

**DOWNS PROJECT ADVISORY COMMITTEE (DPAC)  
CITY HALL – Council Chambers  
215 W. Main Street  
Northville, MI 48167  
248-349-1300**

**November 14, 2022 – 4:00pm.**

- 1. Call to Order/Roll Call**
- 2. Approve Agenda**
- 3. Approve Minutes – September 8, 2022**
- 4. Public Comment**
- 5. Review of Brownfield Redevelopment Project – Northville Downs Property**
- 6. Set Next Meeting Date**
- 7. Adjournment**

Respectfully submitted,

*Patrick Sullivan*

Patrick Sullivan  
City Manager

CITY OF NORTHVILLE  
Northville City Hall  
215 W. Main Street, Northville, MI  
Downs Project Advisory Committee Meeting Minutes  
September 8, 2022  
3:00 PM

**1. CALL TO ORDER**

Chair Turnbull called the meeting to order at 3:00pm.

Present: Darga, Gutman, McGow, Tinberg, Turnbull  
DDA Director Ward participated on behalf of the DDA due to Riley's absence.

Absent: Riley

Also present: City Manager Sullivan, City Planner Elmiger, Attorney Rosati, OHM  
Consultants Bayley and Tsakoff, Department of Public Works Director Domine,  
Deputy Treasurer/Financial Analyst Kushner, Finance Director/Treasurer  
Wiktorowski, Brownfield Consultant Seimer, Mayor Pro-Tem Moroski-Browne,  
City Council member Carter, OHM Traffic Consultant Dearing

**2. APPROVE AGENDA:**

**MOTION by Darga, support by Gutman,** to approve the agenda as presented.

**Motion carried by voice vote.**

**3. APPROVE MINUTES - August 3, 2022:**

**MOTION by Tinberg, support by McGow,** to approve the minutes as presented.

**Motion carried by voice vote.**

**4. BOARDS, COMMISSIONS, AND TASK FORCES UPDATES:**

Planning Commission: Tinberg

The Planning Commission had held two regular meetings and one special meeting since the last DPAC meeting. At the September 6, 2022 meeting the Planning Commission voted 7-2 to recommend approval of the PUD and Preliminary Site Plan to City Council. The nearly three hours of public comment at that meeting primarily focused on density and traffic, but spoke to other issues as well. There were continued questions from the public regarding financial accountability, and the Planning Commission had communicated that DPAC was the body that would be making a recommendation to Council regarding finance questions.

Northville Brownfield Redevelopment Authority: McGow

The Brownfield Redevelopment Authority met August 31; this was their 2<sup>nd</sup> meeting at which The Downs Brownfield Plan had been discussed. The charge of the NBRA was to determine which site activities would be eligible for reimbursement from brownfield tax increment financing, and agree on dollar amounts, cost estimates, and other related items. The NBRA was in discussion about which components of the Brownfield Plan would be paid by the developer, which components would be paid by the City, and available funding sources. NBRA will make a recommendation to City Council to approve or not approve the Brownfield Plan.

The next NBRA meeting will be September 28 at 7:00pm.

Sustainability Team: Gutman

The Sustainability Team did not meet during August. The Team had made a submission and spoke regarding road widths at the Planning Commission. The next meeting will be held on September 26, to work through issues, environmental impact, and improvements that would come about through The Downs development and daylighting the river.

River Restoration Task Force: Darga

The River Restoration Task Force had been busy applying for grants and reviewing the existing stormwater ordinances for possible improvements.

Farmers' Market Task Force and Ford Field Task Force: Darga

The Farmer's Market Task Force was actively involved with the Michigan Farmers' Market Association. The Ford Field Task Force was receiving proposals to update the Ford Field Master Plan.

Downtown Development Authority: Ward

The Downtown Development Authority received a presentation from Hunter-Pasteur on August 23 regarding updates to the October 2021 presentation. The DDA discussed process and identified critical time periods/deadlines relative to the Brownfield application, and had requested a presentation from the NBRA at the September 13 Special DDA meeting.

City Council: Turnbull

- City Council approved a \$2.5 million ARPA (American Rescue Plan Act) grant from Wayne County for daylighting the river.
- After the September 6 Planning Commission meeting, most Council members had been through the nearly 200 hours of Planning Commission deliberations regarding The Downs. The recommendation from Planning Commission would be presented to City Council, and a first reading could potentially be on the September 19 City Council meeting agenda.

**4.5. PUBLIC COMMENT:**

None.

**5. ANALYSIS OF INFRASTRUCTURE COSTS AND BROWNFIELD PLAN**

The Downs development team distributed an updated spreadsheet: *INFRASTRUCTURE Costs – The City of Northville and The Downs Redevelopment*

Several members of the development team were present. Those who spoke included:

Seth Herkowitz, Hunter Pasteur

Richard Barr, Honigman

Bret Stuntz, SME

Mr. Herkowitz said the focus today would be on 1) DDA participation with the Brownfield Plan, 2) interest reimbursement to the developer under the Brownfield Plan. Both had a direct impact on what the developer could afford to contribute to public infrastructure improvements. Full DDA participation and interest reimbursement were included in the developer's base assumptions.

