



February 26, 2019

ANNUAL REPORT OF THE ORION TOWNSHIP CORRIDOR IMPROVEMENT AUTHORITY

Executive Summary Report on the activities of the Orion Township's Corridor Improvement Authority (CIA) approved by the Orion Township Board of Trustees on May 15, 2016 for the period ending December 31, 2018.

OVERVIEW:

This report is intended to summarize the activities of the Orion Township CIA for the reporting period. The reporting period is from January 1, 2018 to December 31, 2018. The prior period (initial) report, this report, minutes of CIA Board meetings, and other CIA related information is available for public review on the Orion Township website at www.oriontownship.org, and at the Clerk's Office at the Orion Township offices located at 2525 Joslyn Road, Lake Orion, Michigan 48360.

CIA PLAN RECAP AND SUMMARY OF ACTIVITIES:

In summary, the CIA Plan approved in May 2016 is divided into three priorities. Priority One is the engineering, property acquisition, watermain relocation, and hard cost of widening Brown Road from Joslyn Road to Baldwin Road from three lanes to five lanes (two each way plus a center turn lane). Priority Two is the Baldwin Road streetscape, which will follow the route of the first phase of the Road Commission for Oakland County (RCOC) project from Brown Road to Gregory Road. Priority Three is other enhancements intended to improve the appearance and other components to stimulate development of the District. The total estimated cost of all three Priorities is slightly over \$8,000,000. A partial breakdown of these costs and budget to actual is discussed later in this report.

To support these Priorities, the CIA has embarked on a not-to-exceed 20-year tax capture of 50% of the eligible taxes collected; the incremental increases in taxable values in the District from 2016, from the stakeholder taxing jurisdictions, in accordance with Public Act 280. Although there is, and always will be, variance with the budget to the actual timing of these increases, the increase in taxable value begins from a real estate taxable value floor of slightly under \$31,000,000 in 2016 to a projected taxable value of just under \$199,000,000 in 2035, as projected in the original plan. If this projection were accomplished without variance, the original projection would generate \$13,911,000 +/-, which is deemed sufficient to cover the hard cost of the Priorities, interest (at 4%), and soft costs.

All activities are overseen by the appointed seven-member CIA Board. This board meets in publicly noticed sessions on a quarterly basis and, once approved, minutes of each meeting are posted on the Orion Township website.

The very first and clearly threshold activity of the CIA was to seek approval from all of the applicable taxing authorities. Presentations, in some cases on multiple occasions, conveyed the plan and its anticipated long-term benefits to the community and each agency. The applicable taxing authorities include Oakland County TIF and Finance Committees, Oakland County Board of Commissioners, Oakland County



Community College, Oakland County Parks, North Oakland Transportation Authority, Orion Township Library Board, and the Huron Clinton Metro Parks Authority (HCMA).

These presentations were prepared with input from the CIA Board and were conducted under the leadership of CIA Board Chairman Barnett, supported by SCS and other advisors. This task is nearly complete with all agencies agreeing to opt-in, except the HCMA. HCMA reportedly is developing an internal policy relative to CIA opt-in requests, generally. The Orion Township CIA continues to follow the HCMA policy issue for possible future implementation.

In 2018, The remaining details of the Priority One action items relative to the Brown Road widening were completed. The CIA, through its engineering consultant OHM Advisors, skillfully managed all aspects of the engineering, entitlement, and construction components of the road project to bring it in on time and under budget (summarized below). This effort required the acquisition of two properties and approximately 18 grading easements to achieve engineering and safety standards. It is noteworthy that the two properties acquired for this purpose, 95 Brown Road and 313 Brown Road, have been or are in the process of being resold to the private sector for commercial development, as anticipated. 95 Brown Road has been sold to a hotel developer and 313 Brown Road is under a purchase agreement to be a component of a larger residential project.

Predictably, the traffic congestion relief and private sector development feedback about the Brown Road improvements has been outstanding. The road improvement is, and will continue to be, a key catalyst in repositioning the Brown Road Innovation Zone District (BIZ) properties and in turn, the overall image of two key southern gateways to the community. It is noteworthy also that the Planning and Zoning Director and Planning Commission have contributed greatly to this image initiative through the design and implementation of new standards for lighting, landscape, and architectural features along the Brown Road frontage, which will be required by individual applicants in the site plan approval process.

In response to multiple opportunities for public input, including a specifically designed public forum charrette on the Baldwin Road streetscape and pedestrian scale amenities, conceptual streetscape design has been completed on Priority Two. Preliminary designs for the proposed pocket park locations at Jordan Road and Baldwin Road, and Gregory Road and Baldwin Road are in process. The land transfers to Orion Township to facilitate the pocket parks from surplus RCOC Baldwin Road real estate was completed in 2018. Unfortunately, labor and weather issues delayed the completion of the first phase of the RCOC Baldwin Road project until January of 2019, thereby delaying the start of the related streetscape work until spring of 2019. The CIA anticipates that the majority of the Priority Two work will be completed in 2019.



