



# 2016 Annual Report

## Introduction

In 1980, the Tax Increment Financing Authority (TIFA) Act was established to prevent urban deterioration and encourage economic development through the use of tax increment financing within an established district. Tax increment financing utilizes incremental tax capture above the amount established at the time a Tax Increment Financing (TIF) District is created. Auburn Hills has three TIF districts; 85-A, 85-B and 86-D. These districts are managed by the Tax Increment Finance Authority Board of

Directors. The Tax Increment Financing Authority Board of Directors is prescribed powers and duties including interest in real and personal property, the creation and implementation of development plans, study and analysis of economic changes taking place in the municipality, and the impact of growth in the development districts. They develop long range plans as well as preservation and planning initiatives through the use of matching grants and strategic design and improvements.

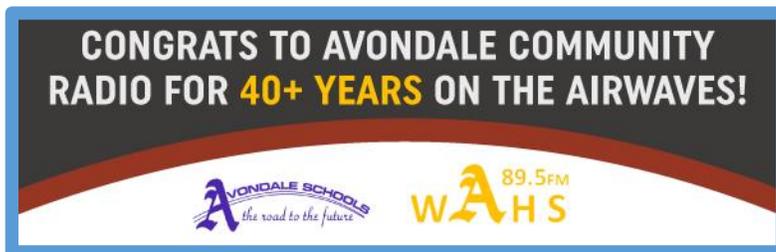
## Summary of 2016

The TIFA experienced the effects of the economic downturn just shy of a decade ago and is currently progressing strategically through the recovery era. Tax values within the development districts have declined causing the Board to take a conservative financial perspective and approach the future with strategic spending and a shift into the stabilization and preservation of its resources.

TIFA works diligently to actively market properties in the core downtown area to create higher residential and retail density and to generate more walkable traffic throughout the city. Into the future, the Board and its leadership will continue to look for strategic partnerships with local partners and the college community to establish greater connections to the businesses and individuals in which the Tax Increment Financing Authority serves.

Since Ms. Mariuz began as TIFA Executive Director in early 2016, she has also taken responsibility for the TIFA finances. After discussion with the finance department, it was collectively decided that it behooves both Ms. Mariuz and the TIFA Board for the director to have a full understanding of the tax revenue, and full impact of the budget. During the budget process, the number of individuals and departments involved in the TIFA Budgets were limited, which staff believes will lead to a more cohesive budget process in the out years.

This year the Board of Directors solidified their commitment to assisting the business and education community with a variety of projects. Starting in February 2016 with a grant for branding and signage to Nexteer Automotive for their new Global United States Corporate Headquarters. This grant totaled \$26,241 and welcomed 150 executives to Auburn Hills. The new headquarters is a strategic move on part of Nexteer to locate closer to the



educational hub of Auburn Hills and help attract and retain talent in the corporation. Nexteer has been continually involved in the community since their move to Auburn Hills. Additionally, the TIFA Board of Directors also approved a \$13,830 expense for a FM Radio Transmitter to be used by the Avondale High School Radio Station WAHS 89.5FM. This radio station is the most popular high school broadcasts in the state of Michigan

and TIFA will be congratulating their successes with a billboard along I-75 celebrating over 40 years on the airwaves. The TIFA Board of Directors approved a plan in partnership with Baker College for the West University Drive Streetscape. This completes the University Drive Streetscape from the east portion along the Diverging Diamond Interchange, to the City's limit bordering Pontiac. In 2016, pole painting was completed and a

memorandum of understanding was entered into with Baker College for the design of banners incorporating both the College and Auburn Hills. Both entities have been undergoing a rebranding process, therefore, the banner portion of the project will not be completed until 2017.

The TIFA Board sold their property at 3250 Auburn Road to Foremost Development Company. Foremost will build the Residences at Thirty Two 50, including 48 market rate 1 and 2 bedroom apartments and 4,000 square feet of retail along Auburn and S. Squirrel Roads. The developer anticipated a spring build and 18 month construction period, therefore residents would move in around October, 2018. The TIFA Board entered into an interlocal agreement with the Brownfield Redevelopment Authority to transfer the capture of taxes on this particular parcel per PA 7 of 1967 the Urban Cooperation Act. This allows the Brownfield to recapture taxes used for the cost of environmental contamination cleanup on the site. At such time the Brownfield Plan is complete, or dissolved, the TIFA tax increment revenue transfer interlocal agreement will be concluded as well.