Mr. Barr said the Brownfield Plan included two revenue streams:

- 1) Revenue stream from all taxing units other than the DDA.
- 2) DDA tax capture. Brownfield Plan tables included a separate line item for the amount requested from the DDA tax capture for each year, which was an estimate of the increment that the DDA was expected to capture using the same methodology used to estimate the other revenue streams.

The current estimate was that under the DDA Act, the DDA would capture about \$3.8M during the reimbursement period. The developer was asking the DDA to contribute the full capture to the project via an Interlocal Agreement. DDA participation timelines would be parallel to the other taxing units.

The project would add value to properties in the DDA, and the developer estimated that over \$810,000 a year of new revenue would be kept by the DDA after the reimbursement period ended (2030). New revenue would not be affected by what the DDA contributed during the reimbursement period, and would not be affected by the length of the Local Brownfield Revolving Fund deposit.

The Interlocal Agreement was a separate agreement that technically was not under the Brownfield Act, although it was presented in the revenue tables.

The estimated \$3.8 million DDA contribution from the 7-year capture was an important component of the developer's ability to fund the brownfield activities that were in the Brownfield Plan.

In response to a question from McGow, Mr. Barr said if the DDA did not participate in the plan, the reimbursement period would need to be extended by an additional year. The developer would also need to preserve the support from the MEDC regarding school tax capture. The MEDC typically considered local support as a factor in their decision of whether to support the use of school tax for eligible activities, and if the DDA did not participate, the MEDC could potentially consider the lack of a DDA contribution as a lack of complete community support.

Mr. Stuntz responded to questions from DDA Director Ward as follows:

- The current map of the DDA was overlaid on the development to determine where the development would be within or outside of the DDA's current boundaries, and what taxable value would be generated within or outside of the DDA. The anticipated revenue after the capture ended was based on current boundaries being in place.

- The developer assumed there would not be any changes to the DDA boundaries. DDA boundary expansion or contraction could change what the tax capture was and what the Interlocal Agreement contribution was. DDA boundary expansion or contraction could also change the developer's ability to deal with public improvement issues that were in the DDA, because brownfield funds could not be used for infrastructure costs in the DDA unless the property was under the control of a Land Bank. The current assumption was that only the river and the river park would be under the control of the Land Bank. Keeping the DDA boundaries unchanged would be easier and more time efficient, but changing the DDA boundaries was not impossible, especially if the change was soon.

Chair Turnbull said that the assumption was that 2030 would be the end of the capture program, but could the capture take longer than 2030?

McGow said the Brownfield Plan lasts for a period of time necessary to reimburse all eligible activities, with the Local Revolving Fund being able to capture taxes for 5 years after that point was reached.

Discussion included:

- The DDA board would make the decision to approve or not approve an interlocal agreement.
- In some communities an interlocal agreement was between the DDA, the Developer, and the Brownfield Authority. Whether a city would be a party to the agreement was a determination made by the local unit.
- City Council would approve any interlocal agreement. City Council also would approve any Brownfield Plan related to this plan.
- Per the developer, the DDA was currently collecting between \$8,000 - \$10,000 from the Brownfield Plan property. At the end of the capture period, the amount that the DDA would collect would increase to ~ \$810,000, which would double the annual budget of the DDA. The money could be used by the DDA for any authorized purpose in the DDA district.
- The library millage dropped off after 2025.

Mr. Herkowitz reviewed the updated Infrastructure Costs spreadsheet in detail. Highlights included:

River Park & Daylighting of River: Total: \$19,284,265.

- All of the river park and daylighting of the river activities were brownfield eligible with an estimated cost of \$16,784,265 plus anticipated Wayne County grant funding of \$2.5M for a total of \$19,284,265.
- The conditions of the \$2.5M grant were still to be determined. The developer assumed they would be able to utilize those funds, but this was not yet certain.

Central Park and Neighborhood Pocket Parks: Total \$5,344,901

- The central park and neighborhood pocket parks activities were separated from the river project activities to make clear that those activities were not part of the Brownfield Plan.
- The estimated cost of the central park improvements was a current estimate (45 days old) from a qualified construction company based on current construction costs.

- The pocket parks would be owned and maintained by the HOA, with dedicated public access memorialized in the condominium documents.
- The estimated cost of the gateway build-out at Center Street was conceptual and was subject to increase as the design proceeded.

Land Value: Total \$3,144,700

- The central park land value had not changed.
- The river park land value had been reduced, to reflect that the detention ponds had been removed from the total land acreage for the report.
- The land values were unimproved land values.
- The gateway land value represented the land that would be used to execute the roundabout.

Central and River Park Maintenance: Total \$150,000

- The estimate was based on the number the developer had provided after the PUD eligibility process.