Summary of budget to actual expenditures through 2018 and projected through 2020 is presented in Attachment I. The following points are noteworthy:

PRIORITY ONE BROWN ROAD IMPROVEMENTS:

- The acquisition, design, and construction costs are budgeted in the plan at **\$5,085,000**. Currently, the total of those items is \$5,233,939 less \$710,000 to be received by the CIA for the sale of the acquired properties, 95 Brown Road and 313 Brown Road. As a result, the expenditures for Priority One are **\$4,523,939**; representing a savings of **\$561,061** below budget for Priority One.

It should also be noted that of the \$710,000, the 313 Brown Road property is under a Purchase Agreement for **\$435,000**. At the present time, the CIA is of the opinion that a closing is eminent, which is reflected in the budget as presented. This developer is also providing \$65,000 toward the Jordan Road pocket park on an in-kind basis.

- The CIA is accruing a \$20,000 annual administrative expense and interest to be paid to Orion Township as revenue becomes available.

PRIORITY TWO BALDWIN STREETScape:

- The CIA Plan budgets the Baldwin Road streetscape plan at **\$2,199,000**. To date, approximately **\$510,323** has been spent or been committed on planning, DTE Lighting, and RCOC contractor payments. The total expenditures in this Priority Two category are expected to be **\$1,569,296**.

PRIORITY THREE OTHER ENHANCEMENTS:

- The CIA Plan budgets **\$800,000** for additional enhancements. The reader will note that the total expenditures in this category is expected to be **\$1,802,556**. The difference in budget to actual represents a re-classification of Priority One and Priority Two budget savings to facilitate further CIA District area enhancements for design continuity along the Baldwin Road corridor, which will maximize the investment in terms of practicality and visual impact while maintaining an overall positive (below) budget variance.

GRAND TOTAL:

The total improvement expenditures budgeted in the May 2016 approved CIA Plan are **\$8,084,000**.

The net CIA expenditures, after deducting land sales, not budgeted, is now projected to be **\$7,895,792**.

SOURCE OF FUNDS:

The source of all funds for this project is the Charter Township of Orion. The captured revenue contemplated by the CIA Plan shall service that debt, including interest. The project is not bonded.



Increases in taxable value in real property and personal property within the CIA District limits is the essence of this and any TIF project. Increases are realized by new improvements and inflationary increases on existing properties with no change. All of the values in the approved May 2016 CIA Plan are estimated and projected.

Comparison of the first year’s actual as determined by Oakland County Assessing are as follows:

Oakland County initially established the base year amount as **\$35,257,840**.

CIA TAXABLE VALUES:

2016 Budgeted in Plan: \$30,804,520	2016 County Actual: \$36,225,890
2017 Budgeted in Plan: \$40,324,633	2017 County Actual: \$37,519,730
2018 Budgeted in Plan: \$58,774,733	2018 County Actual: \$39,139,660

It is noteworthy here that timing variance has a significant impact on taxable values as it relates to any given project. For example, a project which acquires obsolete houses and commences construction in the fall, could for that year have a negative variance because the previously taxed home is removed and the new construction has little or no taxable value at December 31, which is the only relevant day from the County assessing standpoint. That increment will therefore wait a full year, or in some cases two years, to be realized, as was the case with Menards in 2017.

CIA TAX INCREMENT DOLLARS COLLECTED:

2016 Budgeted in Plan: \$0	2016 Collected by CIA: \$6,828
2017 Budgeted in Plan: \$76,408	2017 Collected by CIA: \$15,928
2018 Budgeted in Plan: \$203,148	2018 Collected by CIA: \$30,583

CIA DISTRICT MARKETING ACTIVITY:

The area within the CIA District is approximately 400 acres of land. Predictably, since the completion of the majority of the Brown Road improvements, the BIZ-zoned portion of the CIA District has seen more meaningful new development activity than in any time in Township history. The infrastructure improvements and promotional activities of the CIA are clearly having the intended impact. It is important to keep in mind that Orion Township lead activities do not represent any specific properties (except 313 Brown Road) or any specific transactional elements, but instead focus on representing the concept and opportunities for the community in the CIA District. This is done through the dissemination of promotional materials, and meeting with prospective developers, land brokers, sellers, and other prospective stakeholders. The CIA tracks an active pipeline of projects and again, activity is very strong.

It is estimated that the value of the next series of projects, which have been formally submitted, or are anticipated to be formally submitted, is in the range of \$150,000,000 of in place value. Again, please see this information as an indication of interest in the area of the CIA District, but no assurance of future activity.



