



**March 14, 2018**

**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 May 15, 2016 for the period ending December 31, 2017.**

**Overview:**

This report is intended to summarize the activity of the CIA for the reporting period. In this case the reporting period is from inception which is the date the Orion Township Board of Trustees approved the CIA plan on May 15, 2016 to December 31, 2017. Going forward, this report shall be delivered not less often than annually in the first quarter following the reporting period year and receipt of the taxable values as determined by Oakland County.

**CIA Plan recap and summary of activities:**

As a reminder to the reader, the May 2016 plan is divided into three priorities. Priority 1 is the engineering, property acquisition, watermain relocation and hard cost of widening Brown Road from Joslyn to Baldwin to five lanes (two each way plus a center turn lane). Priority 2 is the Baldwin Road streetscape following the route of the first phase of the RCOC project. Priority 3 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 of 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 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 increase in taxable value was accomplished without variance, the projected revenue 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 regularly in publicly noticed sessions with approved minutes of each meeting being posted on the OT 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, reviewed the plan and its anticipated long term benefit to the community and each agency including 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 Park.

These presentations were prepared with input from the CIA Board and were conducted under the leadership of the CIA Board Chairman Chris Barnett, supported by SCS and other advisors. This task is nearly complete with all agencies agreeing to “opt in,” with the exception of HCMA which has not yet reached a decision in this matter. Pursuit of the HCMA for “opt in” approval continues as of this writing.

In 2017, the majority of Priority 1 action items relative to the Brown Rd, widening have been 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. The road surface is completed and in service. Only minor items, mostly weather related, remain to be completed.

Predictably the traffic congestion relief and private sector development feedback about this activity has been outstanding. This road improvement is and will continue to be a key catalyst in repositioning the BIZ properties and, in turn, the overall image of two key southern gateways to the community. Additionally, the Planning 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. These additional improvements and enhancements will be a requirement of all future development through the Township’s SPA 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 street scape design has been completed on Priority 2. Unfortunately, in 2017 RCOC adjusted the completion of the first phase of the Baldwin Road improvements to year end 2018. At this time, it is unclear how much, if any, streetscape work will commence in 2018. In any event, it is anticipated the completion of Baldwin Road streetscape will not occur until 2019. The CIA activity for 2018 will be to finalize the planning and design work on the streetscape components.



**Summary of budget to actual expenditures through 2017 and projected through 2019 is found on the spread sheet on the following page. Three points are noteworthy:**

**Priority One Brown Road improvements:**

1. The acquisition, design and construction cost is budgeted in the plan at **\$5,085,000**. Currently the total expenditure for these items is \$5,339,124 less \$350,000 received by the CIA for the sale of an acquired property (95 Brown Road). As a result, the expenditures for Priority One are \$4,989,124; representing a savings of \$95,876 below budget for Priority One.
2. It should also be noted that 313 Brown is under contract for the sale price of \$470,000. At the present time, the CIA anticipates a closing in 2018 which would yield additional savings on Priority One activities. The final reporting of this reimbursement will be post-closing and reported in a subsequent update.
3. 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 has budgeted the Baldwin Road Streetscape plan at **\$2,199,000**.

To date, approximately **\$498,296** have been spent on planning, DTE Lighting and RCOC contractor payments. The majority of this cost will follow the completion of the RCOC road project.

**Priority Three Other Enhancements:**

The CIA has budgeted **\$800,000** for additional enhancements.

To date, **\$49,500** has been charged to this category. These costs include marketing material, economic development consulting expense, DTE operating expense and audit charges. Additionally, the expenditure includes the \$20,000 OT administrative fee. The accrued interest expense is an attachment to this report.