Farmers Market Improvements: Total \$5,180,000

- The developer was considering a way to defer \$300,000 for six to eight years from the Brownfield Plan, in order to allow the funds to go into the Local Revolving Fund. Utilizing the \$300,000, the City could potentially fund some of the environmental remediation efforts that were expected on the McDonald-Ford site, if the City procured that site and the Brownfield Plan moved forward as outlined by the developer.
- The \$300,000 would probably become available over a two to three year schedule beginning in 2024.
- The Development Team thought that \$1M for brownfield soil remediation at the McDonald-Ford site seemed high, based on the use and scope of the project. The developer hoped their contribution would be a greater percentage than 30% of the total cost.

Historic Log Cabin 318 River Street: Total: \$250,000

- The estimated cost had not changed; the developer would contribute \$125,000.

Traffic & Roadway Improvements: Total \$5,665,000

Cady/Center Realignment

- OHM was working with the City to procure a grant to help fund a substantial portion of the Cady/Center realignment.
  - The developer was asked to fund \$70,000; they were looking for creative ways for funding. Presuming DDA participation, the DDA could retain some of their capture earlier in the plan to fund the realignment because the realignment was within the DDA boundary.

Center/7-Mile Roundabout

- The developer was in discussions with OHM, who would like to proceed on early designs.
- The developer contribution of \$150K was based on 40% of the estimated cost; the cost estimate was conservative.

7-Mile/Northville & 7-Mile/Main Improvement Allowance

- The developer did not believe that they were 100% responsible for these intersections. They recognized that they would have a discernible impact on the 7-Mile/Main intersection as articulated in the traffic impact study, as the site-generated traffic would exceed the 5% threshold. However, a pre-existing traffic condition at that intersection had been articulated in multiple forums by multiple Planning Commission members, City participants, and consultants.
- The traffic impact study indicated that the intersection was eligible for a traffic light based on current conditions, and the developer agreed to contribute \$200,000 towards an estimated cost of \$500,000. The estimate was based on replacing the traffic light control module at the first intersection and installing a new light at the second intersection; the developer was waiting for a clear directive from Wayne County on whether the control module could be changed.
- The cost estimate was a conceptual number based on previous estimates.

#### Rehab Cady (Hutton to Griswold)

- Water main work would require replacement of some of the road.
- Presuming DDA participation, the DDA could retain some of their capture earlier in the Brownfield plan to fund the rehab work, because the area was within the DDA boundary.
- The developer had not anticipated funding as part of their original analysis.

#### Pedestrian crossings:

- 7-Mile mid-block crossing at River Street with HAWK signal
- Cady Street crossing at parking deck, with ADA ramps,
- Center at Fairbrook crossing with ADA ramps, RRFB (rectangular rapid flash beacon), and center refuge island

#### Utility Infrastructure Improvements: Total cost \$2,201,000

##### Sanitary Sewers and Water Main Replacements

#### Cady West of Griswold

- The water main would be increased to a 12" line.
- The estimated cost was \$700,000, and the developer would contribute \$375,000.

#### Griswold South of Cady

- The developer had evaluated ways to potentially loop the system internally; there did not appear to be enough room on-site. Therefore a new water main would be added along Griswold. The location had not been determined and the estimated cost could change.

Mr. Herkowitz noted that developer's expense not included in the TIF was estimated at \$11,368,601; the expense included in the TIF was estimated at \$16,784,265; for a total up-front cost of ~\$28 million. Macroeconomic factors including increased construction costs continued to pressure the development. The density of the development had been reduced through the Planning Commission process; this decreased revenue.

In response to questions, Mr. Herkowitz stated:

- The base assumptions included DDA participation as well as interest. The developer's upfront financial contribution carried a significant cost in both equity and debt.

- Overall, the developer felt that they were close to resolving outstanding issues. The 7 Mile/Northville and 7 Mile/Main intersection improvements were key issues that remained unresolved.

Regarding River Street, Mr. Herkowitz noted that the City wanted to evaluate the need for a guardrail on River Street from a safety perspective, using objective criteria. If analysis determined that a guardrail was needed, the developer would install it. If the guardrail was not needed, the developer would not install it because they felt a guardrail would be a detriment to access to the park and the park experience.

City Manager Sullivan said that there were still some items on the list that were necessitated by the development and should be paid for by the developer. The City needed to determine what a fair contribution to these items was, and how the City would fund any contribution to the following:

City Response: Center/7-Mile Roundabout

- The estimated cost of the roundabout was currently \$3.2 million. The developer had committed \$150,000, which was about 5% of the project.
- The City hoped to get a CMAQ (Congestion, Mitigation, and Air Quality) grant. CMAQ was favorable toward roundabouts because they eliminated pollution produced by idling cars. CMAQ would fund 100% of the roundabout construction. The City would be responsible for design, construction engineering, and construction inspection.
- The City had a good chance of getting the grant, but could not apply until 2025. By that time most of the units in the development would be occupied, and traffic from the development would be passing through the intersection. The City had scheduled an upcoming meeting with SEMCOG to determine if there were other forms of funding prior to 2025.
- The City was being asked to contribute \$550,000 plus the \$2.5 million CMAQ grant if they got it. There was no contingency plan for what would happen if the City did not get the grant.

