinton River Trail was originally surfaced with millings and slurry seal, which was an affordable option at the time; however, over time the milling separates and create an uneven surface causing the need for restoration. The current Recreation Master Plan calls for the resurfacing of the Clinton River Trail with asphalt. Because this is a \$350,000 project, staff is looking to offset costs to the City by applying for grant funding through the Ralph C. Wilson Trails Maintenance Fund. The Recreation Director is in the process of completing a grant application for work to be conducted in FY 2022. Grant application are due April 1, 2021 and are awarded before the end of July. Grant awards can range from \$50,000 to \$400,000 and require a 1:1 match. The TIFA currently budgets \$20,000 annually for sidewalk and pathway maintenance in TIF District A and has historically used very little of this budget. Due to the location of the trail through the downtown TIF district, it would be appropriate for the TIFA Board to commit an additional \$20,000 for the grant match in FY 2022 from this line item. Additional funding will also be requested from the Downtown Development Authority and the City's General Fund as part of the grant match.

Vice Chairman Klemanski asked if the funds would still be expended if the grant was not awarded.

Mr. Skopek stated that the funds would not be expended if the grant was not awarded. He added that the City's General Fund has budgeted \$60,000 in FY 2021 to conduct trail maintenance, which would be the back up plan if the grant is not awarded. The intent was to hold off on the maintenance for this year to see if the City could receive grant funding for a reconstruct rather than maintenance.

Chairman Kneffel asked if the line item would be increased to a total of \$40,000.

Mr. Skopek affirmed that the line item would increase from \$20,000 to \$40,000. Staff would keep \$20,000 in the budget for sidewalk and pathway repairs in FY 2022 and add an additional \$20,000 for the grant match.

Moved by Ms. Thornton to commit up to \$20,000 in the FY 2022 Tax Increment Finance Authority Budget as a grant match for the Ralph C. Wilson Grant Application for the resurfacing of the Clinton River Trail.

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly
No: none

Motion carried by roll call vote

EXECUTIVE DIRECTOR UPDATE

Mr. Skopek reminded the Board of the joint meeting between the TIFA and DDA on April 13, 2021, immediately following the regular TIFA meeting. Mr. Skopek gave Mr. Wayne the floor.

Michael Wayne of Detroit Riverside Capital provided the Board with feedback he has received from potential downtown tenants on the TIFA Business Recruitment Grant. He noted that many prospective tenants have expressed interest in the grant program, however, there are a few issues his prospective tenants have brought up such as not allowing for a pre-approval prior to work being bid out and completed, the grant being paid out as a reimbursement component rather than an upfront payment to be utilized as a component of financing, and that the grant is reserved for commercial retail users and does not include office spaces.

Mr. Moniz asked if this grant could be utilized by existing businesses in downtown.

Mr. Skopek stated that this is a recruitment grant that incentivizes new destination commercial/retail users to locate in downtown Auburn Hills by assisting with their buildout, so existing businesses would not be eligible. He added that the TIFA also sponsors a site improvement grant that existing downtown businesses could apply for. The site improvement grant can be utilized for sign improvements, façade improvements, and landscaping elements.

Dr. Dolly noted her concern with committing funds upfront and TIFA's associated risk with such. She noted that the business could back out of the program after funds were awarded and paid out.

Mr. Wayne proposed sending Mr. Skopek his thoughts in writing, which he could then pass along to the TIFA Board.

Chairman Kneffel requested Mr. Wayne's feedback in writing for review by the Board.

Dr. Dolly recommended any changes proposed should be reviewed by the City Attorney.

Chairman Kneffel requested that Mr. Skopek forward the grant applications to the Board for review.

Mr. Skopek will send the TIFA Business Recruitment Grant and Site Improvement Grant applications to the Board for their review. He added that he recommended against up front payments to applicants and that the grant should continue to be paid out on a reimbursement basis only.

Chairman Kneffel suggested discussing the grants at the next TIFA Board meeting.

BOARD MEMBER COMMENTS

Dr. Dolly asked if the pedestrian alleyway would be completed this year.

Mr. Skopek stated that the alleyway is near completion, but there are a few punch list items left. Most notably, the electrical issues with the contracted electrician. He noted that the columns, landscaping, and lighting have all been installed. The archways will be installed in April, bringing the project to completion.

Chairman Kneffel asked if staff is proceeding with summer events this year.

Mr. Skopek stated that staff is proceeding as if every event can take place. He added that some events may need to be scaled back based on COVID-19 guidelines, but the plan is to proceed toward normalcy.

Chairman Kneffel asked if there was an agenda for the Joint TIFA and DDA Board meeting.

Mr. Skopek stated that he will be working with Stephanie Carroll, Economic Development Manager and Executive Director of the DDA, on an agenda for the meeting and it will be sent out within the next couple of weeks.

ANNOUNCEMENT OF NEXT MEETING

The next regularly scheduled TIFA Board of Directors meeting is scheduled for Tuesday, April 13, 2021 at 4:00 PM at Auburn Hills City Hall Administrative Conference Room, 1827 N. Squirrel Road, Auburn Hills, Michigan 48326.

ADJOURNMENT

Moved by Ms. Thornton to adjourn the TIFA Board meeting.

Seconded by Dr. Dolly

Yes: Kneffel, Klemanski, Moniz, Hawkins, Thornton, Dolly

No: none

Motion carried

The TIFA Board of Directors meeting adjourned at 5:26 PM

Respectfully submitted,

Steve Goodhall
Secretary of the Board

Brandon Skopek
Assistant to the City Manager