The City of Auburn Hills Tax Increment Finance Authority expends an ample amount of money each year to repair and maintain the Primary Place Parking Structure. This structure serves Downtown, as well as the tenants in Auburn Square Apartments to which the structure shares stairwells. This year, TIFA entered into an agreement with Auburn Hills Housing, LLC, to lease the parking spaces to tenants of Auburn Square for a rate of \$30/month. This generates \$34,920 of dedicated revenue to maintain and repair the structure as necessary.

## Current Fund Balances

	TIF 85-A	TIF 85-B	TIF 86-D	Totals
Assets	\$28,462,002	\$17,860,167	\$28,685,670	\$75,007,839
Liabilities	\$16,223	\$12,380	\$19,754	\$48,356
Net Position	\$28,445,779	\$17,847,787	\$28,665,916	\$74,959,483
Cash	\$2,584,486	\$8,749,867	\$2,050,174	\$13,348,527

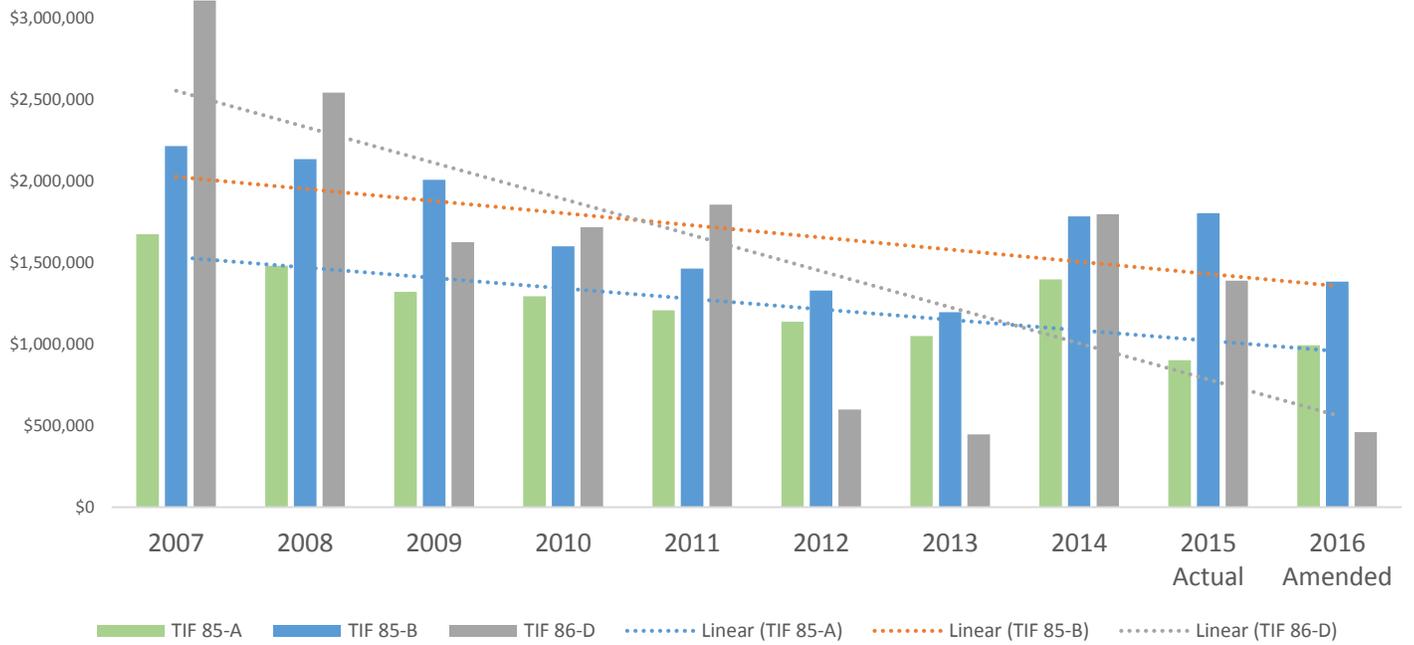
Source: TIFA Financial Statements –December, 2016 \*Pre-Audit