# CIA Budget

Orion Township CIA	spent @ 12/31/16	spent @ 9/30/17	Spent to Date	Projected to be Spent remainder of 2017	Projected to be Spent 2018	Future Spent 2019+	Total	Original Budget
<b>Orion Township CIA</b>								
<b>Brown Road Project</b>								
Property Acquisition			\$1,165,103.05	\$12,000.00	\$13,173.89	\$0.00	\$1,190,276.94	\$820,000.00
Legal		\$59,184.66	\$59,184.66	\$0.00	\$0.00	\$0.00	\$59,184.66	
demo			\$0.00	\$12,000.00	\$12,000.00	\$0.00	\$24,000.00	
95 Brown			\$0.00	\$12,000.00	\$12,000.00	\$0.00	\$12,000.00	
313 Brown			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Easement Appraisals	\$5,200.00		\$5,200.00	\$0.00	\$0.00	\$0.00	\$5,200.00	
Property Purchases			\$1,040,961.62	\$0.00	\$1,173.89	\$0.00	\$1,042,135.51	
95 Brown		\$278,644.55	\$278,644.55	\$0.00	\$765.58	\$0.00	\$279,410.13	
155 Brown		\$4,500.00	\$4,500.00	\$0.00	\$0.00	\$0.00	\$4,500.00	
4995 Huston		\$3,250.00	\$3,250.00	\$0.00	\$0.00	\$0.00	\$3,250.00	
313 Brown		\$754,567.07	\$754,567.07	\$0.00	\$408.31	\$0.00	\$754,975.38	
Easement Acquisition Services			\$48,406.25	\$0.00	\$0.00	\$0.00	\$48,406.25	
w/s connection charges 215 brown			\$11,950.52	\$0.00	\$0.00	\$0.00	\$11,950.52	
Easement Document Preparation	\$11,567.50		\$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		\$59,589.50	\$0.00	\$0.00	\$0.00	\$59,589.50	
Brown Road Project Scoping	\$22,490.75		\$22,490.75	\$0.00	\$0.00	\$0.00	\$22,490.75	
Misc Support	\$1,000.00		\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00	
Water/Sewer Report	\$3,275.00		\$3,275.00	\$0.00	\$0.00	\$0.00	\$3,275.00	
Utilities			\$506.15	\$2,100.00	\$1,500.00	\$0.00	\$4,106.15	
313 brown rd water/sewer		\$103.85	\$103.85	\$500.00	\$500.00	\$0.00	\$1,103.85	
313 brown dte		\$361.50	\$361.50	\$1,500.00	\$1,000.00	\$0.00	\$2,861.50	
95 brown dte		\$40.80	\$40.80	\$100.00	\$0.00	\$0.00	\$140.80	
Design Services	\$102,000.00	\$127,000.00	\$229,000.00	\$0.00	\$0.00	\$0.00	\$229,000.00	\$284,800.00
Construction Services		\$106,339.21	\$106,339.21	\$175,000.00	\$25,000.00	\$0.00	\$306,339.21	\$284,800.00
Construction Inspection		\$30,832.00	\$30,832.00	\$44,168.00	\$5,000.00	\$0.00	\$80,000.00	\$178,600.00
Material Testing Services		\$8,750.00	\$8,750.00	\$57,250.00	\$0.00	\$0.00	\$66,000.00	\$85,800.00
Engineering (G2 consulting/Electrical engineering)		\$550.00	\$550.00	\$0.00	\$0.00	\$0.00	\$550.00	
Contractor Payments		\$1,297,237.64	\$1,297,237.64	\$1,767,692.10	\$300,000.00	\$0.00	\$3,364,929.74	\$3,319,000.00
<b>Totals</b>			<b>\$2,936,240.80</b>	<b>\$2,058,210.10</b>	<b>\$344,673.89</b>	<b>\$0.00</b>	<b>\$5,339,124.79</b>	<b>\$5,085,000.00</b>
Property Sale	95 Brown Rd. closed 3/2/18						\$351,770.51	
	313 Brown under contract for \$470,000						\$441,800.00	
							<b>Expenditures-Asset</b>	<b>\$5,085,000.00</b>
<b>Baldwin Road Streetscape</b>								
Design Services Total			\$67,630.00	\$0.00	\$0.00	\$75,000.00	\$142,630.00	\$183,250.00
Concept Planning	\$13,630.00		\$13,630.00	\$0.00	\$0.00	\$0.00	\$13,630.00	
Const. Documents Phase I		\$54,000.00	\$54,000.00	\$0.00	\$0.00	\$0.00	\$54,000.00	
Const. Documents Phase III (outside RCOC)			\$0.00	\$0.00	\$0.00	\$75,000.00	\$75,000.00	
Construction Total			\$425,561.28	\$5,000.00	\$10,000.00	\$1,005,416.30	\$1,445,977.58	\$2,015,750.00
DTE Lighting Phase I and III*		\$233,838.53	\$233,838.53	\$0.00	\$0.00	\$0.00	\$233,838.53	
Construction Services Phase I		\$3,722.75	\$3,722.75	\$5,000.00	\$10,000.00	\$0.00	\$18,722.75	
RCOC Contractor Payments Phase I (rocc project #52021)		\$188,000.00	\$188,000.00	\$0.00	\$0.00	\$0.00	\$188,000.00	
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	\$930,416.30	\$930,416.30	
<b>Totals</b>			<b>\$495,191.28</b>	<b>\$5,000.00</b>	<b>\$10,000.00</b>	<b>\$1,080,416.30</b>	<b>\$1,588,607.58</b>	<b>\$2,199,000.00</b>
<b>Priority 3 CIA Budgeted Projects</b>								
Improve Aesthetics in Corridor			\$0.00	\$0.00	\$0.00	\$1,000,000.00	\$1,000,000.00	\$300,000.00
Identify Catalyst Projects to Stimulate Corridor			\$39,882.50	\$49,500.00	\$145,000.00	\$381,000.00	\$615,382.50	\$500,000.00
Strategic Plan		\$5,500.00	\$5,500.00	\$500.00	\$0.00	\$0.00	\$10,000.00	
Baldwin road coordination		\$2,147.50	\$2,147.50	\$0.00	\$0.00	\$0.00	\$2,147.50	
Economic Development Consultant		\$30,000.00	\$27,000.00	\$6,000.00	\$36,000.00	\$72,000.00	\$141,000.00	
Administrative Fees			\$0.00	\$20,000.00	\$20,000.00	\$40,000.00	\$80,000.00	
Dte annual operating costs			\$0.00	\$21,000.00	\$21,000.00	\$63,000.00	\$105,000.00	
Audit		\$1,235.00	\$1,235.00	\$2,000.00	\$2,000.00	\$6,000.00	\$11,235.00	
Placeholder			\$0.00	\$0.00	\$66,000.00	\$200,000.00	\$266,000.00	
<b>Totals</b>			<b>\$39,882.50</b>	<b>\$49,500.00</b>	<b>\$145,000.00</b>	<b>\$1,381,000.00</b>	<b>\$1,615,382.50</b>	<b>\$800,000.00</b>
		\$217,752.75	\$3,254,561.83	\$3,469,314.58	\$2,112,710.10	\$499,673.89	\$2,461,416.30	
							<b>Grand Total</b>	<b>\$8,543,114.87</b>
							<b>Expenditures - Ass</b>	<b>\$7,749,544.36</b>
								247-958-972
								247-958-974
								247-958-980