City Response: 7-Mile/Northville & 7-Mile/Main Improvement Allowance

- The City was being asked to contribute \$300,000 for the traffic signal improvements, with the developer committed to \$200,000, or about 40% of the project. The City felt that the improvement was necessary to serve the project and that the City should not have to pay for the improvement.

City Response: Water Main Replacements - Cady West of Griswold

- The City was being asked to contribute \$263,000 towards a new water main on Cady Street. The City believed the new water main was necessary to serve the development and therefore the City should not have to pay for the improvement.

City Response: Anticipated Grant Funding

- The City was currently being asked to contribute ~\$6.1 million, with an additional \$5.3 million contribution in anticipated grant funds.
- Wayne County had already committed \$2.5 million for daylighting the river, but the requirements of that ARPA grant were not yet known.



- The City had applied for a SEMCOG Safety Grant to realign the intersection at Center and Cady.
- About half of the \$5.3 million in anticipated grant money was speculative.

City Response: Cost Borne by Others

- Cost borne by others included \$125,000 to move the log cabin and \$62,000 for water main replacement on Cady West of Griswold.
- The cost to move the cabin was unknown.

City Manager Sullivan made the following additional comments:

- Infrastructure needed to serve a new development was often paid for by the developer.
- There was no estimate on the spreadsheet for paving River Street, Griswold Street, Cady Street or Center Street. Those streets were not in good shape now and would be impacted by construction.

City Manager Sullivan acknowledged that both the City and the DDA would receive increased future tax revenue based on the value of the development, but that increase was in the future. If the NBRA implemented a Local Brownfield Revolving Fund in order to capture incremental tax revenue for five years, there would not be new tax revenue to the City until 2035. If the NBRA did not have a Revolving Fund, there would still be no new tax revenue until 2031. There was a concern that the City would not be able to provide services for the development such as police service, fire service, parks and rec, etc. with the amount of revenue generated by the development. Without the development, the City would have tax revenue of \$1,357 per resident. With the development, tax revenue would go down to \$1,337 per resident based on the conservative population increase of 800 people that was projected by the developer. Providing additional services during the tax capture period without new tax revenue was a problem that should continue to be negotiated and solved.

In response to questions from McGow, City Manager Sullivan explained that the \$62,000 for water main replacement on Cady West of Griswold was indicated as a cost borne by others because it was already being contributed by a separate entity. Relocating the Farmers Market was the City's largest expense.

Chair Turnbull noted that the Farmers Market would continue to be operated by the Chamber of Commerce, and that different funding opportunities were being explored.

Chair Turnbull said the City has had preliminary discussions with Wayne County regarding the County participating in funding the improvements at the major intersections that were on County roads.

In response to a question from Darga, City Manager Sullivan explained that the older 4" water main that needed replacement on Cady east of Griswold was the one replacement that was needed but was not directly attributable to serving The Downs development.

Darga raised the possibility of a special assessment district on Cady Street to pay for water main improvements there. In any event, the total water main costs needed to be looked at closely in terms of lessening the financial burden to the City.

Attorney Rosati summarized that the developers were indicating they were comfortable with providing \$11,368,601 in various costs to the project. Balancing this against what the developers were giving the City, she suggested that the City consider the following issues:

- There needed to be clarification of some of the developer's estimated costs, for example, the central park improvements of \$4.3 million.
- The land value of the river park land was shown as \$2.1 million, or about \$350,000 an acre, but the land was in a flood plain and could not be developed. In the meantime, the developer would be able to use about 3 acres valued at \$2.1 million toward the proposed development. Perhaps some of that money could be contributed towards the new Farmers Market.
- She agreed that the traffic signal improvement at 7 Mile was necessary to serve the project and that the developer should pay for the improvement. There had been pushback from the developer regarding paying for infrastructure and traffic improvements that developers typically pay for. It was clear that the additional units from the development would impact the infrastructure and the road system.
- The biggest benefit of the project would be daylighting the river, and the City's contributions to the project should be thought of in terms of what daylighting the river was worth to the City. Was it worth enough for the City to commit to the millions of dollars of improvements they were going to have to make? In order get the daylighted river, the City was financially supporting this development.
- The items that were shown as strike-throughs on the spreadsheet would still be a City expense.

These were all things the City needed to think about as it moved forward. The City needed to be happy with the decisions made.

Darga raised a concern about whether the impact of the Foundry Flask development had been considered relative to the 7 Mile/Main Street intersection, and how that would relate to The Downs development, as well as the intersection of Cady/S. Main. Perhaps Foundry Flask should be asked to contribute to improvements at 7 Mile/S. Main.

Attorney Rosati pointed out the Foundry Flask Project was a site plan and not a PUD, and was already approved. Their site plan could not be changed .

Planning Consultant Elmiger said that there had been a traffic impact study for the Foundry Flask development, and the City traffic engineer indicated that there was very little impact from that project on the intersections.

Planning Consultant Elmiger said that the guard rail on River Street was an important safety issue, and some dollar amount should be reflected on the spreadsheet to indicate this cost.

Mr. Herkowitz said they could put a footnote on the spreadsheet including a cost estimate for the guardrail.

