

**DOWNTOWN DEVELOPMENT AUTHORITY
Meeting of the DDA Board of Directors
September 13, 2022**

The September meeting of the DDA Board was called to order at 8:00 am.

ROLL CALL

Present: *Mayor Brian Turnbull, DJ Boyd, Margene Buckhave, Aaron Cozart, Mike Jaafar, Jim Long, Greg Presley, Greg Richards, Shawn Riley, Mary Starring*

Absent: *Ryan McKindles*

Also Present: *Lori Ward/DDA Executive Director, Jeri Johnson/DDA Marketing & Communications Director, Jessica Howlin/DDA Marketing & Administrative Assistant, Patrick Sullivan/City Manager, Dave Gutman/Sustainability Committee, Bob Buckhave/Resident, Marilyn Price/City Council, Sam Seimer/ATK Peerless*

AUDIENCE COMMENTS

None

APPROVAL OF AGENDA AND CONSENT AGENDA

Motion by Turnbull, seconded by Richards, to approve the agenda and consent agenda.
Motion carries.

BROWNFIELD REDEVELOPMENT AUTHORITY PRESENTATION

Ward welcomed Sam Seimer from AKT Peerless, the City's environmental consultant, to present an overview of the Brownfield Redevelopment Act and how brownfield funding applies to DDA revenue and the Downs project. Seimer is the Vice President for Economic Development services at AKT. AKT is an environmental consulting firm that also does construction services, sustainability and economic development services. Seimer said a brownfield TIF works similar to the DDA TIF but it is parcel specific to developments. Instead of going to the community, a brownfield TIF goes to the developer for taking on a more difficult project that requires environmental clean-up. Brownfields are defined by property that could have on-site contamination, blighted property or transit-oriented development. The Cady Street portion is considered a "facility", which indicates there is contamination on site. Seimer said there are different criteria based on the type of development. Phases of assessment include identifying soil groundwater samples and historical review. In addition, there are different criteria depending on what type of development is going in. Seimer said that some benefits of brownfield projects include grants, loans, and is captured during the duration of the brownfield

plan. The local brownfield revolving fund is good up to 5 years after the development and the developer can continue to use it for 5 years after the development is done.

Boyd asked if brownfield activities are defined or can a board govern that. Seimer said activities under the brownfield are defined within legislation and there is the ability for some communities to use site prep for future work but is only available to core communities, which Northville is not considered to be. Riley asked if funds collected can be spent on activities outside the DDA. Seimer said they can be used outside the community, as the funds would go to the Brownfield Redevelopment Authority (BRA). The DDA could decide to halt capture after one year, then negotiate and reevaluate. Riley asked if the DDA could negotiate less than 100% of TIF capture for brownfield and could that be spent outside the DDA for a river park or something similar. Seimer said if the DDA is capturing the revenue they can negotiate less than 100% of capture and it would also be eligible to be spent outside the DDA.

Seimer added that if there is a brownfield within the DDA, because the DDA was established first, the DDA has first rights to capture the TIF. For example, on the Downs project, the DDA could retain all or just a percentage of the capture. If the DDA sends a portion to the brownfield, the steps include - first DDA, then BRA, then developer. AKT handles all invoices during development to ensure they are being done in accordance with statues and are actually being paid. The brownfield is always a reimbursement process.

Boyd asked if the developer seeks reimbursement in real time or after the project. Seimer said she has seen it done both ways, some do a monthly draw situation and they submit reimbursement to the city and show proof to the lender that there will be reimbursement for future costs. On the flip side, they currently have a developer that has a plan from 2017 and the city has been capturing it. Boyd asked if the source of funds for reimbursement is coming from the bank or does the DDA bond money. Seimer said she has never seen it set up as a bond and does not recommend it. Seimer said a hypothetical example would be a project with a 4-year phase in would be fully valued by 2026. Seimer also noted that brownfield plans can last for 30 years. Sullivan said the City plan would be limited to the plan the City adopts and what is agreed upon. Buckhave asked who is on the BRA in Northville. Sullivan said it includes Pat McGow, Michelle Anoil, Barbara Morowski-Browne, John Carter, David Haigh and Don Webb, all appointed by City Council.

