



The mission of the Lake Orion DDA is to enhance the economic potential and preserve the historical character of the Lake Orion DDA District, *the heart and hub of the Orion Community*, through promotional activities and an organizational structure that focuses on community involvement with local businesses, residents and other stakeholders.

DDA Board Meeting

DATE: December 13, 2022

FROM: Molly LaLone, DDA Executive Director

SUBJECT: Resolution for Designation of Future Tax Increment Revenues from the DDA TIF Capture to be Dedicated for Public Facility Infrastructure in DDA District.

BACKGROUND BRIEF: The Village and the DDA both approved the formation of a joint committee to explore the legal options regarding how to use DDA tax capture to focus on the downtown district public facility infrastructure costs by way of a dedicated account for the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of public facility infrastructure performed by the Village. The joint committee has reviewed the issues and the available data and is recommending that the Village adopt a budgetary resolution to provide that 75% of all future tax increment revenues captured from the DDA TIF, from all newly realized Captured Taxable Value commencing from the execution of this Resolution and corresponding DDA Resolution, be transferred to a dedicated DDA District Public Facility Infrastructure account for the Village to construct, renovate, repair, remodel, rehabilitate, restore, preserve or reconstruct any and all “public facilities” within the defined boundaries of the DDA district on behalf of the DDA, and further, that the DDA retain the remainder of the 25% of all future tax increment revenues from the DDA TIF, from all newly realized Captured Taxable Value, commencing from the execution of this Resolution and corresponding Resolution of the DDA, which shall be utilized in any lawful manner by the DDA as determined by the DDA.

SUMMARY OF PREVIOUS COUNCIL ACTION: Creation of a joint Village and DDA Committee and appointment of Village Council Members to same.

FINANCIAL IMPACT: Increase in Tax Increment Revenues from DDA TIF capture to be dedicated to public facility infrastructure needs for the Village in the DDA district.

RECOMMENDED MOTION: To adopt Resolution 2022-001 to designate a portion of future tax increment revenues from the DDA TIF capture to be dedicated for public facility infrastructure in the DDA district.

LAKE ORION DOWNTOWN DEVELOPMENT AUTHORITY
RESOLUTION 22-001
RESOLUTION FOR DESIGNATION OF TAX INCREMENT REVENUES FROM THE
DDA TIF CAPTURE TO BE DEDICATED FOR PUBLIC FACILITY
INFRASTRUCTURE IN THE DDA DISTRICT

MOTION BY:
SECOND BY:
AYES:
NAYS:
RESULT:

WHEREAS, the Lake Orion Downtown Development Authority is a duly established Downtown Development Authority, established by the Village of Lake Orion, pursuant to Part 2 of the Recodified Tax Increment Financing Act, Public Act 57 of 2018, being MCL 125.4201, *et seq.* ("DDA"); and

WHEREAS, the Village of Lake Orion is a Michigan municipal corporation duly established under The Home Rule Village Act, Public Act 278 of 1909, being MCL 78.1, *et seq.* ("Village"); and

WHEREAS, the DDA has the statutory authority to plan and propose for the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a "public facility," an existing building, or a multiple-family dwelling unit which may be necessary or appropriate to the execution of a plan which, in the opinion of the DDA Board, aids in the economic growth of the downtown district pursuant to the Recodified Tax Increment Financing Act, Public Act 57 of 2018, being MCL 125.4207; and

WHEREAS, the Village owns and has the responsibility to construct, renovate, repair, remodel, rehabilitate, restore, preserve or reconstruct "public facilities" as defined in MCL 125.4201(x), within the DDA district, that are necessary and appropriate to the execution of the DDA Development Plan and which aid in the economic growth of the DDA district; and

WHEREAS, the DDA has met, studied and discussed the needs for ongoing maintenance and improvements to the Downtown District public facility infrastructure as a means to maintain and increase business and residential property values in the Downtown District; and

WHEREAS, the Village has met and analyzed the Downtown District and concludes that the maintenance and improvements to the public facility infrastructure in the Downtown District is vital to the Downtown District and the Village as a whole; and

WHEREAS, both the Village and the DDA have determined and agreed that the Village is best situated to address the public facility infrastructure needs of the Downtown District in coordination with the infrastructure of the Village as a whole; and

WHEREAS, both the Village and the DDA have determined and agreed that a dedicated public facility infrastructure account is a viable response to the Downtown District public facility infrastructure needs, with the Village best positioned to use those funds to coordinate infrastructure construction, maintenance and improvements to the Downtown District; and

WHEREAS, the Village and the DDA both approved the formation of a joint committee to explore the legal options regarding how to use DDA tax capture to focus on the Downtown District public facility infrastructure costs by way of a dedicated account for the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of public facility infrastructure performed by the Village that joint committee supports this Resolution; and

WHEREAS, the joint committee has reviewed the issues and the available data and has recommended that the Village adopt a budgetary resolution to provide that 75% of all future tax increment revenues captured from the DDA TIF, from all newly realized Captured Taxable Value commencing from the execution of this Resolution and corresponding DDA Resolution, be transferred to a dedicated DDA District Public Facility Infrastructure account for the Village to construct, renovate, repair, remodel, rehabilitate, restore, preserve or reconstruct any and all “public facilities” within the defined boundaries of the DDA District on behalf of the DDA, and further, that the DDA retain the remainder of the 25% of all future tax increment revenues from the DDA TIF, from all newly realized Captured Taxable Value commencing from the execution of this Resolution and corresponding DDA Resolution, which shall be utilized in any lawful manner by the DDA as determined by the DDA.