In response to a question from Gutman, Traffic Consultant Dearing explained that the engineering plans for daylighting the river would have to be evaluated before determining if a guardrail would be required or if another possibility, such as a handrail, could be sufficient.

Darga noted that there were other places where the river was close to the road without a guardrail; she did not want to set a precedent that a guardrail was required in similar situations.

Chair Turnbull opened the floor to public comment.

Jeff Snyder, 508 Gardner St, did not want a guardrail on River Street. He suggested moving the river further away from the road since the river was going to be moved anyway.

Seeing that no other public indicated they wished to speak, Chair Turnbull closed public comment.

In response to a question from DDA Director Ward, City Manager Sullivan explained that the proposed DDA tax capture was assumed to be 100% during the reimbursement period but that the percentage was negotiable.

Mr. Herkowitz said that the developer was willing to have a conversation about the tax capture percentage but they did need to understand what the expected costs for DDA and City services were as the result of the development. They were assuming 100% of the tax capture at this point.

In response to a further question from DDA Director Ward, McGow explained that the Brownfield Plan identified that some tax increment revenues could be spent outside the district if the activities were eligible and related to the Brownfield Plan. Once the Brownfield Authority had surplus funds to put in the LBRF, the Revolving Fund could be used to pay for any eligible activities within the City, such as remediation on the proposed Farmers' Market site.

Eligible activities for non-core communities such as Northville included such things as response activities, asbestos/lead-based paint abatement, demolition, and environmental activities.

Mr. Herkowitz said that as a result of the river project, the floodplain will be removed from the river area. This was a critically important benefit and had been discussed in detail at Planning Commission meetings. Other infrastructure benefits included non-financial benefits had also been discussed at great length during the Planning Commission process.

Chair Turnbull said that cost estimates were needed for major intersection improvements, including Center/7 Mile, Northville Rd/7 Mile, N. Main/7 Mile, and perhaps Cady/S. Main

Chair Turnbull advised that the City was in discussion with private municipality activities for more funding, such as the Ralph Wilson Foundation, the DTE Foundation, and others. The expectation was if any of this funding was realized and was dedicated to some of the river daylighting expenses, the developer would put their money toward other project infrastructure expenses. Private sector grants would therefore be able to offset City expenses.

McGow offered the following summary from an NBRA point of view:

- From an NBRA standpoint, certain decisions regarding percentage of TIF capture can't be made until it is known what the City is being asked to pay for. This information was essential to fully evaluate contributions and make recommendations regarding an approved Brownfield Plan. Looking at tonight's updated infrastructure cost spreadsheet, the most

important question was: where will the money come from to pay for these items, and who will be paying for what piece? This information was necessary before a Brownfield Agreement or Reimbursement Agreement could be approved, and before before the City could enter into a Development Agreement.

- From the NBRA perspective, two items at the top of the list were: 1) What is the percentage of capture and what contribution will the DDA be making, if any? 2) What are the contributions toward public benefits and where are those contributions coming from?
- The idea of some tax capture going to the Revolving Fund right away, and for the Fund to then support remediation of the proposed Farmers Market site, was a potential creative use of the tools at hand. Another idea was for DDA's immediate capture and use some of the funds for water main projects within the DDA district. On the other hand, anything removed from the developer's share of the capture would extend the reimbursement period.
- Regarding roundabout construction, the City's line item depended on a potential \$2.5M CMAQ grant being received in 2025. If that grant did not come through, how would the \$2.5M expense be covered? The City could borrow or issue bonds, or the developer could pay for it. Perhaps the developer could cover the upfront costs, with reimbursement from the CMAQ grant, if received.
- The Brownfield Redevelopment Authority has the ability to reimburse for various eligible activities under Act 381, but is not required to do so. Whether and what to reimburse was an NBRA decision.
- It should be kept in mind that 13 years, or potentially 18 years, is a long time for the City to wait for increased revenues, especially if it has expenses in the meantime. This also made any decision by the DDA in terms of percentage of capture very important to the City.
- The Brownfield Policies state that interest expense can be reimbursed if there is a public benefit to the community; whether to include interest reimbursement was not yet decided. The decision on interest reimbursement was critically important to the developers but before that decision could be made the NBRA needed to have an accurate list of benefits accruing to the City.

In response to questions, McGow said that Revolving Fund did not have a duration limit; as long as there was money in the Fund, the Fund was active. As a non-core community, the NBRA could use LBRF monies for eligible activities, which included environmental activities, demolition, asbestos and lead remediation, relocation of public buildings. A revolving fund typically received capture after the developer has been fully reimbursed, but this didn't need to be the case.

Since the Revolving Fund could only be used for eligible activities, it might not be wise to accept 5 years of tax capture, which may put more money in the Revolving Fund than could be used. If the NBRF was over-funded, the money could be refunded back to the taxing units.

The Local Revolving Fund could not be used to replace water mains, which would be an infrastructure project.

Mr. Barr suggested that DPAC and NBRA focus on and communicate what their goals/must-haves were, and he could then do some brainstorming to come up with ways to fund those goals. If there was an operating cost issue prior to the City receiving increased tax revenues, he could work toward finding a solution to that added expense.