**Increases in taxable value in real property and personal property within the CIA District limits is the essence of this and any Tax Increment Finance (TIF) project. Increases are realized by new improvements and inflationary increase on existing properties with no change. All of the values in the May 2016 CIA plan are estimated and projected.**

Comparison of the budgeted and actual taxable value as determined by Oakland County assessing are as follows: Oakland County established the base year amount as **\$35,257,840**

CIA taxable values-

2016 Budgeted in plan: <b>\$30,804,520</b>	2016 County actual: <b>\$36,225,890</b>
2017 Budgeted in Plan: <b>\$40,324,633</b>	2017 County actual: <b>\$37,519,730</b>

It is noteworthy that a 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 impact because the previously taxed home is removed and the new construction has little or no taxable value at the time of the assessment (12/31), which is the only relevant day for county assessing (i.e. Menard's). In any event, the increase will take a full year to be realized.

CIA tax increment dollars collected-

2016 Budgeted in plan: <b>\$0</b>	2016 collected by CIA: <b>\$6,828</b>
2017 Budgeted in plan: <b>\$76,408</b>	2017 collected by CIA: <b>\$15.928</b>

#### **CIA District Marketing Activity-**

The area of the CIA District is approximately 400 acres of land. Predictably, since the completion of the majority of the Brown Road improvements were completed in the fall of 2017, the BIZ zoned portion of the CIA has seen more meaningful new development activity then at 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 does not represent any specific properties (except 95 & 313 Brown) nor any specific transaction. Rather, the Township's focus is on representing the concept and opportunities of the community in this CIA area. This is done through the dissemination of promotional materials, meeting with prospective developers, land brokers, sellers and other prospective stakeholders. A key promotional marketing piece is attached delineating the concept being promoted.

Additionally, attached is a graphic representation of projects either under construction, engaged in serious pre-development planning activity, listed for sale or otherwise seemingly supportive of the goals of the CIA. This graphic is not intended as any assurance or any future project and is only an interpretation of predevelopment activity presented as an indication of possible new improvements in the District.



In my opinion the value of the next series of projects anticipated to make formal submittal is in the range of \$40,000,000 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. Similarly, any property not highlighted on the attached map should not be construed as not for sale or not supportive of the goals of the CIA, only that specific parcel information, if any, was not clear or in my possession at the time of this report.

**Future CIA reporting requirements:**

Senate Bill 393 has been signed into law which imposes reporting requirements on the CIA at the state level beginning 1.1.19. Generally, what we are doing with this report together with some website modification and some yet to be determines state forms, SCS is confident that compliance with these requirements will not be overly difficult. The SCS government relations staff has prepared the attached memorandum outlining the details of the new law. SCS will follow this matter to assist Orion Township with compliance.

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

Respectfully submitted: 3.14.18

Chris Barnett, Chair  
On Behalf of the Orion Township Corridor Improvement Authority



## **Loan Information**

1. Total amount borrowed to date: \$5,377,000.00
2. Total interest: \$3,855.00 paid 5-1-17  
Next interest payment due on 5-1-18, currently estimated at \$71,261.39
3. Start date of each installment, and amount of each installment:

12-20-16	\$ 350,000.00
4-11-17	\$ 1,177,000.00
6-7-17	\$ 250,000.00
8-18-17	\$ 500,000.00
9-21-17	\$ 200,000.00
9-29-17	\$ 600,000.00
10-16-17	\$ 700,000.00
11-7-17	\$ 800,000.00
12-21-17	\$ 100,000.00
1-30-18	\$ 250,000.00
2-26-18	\$ 450,000.00