NOW, THEREFORE, BE IT RESOLVED, by the DDA that the Village has the responsibility to construct, renovate, repair, remodel, rehabilitate, restore, preserve or reconstruct “public facilities,” as defined by MCL 125.4201(x), within the DDA District, which is necessary and appropriate to the execution of the DDA Development Plan and aids in the economic growth of the DDA District and the Village as a whole; and

BE IT FURTHER RESOLVED, that as part of the DDA budget, the DDA shall transfer to a dedicated public facility infrastructure account, 75% of all future tax increment revenues captured from the DDA TIF, from all new realized Captured Taxable Value commencing from the adoption of this Resolution and corresponding Resolution of the Village, on a monthly basis; and

BE IT FURTHER RESOLVED, that the Village shall invoice the DDA to utilize the dedicated public facility infrastructure funds to construct, renovate, repair, remodel, rehabilitate, restore, preserve or reconstruct any and all “public facilities” as defined in MCL 125.4201(x), within the defined boundaries of the DDA District on behalf of the DDA; and

BE IT FURTHER RESOLVED, that the current tax increment revenues from the DDA TIF capture shall remain with the DDA, in its general fund for use by the DDA, and that the residual 25% of the future tax increment revenues captured from the DDA TIF, from all new realized Captured Taxable Value commencing from the adoption of this Resolution and corresponding DDA Resolution, shall be retained by the DDA, in its general fund for the use by the DDA, and to be utilized by the DDA as provided for by law; and

BE IT FURTHER RESOLVED, that this Resolution shall remain effective though the duration of the currently approved DDA Tax Increment Financing and Development Plan ending December 2039 and, if the DDA Tax Increment Financing and Development Plan is extended, the term of this Resolution shall be extended to the same term; and

BE IT FURTHER RESOLVED, that nothing in this Resolution shall be construed or shall have any impact on the current Agreement between the parties for the provisions of Village services to the DDA.

CERTIFICATION

I, Susan C. Galeczka, Clerk for the Village of Lake Orion, do hereby certify that the foregoing is a true and original copy of Resolution #2022-043 adopted at the Regular Meeting of the Lake Orion Village Council held on the 13th day of December, 2022.

*Susan C. Galeczka, CMC, MiPMC
Village Clerk*

Dated: December 13, 2022

Parcel No.	Tax Billing Code	Base Value	2022 Taxable Value	2022 Captured Value	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
TOTALS:		10,230,700	46,490,130	36,259,430	36,636,862	37,018,058	37,403,057	37,791,897	38,184,616	38,581,254	38,981,848

Mills	Taxing Jurisdiction	Percentage	Capture
12.6756	Village	100%	12.6756
5.0447	Orion Twp	100%	5.0447
0.2339	NOTA	100%	0.2339
4.3602	Oakland County	100%	4.3602
0.2089	HCMA	100%	0.2089
1.5057	OCC	100%	1.5057
			24.0290

11.3534

TIF Revenue	871,277.84	880,347.15	889,506.92	898,758.07	908,101.50	917,538.15	927,068.95	936,694.83
Set Point 2022 for Revenue Share		(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)
Difference		9,069.31	18,229.08	27,480.22	36,823.66	46,260.31	55,791.10	65,416.99
75% growth Dedicated to Capital Outlay with DDA District		6,801.98	13,671.81	20,610.17	27,617.74	34,695.23	41,843.33	49,062.74
25% unassigned tax capture		2,267.33	4,557.27	6,870.06	9,205.91	11,565.08	13,947.78	16,354.25

Parcel No.	Tax Billing Code	Base Value	2022 Taxable Value	2022 Captured Value	2030 Projected	2031 Projected	2032 Projected	2033 Projected	2034 Projected	2035 Projected	2036 Projected
TOTALS:		10,230,700	46,490,130	36,259,430	39,386,440	39,795,069	40,207,775	40,624,600	41,045,584	41,470,770	41,900,200

Mills	Taxing Jurisdiction	Percentage	Capture
12.6756	Village	100%	12.6756
5.0447	Orion Twp	100%	5.0447
0.2339	NOTA	100%	0.2339
4.3602	Oakland County	100%	4.3602
0.2089	HCMA	100%	0.2089
1.5057	OCC	100%	1.5057
			24.0290

11.3534

TIF Revenue	871,277.84	946,416.77	956,235.71	966,152.63	976,168.51	986,284.35	996,501.14	1,006,819.90
Set Point 2022 for Revenue Share		(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)	(871,277.84)
Difference		75,138.92	84,957.86	94,874.79	104,890.67	115,006.50	125,223.29	135,542.05
75% growth Dedicated to Capital Outlay with DDA District			56,354.19	63,718.40	71,156.09	78,668.00	86,254.88	93,917.47
25% unassigned tax capture			18,784.73	21,239.47	23,718.70	26,222.67	28,751.63	31,305.82
							31,305.82	33,885.51