NOTES ON CIA REPORTING REQUIREMENTS:

In 2018, The CIA took proactive steps to comply with PA 57 of 2018, which is the new 2019 State of Michigan TIF reporting requirements. To ensure transparency, all reports, minutes, and current budgets are posted under the *CIA* tab on the Orion Township website, www.oriontownship.org. Contact information for all Township officials can similarly be found on the website. CIA Board meetings are publicly noticed and held quarterly. Records of the CIA are audited by Plante Moran annually as a part of the Orion Township requisite process. PA 57 is effective January 1, 2019, and the Orion Township CIA intends full compliance.

Should anyone have any questions with regard to the information provided herein, please contact the undersigned.

Respectfully submitted,

Chris Barnett, Chairman
Orion Township Corridor Improvement Authority

**Attachment I
Orion Township Corridor Improvement Authority 2019 Budget**

Orion Township CIA		Spent to Date	Project to be Spent Remainder of 2018	Spent 2019	Future Spent 2020+	Total	Original Budget
Brown Road Project							
Property Acquisition		\$1,165,103.05	\$0.00	\$0.00	\$0.00	\$1,165,103.05	\$820,000.00
Legal		\$59,184.66	\$0.00	\$0.00	\$0.00	\$59,184.66	
Easement Appraisals		\$5,200.00				\$5,200.00	
Property Purchases		\$1,040,961.62	\$0.00	\$0.00	\$0.00	\$1,040,961.62	
95 Brown		\$278,644.55	\$0.00	\$0.00	\$0.00	\$278,644.55	
155 Brown		\$4,500.00	\$0.00	\$0.00	\$0.00	\$4,500.00	
4995 Huston		\$3,250.00	\$0.00	\$0.00	\$0.00	\$3,250.00	
313 Brown		\$754,567.07	\$0.00	\$0.00	\$0.00	\$754,567.07	
Easement Acquisition Services	121-16-0077	\$48,406.25	\$0.00	\$0.00	\$0.00	\$48,406.25	
w/s connection charges 215 brown		\$11,350.52	\$0.00	\$0.00	\$0.00	\$11,350.52	
Easement Document Preparation	121-16-0076	\$11,567.50	\$0.00	\$0.00	\$0.00	\$11,567.50	\$12,000.00
Preliminary Planning and Engineering		\$86,355.25	\$0.00	\$0.00	\$0.00	\$86,355.25	\$100,000.00
CIA Setup		\$59,589.50	\$0.00	\$0.00	\$0.00	\$59,589.50	
Brown Road Project Scoping		\$22,490.75	\$0.00	\$0.00	\$0.00	\$22,490.75	
Misc Support	121-16-0151	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00	
Water/Sewer Report		\$3,275.00	\$0.00	\$0.00	\$0.00	\$3,275.00	
Utilities		\$4,106.15	\$0.00	\$0.00	\$0.00	\$4,106.15	
313 brown rd water/sewer		\$1,103.85	\$0.00	\$0.00	\$0.00	\$1,103.85	
313 brown dte		\$2,861.50	\$0.00	\$0.00	\$0.00	\$2,861.50	
95 brown dte		\$140.80	\$0.00	\$0.00	\$0.00	\$140.80	
Design Services	121-16-0071	\$229,000.00	\$0.00	\$0.00	\$0.00	\$229,000.00	\$284,800.00
Construction Services	121-16-0074	\$270,863.07	\$0.00	\$0.00	\$0.00	\$270,863.07	\$284,800.00
Construction Inspection		\$97,908.00	\$3,772.00	\$0.00	\$0.00	\$101,680.00	\$178,600.00
Geotech Services		\$47,361.75	\$0.00	\$0.00	\$0.00	\$47,361.75	\$85,800.00
G2 Consulting		\$46,811.75	\$0.00	\$0.00	\$0.00	\$46,811.75	
Misc Consulting		\$550.00	\$0.00	\$0.00	\$0.00	\$550.00	
Contractor Payments	121-16-0070	\$3,135,168.74	\$90,000.00	\$0.00	\$0.00	\$3,225,168.74	\$3,319,000.00
Misc Contractor Payments		\$45,372.00	\$0.00	\$0.00	\$0.00	\$45,372.00	
Totals		\$5,094,245.26	\$93,772.00	\$0.00	\$0.00	\$5,233,939.26	\$5,085,000.00
				Property Assets	\$710,000.00		Twp sold 95 for 275k and 313 for 435k
				Expenditures-Asse	\$4,523,939.26	\$5,085,000.00	
Baldwin Road Streetscape							
Design Services Total		\$67,630.00	\$0.00	\$0.00	\$60,000.00	\$127,630.00	\$183,250.00 Phase I Streetscape includes the Judah and Gregory roundabouts and splitter islands included with the RCOC Baldwin Phase I project
Concept Planning		\$13,630.00	\$0.00	\$0.00	\$0.00	\$13,630.00	
Const. Documents Phase I	121-16-0082	\$54,000.00	\$0.00	\$0.00	\$0.00	\$54,000.00	
Const. Documents Phase III (outside RCOC)		\$0.00	\$0.00	\$0.00	\$60,000.00	\$60,000.00	Phase III Streetscape includes the sides of the road and median
Construction Total		\$423,666.78	\$5,000.00	\$10,000.00	\$715,000.00	\$1,153,666.78	\$2,015,750.00 from Brown Road to Gregory Road
DTE Lighting Phase I and III*		\$233,838.53	\$0.00	\$0.00	\$0.00	\$233,838.53	
Construction Services Phase I	121-16-0083	\$1,828.25	\$5,000.00	\$10,000.00	\$0.00	\$16,828.25	Notes: * Annual operating costs for DTE lights is estimated at
RCOC Contractor Payments Phase I		\$188,000.00	\$0.00	\$0.00	\$0.00	\$188,000.00	\$20,943.45 NOT INCLUDED IN BUDGETED AMOUNTS
Water main and decorative improvements (rcoc project #52021)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Construction Services Phase III		\$0.00	\$0.00	\$0.00	\$75,000.00	\$75,000.00	
Orion Twp. Contractor Payments Phase III		\$0.00	\$0.00	\$0.00	\$640,000.00	\$640,000.00	
Pocket Parks		\$4,026.50	\$0.00	\$0.00	\$283,973.50	\$288,000.00	65k inkind from Pulte for Jordan Pocket Park
Totals		\$495,323.28	\$5,000.00	\$10,000.00	\$1,058,973.50	\$1,569,296.78	\$2,199,000.00 from Brown Road to Gregory Road