Richards asked if the DDA gets first right of money does it make the DDA responsible for clean-up. Seimer said with DDA having first right, nothing happens to DDA funds with those parcels. They would be excluded from the brownfield capture and the developer would still have the redevelopment costs. TIFs within parcels that have overlap would immediately default to the DDA. Riley asked with regard to the local intergovernmental agreement, does the DDA have to agree upfront to capture that revenue or does City Council have ultimate decision on that. Seimer said each agreement is city specific, and one's she has worked on in the past were just between the DDA and BRA, without the city being part of it. Sullivan said the DDA has rights to the TIF unless an agreement is made to give it to the brownfield, and can ask legal council to confirm that. Long asked that if a large parcel of property has different tax parcels with containments in one portion but not another, is the uncontaminated property also eligible for brownfield even if it is removed from the contaminated area. Seimer said to qualify,

the uncontaminated parcel needs to touch the contaminated parcel. Ward noted that typically the development is converted to one parcel once the real estate deal closes. Ward asked of the revolving loan program, it usually follows the brownfield TIF, where there are x amount of years of capture then a loan kicks in, if the funds are not used, they can collect under the tax jurisdictions. Seimer said the DDA would then collect as a tax jurisdiction and revolving loan money would have to be used for environmental clean-up or site evaluation.

Seimer said TIF is used to redevelop eligible properties in a brownfield plan. Eligible activities include environmental assessments, due care activities, response activities, demolition, abatement, site prep, public infrastructure and some private infrastructure. Presley asked if EGLE and MEDC facilitate grants. Seimer said that EGLE has loans and MEDC has grants with specific focus on housing, green initiatives and such. The city applies for loans and AKT works with the city to make sure they don't double dip on both grant funding and TIF reimbursement. Sullivan added that the tax capture is shortened when there are grants since the grant funding helps pay for costs. Riley said that it was discussed at DPAC that the DDA would capture some revenues then utilize them for infrastructure improvements; does this impact overall capture or does the developer make up the difference. Seimer said the developer would likely make up the difference and both AKT and the developer look for grants to help.

Seimer said a Brownfield TIF works similar to a DDA – there is a base value established within the plan year, and there is incentive for the developer to complete the project because there isn't reimbursement if the project is not completed or takes too long. Within the brownfield plan, there is a set max amount based on actual costs of activity and availability of TIF. Benefits of a brownfield TIF is helping with financial gaps by taking on a challenging project and incentives to finish a project.

Riley said the DDA will have additional costs with the development but no extra tax revenue to pay the cost. Boyd said it is probably unwise to send 100% to BRA and the DDA needs to be thoughtful about how much to give. Seimer said there are models for TIF plans and what the repayment plan would be with or without DDA participation. Ward said the developer made a request to BRA with a model including and excluding DDA participation, but did not yet make a formal request to the DDA.

Boyd asked if there is ever a large gap between estimated and actual revenues. Seimer said projections are usually very close. Riley asked what future revenue would be coming in to the DDA after the project is done. Ward said the DDA currently captures about \$8,000 in revenues, and the projections with reinvestment and new value created the developer will return a site that is paying about \$800,000 in revenues, it is just several years out. Seimer added as a last note that she does not recommend amending boundaries for a specific development.

DPAC UPDATE

Turnbull said that Northville previously did not have a Brownfield Redevelopment Authority and it was created before the new developments like the Downs and Foundry Flask projects.

DPAC is the group of the various committee chairs working to keep the flow going when these projects progress. Brownfield Redevelopment Authority is looking at \$15 million to go toward parks and remediation. Boyd asked if the farmers' market project is going to be supported by a Brownfield TIF. Sullivan said that there is some level of contamination at the Ford site, but there has not been an assessment done. An assessment may show that environmental remediation on the site could be funded by the brownfield.

Boyd asked if a brownfield TIF is more efficient. Sullivan said that an advantage of the brownfield is that it captures tax for city, county, schools and more. Long said if the Ford property is a public owned farmers' market, there will be no future tax capture. Sullivan said that in this instance, it has been suggested that the revenue fund is collected at the end. In some instances, it is negotiated that some money is collected up front. The revolving fund could be spent anywhere in the City, so tax capture on this development could be used for any other clean up at any other site in the City. Sullivan added that brownfield is looking at a large sum and at the end the City has to figure out bond, tax, and income coming in. Boyd asked if the DDA could establish a new TIFA. Seimer said the DDA would get into a similar situation as expanding boundaries and would only be able to use that with parks. Presley asked if the current Ford owner is interested in selling. Turnbull said the City has a proposed agreement with the City to purchase the property.