## Revenues

All of the districts have been effected by the Great Recession. TIF Districts 85-A and 85-B remain more consistent, whereas TIF District 86-D experienced a dramatic decline FY2012 and FY2013. This year, TIF District D experienced a negative capture situation due to the first phase of the exemption of personal property taxes. After completing an analysis of each TIF District’s tax base, it was determined that when TIF-D was established, the tax base makeup was 60% personal property, and 40% real property. This district includes large businesses such as Chrysler, and Comerica. With personal property beginning to come off of the tax rolls, the overall value of the district dropped below its base value that was established in 1986. The District was reimbursed by the state, however the reimbursement does not cover the entirety of the loss, and it remains to be seen if these reimbursements will continue in the future.

Staff and the TIFA Board of Directors understand the necessity to remain fiscally conservative when making decisions. As new projects begin in the districts, corresponding tax increment revenue will influence the future budgets and help sustain the future of TIFA. TIF District B maintains a healthy fund balance and may be used to incentive new businesses to the area.

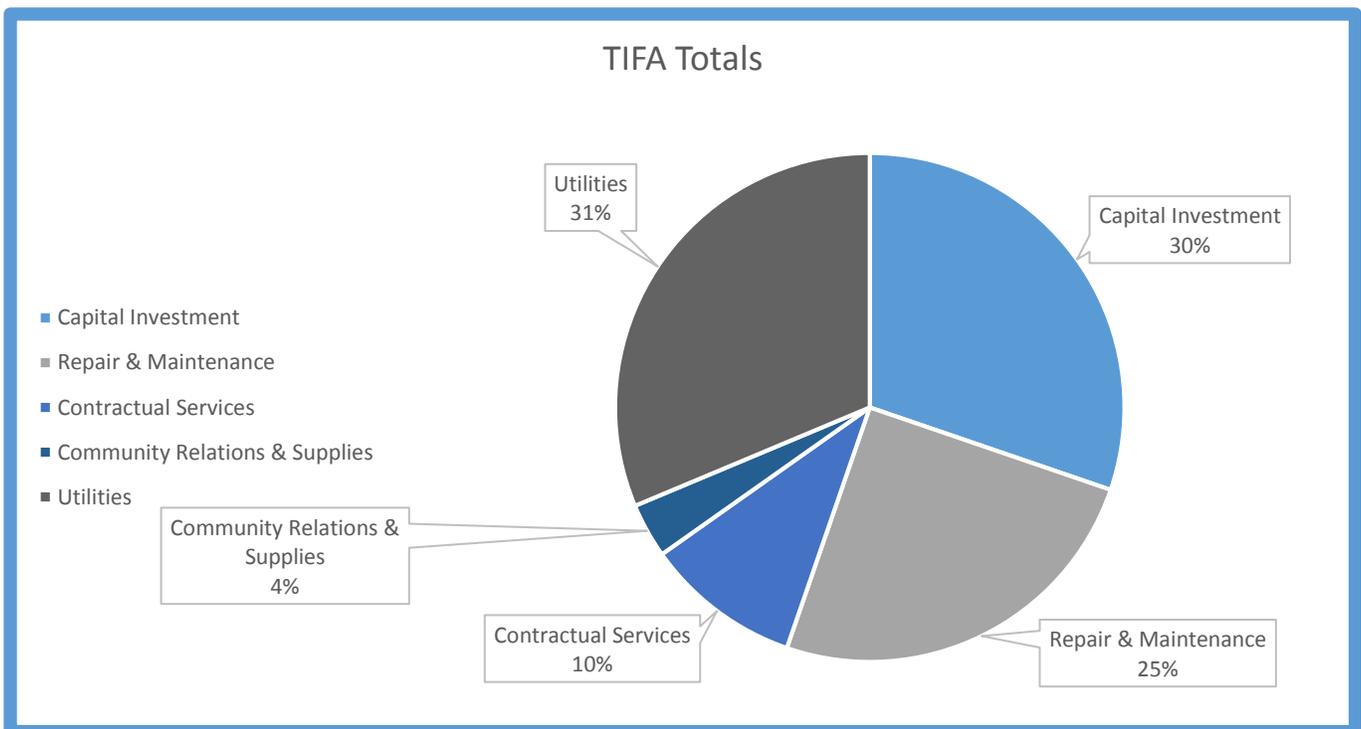
TIFA District Revenues  
2007-2016  
Source: Adopted Budget Books