Darga asked if LBRF funds could be used as a source of funds for matching funds grants. Mr. Barr said that would depend on the program. EGLE's CMI (Clean Michigan Initiative) and Renew Michigan programs might be available.

In response to a question, Mr. Barr said MEDC was only approving use of school tax funding with Land Bank involvement in very limited circumstances. It will take some time for MEDC to process the project. It was important to MEDC to see community support, including DDA support.

City Manager Sullivan said that the City's assumptions included school tax capture; the City would need to assess how the lack of that capture would impact their calculations.

McGow said the NBRA will not know the extent of school tax capture until the Brownfield Plan is approved and turned in to the State.

Mayor Turnbull asked everyone to be creative in seeking funding solutions, and to return to the next meeting prepared to discuss those solutions, in order to help the City decide whether to take this plan to the next level. At the next meeting there should be more answers than there were today. The development team needed to decide precisely what they were going to contribute.

Finance Director Wiktorowski commented that her assumptions had been based on the LBRF receiving 100% of capture for 5 years. If that was not going to be the case, she needed to update her calculations to accommodate this new information.

City Manager Sullivan said more negotiation would occur between the City and the developer. City Council will need to decide on a total the City is willing to contribute. The City will also need to construct a financial plan, that could involve bonding.

Tinberg emphasized that the negotiations were based on more than needs and wants, and should include developer funding for those items that would rightfully be the responsibility of the developer.

In response to a question regarding the log cabin, Tinberg said it was the Planning Commission's disposition to leave the determination regarding the log cabin to Council.

## **6. Set Next Meeting Date**

The next meeting date was scheduled for September 28 at 3:00pm.

## **7. Adjournment**

**MOTION by Gutman, support by Tinberg,** to adjourn the meeting at 5:26pm

**Motion carried by voice vote.**

Respectfully submitted,

Cheryl McGuire  
Recording Secretary

# ~ City of Northville ~

**TO: Downtown Development Authority  
Brownfield Redevelopment Authority  
DPAC**

**FM: Sandi Wiktorowski, Finance Director**

**SJ: Review of Brownfield Redevelopment Project – Northville Downs Property**

**DT: November 11, 2022**

## **BACKGROUND:**

Staff has reviewed the revenue projections provided by the Northville Downs' developer. A Brownfield captures all mills at 100% with the exception of debt mills, Zoo, DIA and must have approval from the State of Michigan for state school tax capture which consists of the 6 State Education Tax mills and 18 local school operating mills. . If there is a DDA and then a Brownfield Plan, the DDA has the first right of capture. An interlocal agreement under the Urban Cooperation Act of 1967 (Act 7 of 1967) would be required to allow the Brownfield to capture the incremental increase on DDA parcels. The captured taxes are used to reimburse the developer for approved costs.

According to the last scheduled received by Staff , the total development project is estimated at \$42 million. The allocation of those costs is shown on Attachment A.

HPH's original plan projected \$10.6 million in developer reimbursement which would be fully paid out in four years. Their current plan increases the developer reimbursement to \$18.3 million which is expected to be fully paid out over eight years (2024-2031). If the capture of the state and local school taxes is not approved by the State, the reimbursement period would increase by approximately one extra year. The eligible expenditures are summarized on Attachment A.

## **ASSUMPTIONS:**

Overall, the developer's revenue projections appear reasonable. However, the calculations are based on assumptions and estimates for future years. From an assessing perspective, projecting values multiple years into the future can be risky. Market conditions are always changing. Below are some of the key assumptions and estimates.

- The projections estimate 2024 as year 1 of the project with an assumption of a five-year build-out.
- The population is estimated to increase by 786, or 13% as shown on Attachment A.
- Their revenue projections assume the State approves capture of state and local school taxes.
- The current plan assumes a PA 210 tax abatement on the apartment building.

## **LOCAL BROWNFIELD REVOLVING FUND (LBRF):**

The developer will allow the City to deposit the first \$300,000 of the Brownfield capture into the Local Brownfield Revolving Fund (LBRF) at the beginning of the project to pay for environmental activities associated with the potential new farmers market location. Staff is proposing to deposit an

additional \$700,000 after expenses are fully reimbursed. The DDA contribution is \$154,000 into the LBRF000 and the City contribution will be \$286,000 .

### **DDA IMPACT:**

Currently, the DDA captures approximately \$800,000. With the new development, the captured taxes are estimated at \$1.8 million in 2036 after the developer is expected to be fully reimbursed and the abatement period has ended. From 2024 thru 2035, the DDA will have captured an additional \$6 million in tax revenues while contributing \$3 million, or 16%, of the eligible expenditures.

According to HPH, the value of the abatement is approximately \$3.5 million. In exchange for the abatement, HPH will provide the City with \$1.6 million to be used for critical infrastructure improvements (see Attachment A). With the abatement, the DDA will realize less tax revenues over 12 years of \$2.4 million. However, the DDA will contribute \$1.3 million less in reimbursable expenditures. Therefore, the net impact to the DDA related to the abatement is \$1.1 million.