**Attachment I
Orion Township Corridor Improvement Authority 2019 Budget**

Orion Township CIA	Spent to Date	Project to be Spent Remainder of 2018	Spent 2019	Future Spent 2020+	Total	Original Budget
Priority 3 CIA Budgeted Projects						
Baldwin Streetscape Phase II	\$128,023.50	\$484,297.70	\$625,000.00	\$60,000.00	\$1,297,321.20	\$300,000.00 Phase II Streetscape includes GLA, Maybee, and Waldon roundabouts
Design Services	\$90,523.50	\$6,200.00	\$0.00	\$0.00	\$96,723.50	
DTE Lighting	\$37,500.00	\$0.00	\$0.00	\$0.00	\$37,500.00	
Contractor Payments	\$0.00	\$468,097.70	\$550,000.00	\$50,000.00	\$1,068,097.70	
Construction Services Phase II	\$0.00	\$10,000.00	\$75,000.00	\$10,000.00	\$95,000.00	
Priority 3 CIA Budgeted Projects						
Identify Catalyst Projects to Stimulate Corridor	\$35,235.00	\$34,000.00	\$124,000.00	\$312,000.00	\$505,235.00	\$500,000.00 and splitter islands included with the RCOC Baldwin Phase II project
Strategic Plan 121-17-0061	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00	
Baldwin road coordination 121-14-0071		\$0.00	\$0.00	\$0.00	\$0.00	
Economic Development Consultant	\$24,000.00	\$12,000.00	\$36,000.00	\$72,000.00	\$144,000.00	
Administrative Fees	\$0.00	\$20,000.00	\$20,000.00	\$40,000.00	\$80,000.00	
Audit	\$1,235.00	\$2,000.00	\$2,000.00	\$0.00	\$5,235.00	
Placeholder	\$0.00	\$0.00	\$66,000.00	\$200,000.00	\$266,000.00	
Totals	\$163,258.50	\$518,297.70	\$749,000.00	\$372,000.00	\$1,802,556.20	\$800,000.00
	\$5,752,827.04	\$617,069.70	\$759,000.00	\$1,430,973.50		
				Grand Total	\$8,605,792.24	\$8,084,000.00
				Expenditures - Ass	\$7,895,792.24	\$8,084,000.00
						247-958-972
						247-958-974
						247-958-980
						247-958-806
						247-958-976.1
						101-248-806
Baldwin Streetscape Phase II (General Fund)	\$219,064.60	\$385,048.78	\$390,000.00	\$5,000.00	\$999,113.38	
Design Services	\$74,064.60	\$5,048.78	\$0.00	\$0.00	\$79,113.38	
DTE Lighting	\$145,000.00	\$0.00	\$0.00	\$0.00	\$145,000.00	
Contractor Payments	\$0.00	\$370,000.00	\$370,000.00	\$0.00	\$740,000.00	
Construction Services Phase II	\$0.00	\$10,000.00	\$20,000.00	\$5,000.00	\$35,000.00	

Budget approved 12-12-2018