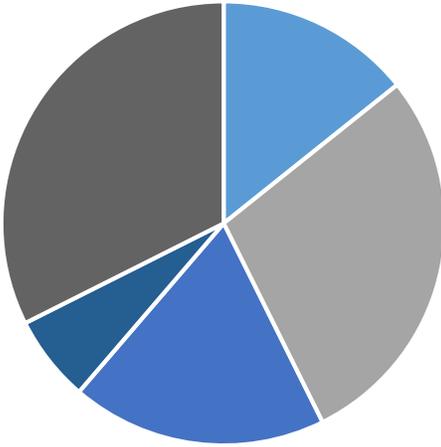
## Expense Breakdown

The most impactful expenses and budgetary constraints on TIFA come from the following areas: capital investment, repair & maintenance, contractual services, events & community relations and utilities.

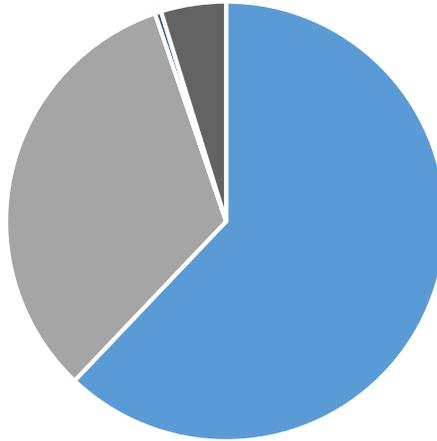
The following charts breakdown the proportion of these expenses on each district and gives an overview of the total of these expenses of all the districts combined.



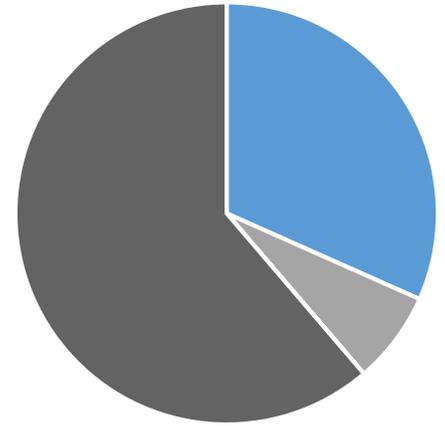
TIF 85-A



TIF 85-B



TIF 86-D



Source: Account Balance Report – Period ending 12/31/2016 \*All reports pre-audit 2/2/2016

## Conclusion

The progress that TIFA has made throughout 2016 are a direct product of the Board's steadfast dedication to furthering its vision and mission even through difficult budgetary times plagued by the Great Recession. In the future, TIFA will work closely with Auburn Hills' newly formed Downtown Development Authority (DDA) as the two economic development entities share borders and city-owned property. The successes of the TIFA Board of Directors will be integral in helping guide the DDA Board of Directors. These two authorities will work close in the strategic planning of Auburn Hills. A Downtown Executive Committee has been established to guide and best manage Downtown Auburn Hills. This committee consists of two members of the TIFA Board and two members of the DDA Board. As the community continues to build-out, the TIFA Board will continually work to preserve and maintain community assets and host a greater number of events for resident to enjoy. In 2017, the Board will work to establish baselines for measuring the success of the districts and assessing where there is room for improvement. The established tradition of leadership will continue to be the guiding principal for TIFA to establish greater partnerships with the business community and seek out greater community involvement.

## 2017 TIFA Board of Directors

**Patrick Hassett, *Chairman***

**David Molnar, *Vice Chairman***

**Steven Goodhall, *Secretary***

**Dr. Patricia Dolly**

**Mike Kneffel**

**Dawn Price**

**Kaye Thornton**

**Bob Waltenspiel**

**Samantha Mariuz, *Executive Director***