Ward said the three outstanding items that were discussed at DPAC included interest, DDA participation and items being negotiated. Turnbull said it is encouraged for each group to be ready within weeks and be creative on percentages on how to get the project done within the next five years. Sullivan said that the group needs to decide which items they are funding and not funding, and what level is the developer and City funding those items. Sullivan will be speaking with Council members and then put together a list of funding and a proposed development agreement. Presley asked if the DDA needs a decision before the first reading. Turnbull said it will be needed for the second reading, not the first. Sullivan said the DDA should act with a sense of urgency but also move within the best interests of the City and DDA.

SOCIAL DISTRICT RECOMMENDATION

Ward said the new advisory committee, chaired by Aaron Cozart, recently met and discussed the topic of expanding the social district. Several restaurants are interested in being included in the social district, including Lava Grille, Northville Sports Den, The Garage, Great White Buffalo, Tiramisu, Eagles and American Legion. Jaafar recused himself due to his relation with owners of the Lava Grille. The group decided the DDA and areas touching the border would be included. The committee also discussed the Wagon Wheel, Little Salumi and North Center Brewing Company. Little Salumi does not have the right license to be included and the other two were too far away to be included in the area for enforcement. To be included in the social district, each restaurant has to apply with the state for a special license. Long asked if there is an expense to DDA or income to the DDA with the expansion. Johnson said the biggest expense is garbage, cleanup and signage. **Motion by Boyd, seconded by Turnbull** to recommend to City Council to expand the social district to include businesses within the DDA boundaries and contiguous to the DDA to be eligible with appropriate state licensing. **Motion carries.**

DOWNTOWN STREET CLOSURE UPDATE

Riley said the RFP was reissued on September 2, and proposals are due on Friday, September 23. The following Wednesday, September 28, the committee will meet to discuss the proposals. If interviews are needed, they will be conducted on October 3 and 4. The DDA will meet at a special board meeting on October 11, to have a recommendation for the October 17th City Council meeting. There have been a couple additional meetings, including one with Boyd, Riley, Ward, Mayor Turnbull and Councilperson Morowski-Browne to discuss expectations of a partnership between Council and DDA. Ward and Riley also met with the fire chief, police Captain Hannewald, DPW and Brent Strong to discuss how to make the closures successful. Some concerns include public safety, emergency accessibility, heating, and ADA accessibility. Structures will have to be resized and figure out electrical. Chief Samhat issued very simple guidelines for outdoor heating.

Long asked if there is anticipation for asphalt or sidewalk removal, and when Council changes seats the closures could also change. Riley said curbs will remain during phase one and should be designed to move forward with streets the way they are so if needed, the streets can reopen. Jaafar said the DDA definitely needs to plan for preparation of future changes. Buckhave said this winter things will not change with structures. Ward said businesses could consult with an electrician about heating alternatives. Ward said the DDA has also requested to be at the HDC to seek approval on structures and pods/stands that are owned by the DDA.

Long asked if outdoor dining qualifies as expanding a building and will businesses be required to ask for parking credits. Sullivan said the City has not done that before. Riley said it is up to the businesses on whether to invest in the interim while long-term plans are put in motion. The DDA needs time to do this project right and will probably take another winter to figure out.

COMMITTEE INFORMATION AND UPDATES

- a. *Design Committee*: No report.
- b. *Marketing Committee*: Riley said the Victorian Heritage Festival is this weekend, there will be live music all over town throughout the weekend. The skeleton kick-off event is October 7.
- c. *Parking Committee*: Long asked that the parking committee meets soon. Jaafar said he is interested in joining this committee. Bob Buckhave, a resident in the audience, asked to also be added to this committee.
- d. *Organizational Committee*: No report.
- e. *Economic Development Committee*: No report.
- f. *Sustainability Committee*: No report.

BOARD COMMUNICATION

Presley said he is concerned about future costs for the next 10 years and parking is a big deal. The associated costs should be front and center right now. Buckhave said there is no effective parking and the City needs enforcement. Long said the DDA needs to go to City Council to figure out the parking situation for the long-term. Ward reminded everyone that the next board meeting is on October 11.

Motion by Turnbull, seconded by Richards to adjourn the DDA Board meeting. **Motion carried unanimously.**

Meeting adjourned at 10:15 am.

Respectfully submitted,
Jessica Howlin, Marketing & Administrative Assistant
Northville DDA