Attachment: Tax Capture with rev share 2022-2039 (5547 : Resolution for Designation of Future Tax Increment Revenues from the DDA TIF

Parcel No.	Tax Billing Code	Base Value	2022 Taxable Value	2022 Captured Value	2037 Projected	2038 Projected	2039 Projected	Property Notes
TOTALS:		10,230,700	46,490,130	36,259,430	42,333,915	42,771,959	43,214,376	

Mills	Taxing Jurisdiction	Percentage	Capture
12.6756	Village	100%	12.6756
5.0447	Orion Twp	100%	5.0447
0.2339	NOTA	100%	0.2339
4.3602	Oakland County	100%	4.3602
0.2089	HCMA	100%	0.2089
1.5057	OCC	100%	1.5057
			24.0290

11.3534

						Total Capture 2022-2040	
TIF Revenue		871,277.84	1,017,241.64	1,027,767.41	1,038,398.24		17,147,279.69
Set Point 2022 for Revenue Share			(871,277.84)	(871,277.84)	(871,277.84)		
Difference			145,963.80	156,489.56	167,120.39		1,464,278.51
75% growth Dedicated to Capital Outlay with DDA District			109,472.85	117,367.17	125,340.29		1,098,208.88
25% unassigned tax capture			36,490.95	39,122.39	41,780.10		366,069.63

DDA/VC JOINT SUBCOMMITTEE

NOVEMBER 2022 REPORT

TIMELINE

- Joint Subcommittee met: August, September, October & November
- Explored Current Capture, Revenue Breakdown, Legal Options & Path Forward

CURRENT DDA REVENUES (22-23)

- \$459,309 Village Tax Capture (19%)
- \$158,915 County Tax Capture (.03%)
- \$191,612 Township Tax Capture (3%)
- \$54,596 OCC (.03%)
- \$7,575 Huron Clinton Parks (01%)
- **\$872,007 Total Capture from Taxing Jurisdictions**
- Plus Estimate of \$12,000 State PPT Reimbursement

VILLAGE V. NON-VILLAGE REVENUE

- \$459,309 Village Tax Capture
- \$412,698 Tax Capture from other Taxing Jurisdictions
- For every \$1 that comes from the village, \$0.90 comes from jurisdictions outside the village.

DDA SERVICE CONTRACTS

- \$70,000 Village Services (Administration)
- \$55,000 DPW
- \$101,000 Police
- **\$226,000 Regular Service Contracts paid to the village from DDA**
- \$459,309 VLO Capture - \$226,000 contracts = \$233,309 remainder of capture

WHAT ABOUT THE FUTURE?

- For every \$1,000,000 in taxable value, the DDA captures \$24,029 (approximately \$12,680 from VLO & \$11,349 from other jurisdictions)
- For \$10 million the DDA captures \$240,290 (approx. \$126,800 from VLO & \$113,490 from other jurisdictions).
- With the significant redevelopment projects forthcoming in the village the total taxable value has the potential to greatly increase.

WHAT ABOUT THE FUTURE?

- The benefit of the TIF is a substantially greater capture of the levied taxes since the increases in taxable values are not distributed to the other taxing jurisdictions and instead are part of the TIF capture.
- On the other side of the coin is that the village is in need of critical infrastructure funding and monies from the increased taxable value as a result of the forthcoming redevelopment projects would help toward these projects.

WHAT ARE THE OPTIONS?

- Do nothing – things stay as is
- Amending the DDA district boundaries to reduce the size of the district
- Amending the TIF Plan to exclude or remove any number of parcels from the DDA

WHAT ARE THE OPTIONS?

- Find creative options for the DDA to collaborate with the village in providing for critical infrastructure needs. MCL125.4207 allows for a DDA to plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction a public facility...which, in the opinion of the board, aids in the economic growth of the downtown district.
 - Public facility means street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, park, parking facility, right of way, structure, waterway, bridge lake, pond, canal, utility line or pipe, building and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency.

WHERE THE COMMITTEE LANDED

- Option 4: Collaboration
- Proposed resolution 2022-043 in front of council today
- This resolution is the result of a desire of representatives of both boards wanting the best for the village on all levels.
- To summarize it: The DDA will designate to a public infrastructure account, 75% of all future tax increment revenues captured from the DDA TIF from all new realized Captured Taxable Value from the date of adoption of the resolution. The remaining 25% will be used as legally allowed by law by the DDA

FUTURE IMPACT

- For every \$10 million in increased taxable value:
 - \$180,217 will be designated to a Public Infrastructure Fund, annually
 - This is a 42% increase, or \$53,417 annual increase over the taxes captured from the VLO
 - \$60,073 will stay in the DDA General Fund
- This new fund will then be utilized by the DDA to pay for public facility construction, repair, etc. within the DDA district, including, but not limited to: roads, water pipes, bridges, and sidewalks.