The HPH plan assumes an interlocal agreement with DDA that allows capture of the incremental tax revenues by the Brownfield until developer is fully reimbursed with the exception of \$50,000 per year (2025-2030). That revenue would be used for operational expenses at Central Park or other needs.

The ten parcels on the north end of the property have been combined into one parcel. That parcel is split between the City and the DDA. As is currently stands, the DDA would receive the primary benefit of the incremental tax revenues on the apartment building after the abatement period. The extension of Beal Street would go through the south end of this newly created parcel. Consideration of moving the DDA boundary (expanding or contracting) should be given. Consideration of requesting the developer to split the portion below the proposed Beal Street extension should be given since that portion will be single-family homes. See attached map.

### **CITYWIDE IMPACT:**

When the project is completed and the developer fully reimbursed, the additional tax revenues to the City is estimated at \$2 million in 2032. After the tax abatement ends in 2036, the estimated tax revenues are estimated at \$2.4 million split between the City and the DDA to help pay for additional city services required. See Attachment B.

Staff analyzed tax revenue projections over the next twenty years (2022 through 2041). The 20-year average tax revenue per capita (city-wide) is \$1,428 without the project and \$1,468 with the project. The 20-year average tax revenue per acre (city-wide) is \$6,662 without the project and \$7,583 with the project. See Attachments C and D.

If the developer's tax projections are lower than anticipated, the payback period will be extended. For example, if they are 25% lower than expected due to the housing market, the payback period would be extended an additional three years. 2036 would be the first year of full tax revenues received by the City and the DDA.

The City will lose its racetrack breakage. That revenue at its peak year in 2000 was \$641,000 and the low in 2016 was \$108,000. For calendar year 2021, it was \$214,000. This revenue funds police and fire equipment and special projects.



## Attachment A

### Population Estimate per HPH

Housing Type	Units	Avg/Persons/Unit	Population
Apartments	178	1.5	267
Condos	42	1.5	63
Row Homes	15	2	30
Singe Family Attached	48	2	96
Single Family Detached	38	2.27	86
Townhomes	94	2	188
Carriage Homes	28	2	56
	<u>443</u>		<u>786</u>

### Eligible Expenditures per HPH

Environmental Due Diligence	\$ 62,500
Environmental Response Activities	4,697,184
Demoliton & Hazardous Materials	2,622,131
Infrastructure Improvements	7,925,311
Eligible Activities Subtotal	<u>15,307,126</u>
15% Contingency	2,282,494
Brownfield & Work Plans	60,000
ARPA Grant	(2,500,000)
Interest	3,191,361
Total Eligible Activity Costs	<u>\$ 18,340,981</u>

### Total Estimated Project Costs (per HPH schedule)

Eligible Activities Reimbursed	\$ 18,340,981	43.8%
Developer Expense	13,031,600	31.1%
City Expense - primarily Farmers Market	4,997,000	11.9%
Expenses paid by others	187,000	0.4%
Anticipated Grant Funding	5,350,000	12.8%
Total Eligible Activity Costs	<u>\$ 41,906,581</u>	

### Infrastructure Project Funding Assistance by HPH

Roundabout & 7/Main Improvements	\$ 850,000
Cady/Center Realignment - if no grant fundin	280,000
Cady Watermain	263,000
TBD (farmers market?)	220,000
Total	<u>\$ 1,613,000</u>

## Attachment B

### Estimated Additional Tax Revenues by Year

Year	Capture Period	Abatement Period	City	DDA	Total
2022			-	-	-
2023	1		-	-	-
2024	2	1	-	-	-
2025	3	2	-	50,000	50,000
2026	4	3	-	50,000	50,000
2027	5	4	-	50,000	50,000
2028	6	5	-	50,000	50,000
2029	7	6	-	50,000	50,000
2030	8	7	-	50,000	50,000
2031	9	8	377,313	159,645	536,958
2032		9	1,297,330	663,382	1,960,712
2033		10	1,325,241	676,826	2,002,067
2034		11	1,353,710	690,539	2,044,249
2035		12	1,382,749	704,526	2,087,275
2036			1,412,369	998,928	2,411,297
2037			1,442,580	1,019,083	2,461,663
2038			1,471,432	1,039,465	2,510,897
2039			1,500,861	1,060,254	2,561,115
2040			1,530,878	1,081,459	2,612,337
2041			1,561,496	1,103,088	2,664,584
			<u>14,655,959</u>	<u>9,497,195</u>	<u>24,153,154</u>
			61%	39%	

### Local Brownfield Revolving Fund by Year

City	DDA	Others	Total
-	-	-	-
-	11,921	15,172	27,093
8,354	34,279	54,261	96,895
18,288	-	23,276	41,564
59,157	-	75,291	134,449
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
200,200	107,800	392,000	700,000
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
286,000	154,000	560,000	1,000,000
29%	15%	56%	

### Estimated Brownfield Capture by Year

City	DDA	Others	Total
-	-	-	-
-	3,765	4,792	8,557
-	17,273	21,984	39,257
37,868	248,918	365,000	651,786
928,383	550,013	1,881,596	3,359,992
1,141,052	562,190	2,167,762	3,871,004
1,166,837	574,610	2,216,388	3,957,835
1,193,138	587,279	2,265,986	4,046,404
642,452	382,756	1,380,937	2,406,146
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,109,730	2,926,806	10,304,445	18,340,981
28%	16%	56%	

### Abated Taxes by Year

Year	Capture Period	Abatement Period	Total
2022			-
2023	1		-
2024	2	1	4,482
2025	3	2	21,725
2026	4	3	162,830
2027	5	4	339,318
2028	6	5	346,104
2029	7	6	353,026
2030	8	7	360,087
2031	9	8	367,288
2032		9	374,634
2033		10	382,127
2034		11	389,769
2035		12	397,565
2036			-
2037			-
2038			-
2039			-
2040			-
2041			-
			<hr/> 3,498,955

## Attachment C

### Tax Revenue per Capita

Year	Capture Period	Abatement Period	Without Project	With Project	Difference	With Project	25% less tax revenues	Difference
2022			\$ 1,134	\$ 1,134	\$ -	\$ 1,134	\$ 1,134	\$ -
2023	1		1,201	1,201	-	1,201	1,201	-
2024	2	1	1,225	1,225	-	1,225	1,225	-
2025	3	2	1,250	1,216	(34)	1,216	1,216	-
2026	4	3	1,275	1,179	(96)	1,179	1,179	-
2027	5	4	1,300	1,159	(141)	1,159	1,159	-
2028	6	5	1,326	1,182	(144)	1,182	1,182	-
2029	7	6	1,353	1,206	(147)	1,206	1,206	-
2030	8	7	1,380	1,230	(150)	1,230	1,230	-
2031	9	8	1,407	1,325	(82)	1,325	1,254	(71)
2032		9	1,435	1,556	121	1,556	1,375	(181)
2033		10	1,464	1,587	123	1,587	1,403	(184)
2034		11	1,493	1,619	126	1,619	1,431	(188)
2035		12	1,523	1,652	129	1,652	1,525	(127)
2036			1,554	1,726	172	1,726	1,639	(87)
2037			1,585	1,761	176	1,761	1,672	(89)
2038			1,616	1,796	180	1,796	1,705	(91)
2039			1,649	1,832	183	1,832	1,739	(93)
2040			1,682	1,869	187	1,869	1,774	(95)
2041			1,715	1,906	191	1,906	1,810	(96)
20 Year Average			<u>\$ 1,428</u>	<u>\$ 1,468</u>		<u>\$ 1,468</u>	<u>\$ 1,403</u>	
Increase Year 20 over Year 1				<u><u>\$ 772</u></u>			<u><u>\$ 676</u></u>	

## Attachment D

### Tax Revenue per Acre

Year	Capture Period	Abatement Period	Without Project	With Project	Difference	With Project	25% less tax revenues	Difference
2022			\$ 5,291	\$ 5,291	\$ -	\$ 5,291	\$ 5,291	\$ -
2023	1		5,602	5,602	-	5,602	5,602	-
2024	2	1	5,714	5,714	-	5,714	5,714	-
2025	3	2	5,828	5,866	38	5,866	5,866	-
2026	4	3	5,944	5,982	38	5,982	5,982	-
2027	5	4	6,063	6,101	38	6,101	6,101	-
2028	6	5	6,185	6,223	38	6,223	6,223	-
2029	7	6	6,308	6,346	38	6,346	6,346	-
2030	8	7	6,434	6,473	39	6,473	6,473	-
2031	9	8	6,563	6,972	409	6,972	6,601	(371)
2032		9	6,694	8,189	1,495	8,189	7,236	(953)
2033		10	6,828	8,354	1,526	8,354	7,381	(973)
2034		11	6,965	8,523	1,558	8,523	7,530	(993)
2035		12	7,104	8,695	1,591	8,695	8,027	(668)
2036			7,246	9,084	1,838	9,084	8,625	(459)
2037			7,391	9,267	1,876	9,267	8,798	(469)
2038			7,539	9,453	1,914	9,453	8,974	(479)
2039			7,690	9,642	1,952	9,642	9,154	(488)
2040			7,843	9,835	1,992	9,835	9,337	(498)
2041			8,000	10,031	2,031	10,031	9,524	(507)
20 Year Average			<u>\$ 6,662</u>	<u>\$ 7,582</u>		<u>\$ 7,582</u>	<u>\$ 7,239</u>	
Increase Year 20 over Year 1				<u>\$ 4,740</u>			<u>\$ 4,233</u>	



This is an aerial map of a residential neighborhood, overlaid with a yellow boundary map. The map shows numerous parcels, each labeled with a unique identifier (e.g., 48 001 04 0687 001, 48 004 01 0177 002). A central area, bounded by Church St to the west, Main St to the north, and River St to the east, is shaded in green. Within this green area, there are several black circular markers with white centers, indicating specific points of interest. The map also shows surrounding streets such as Edunlap St, Grisswold St, and Main St. A scale bar at the bottom left indicates a distance of 0 to 100 feet. The map is oriented with North at the top.