This is how a TIFA would be used

FARMINGTON HILLS officials want to use a financing mechanism — a Tax Increment Financing Authority (TIFA) — to pay for road improvements along the 12 Mile Road office corridor and I-696.

In December, council members created a tax increment authority by appointing the nine-member Farmington Hills Economic Development Corporation (EDC) Board of Directors as the TIFA governing board. Council also designated the boundaries of a TIFA district in which the financing mechanism would be used.

The TIFA district boundaries include the 12 Mile office corridor — bounded on the north by 12 Mile, on the south by I-696, on the west by Haggerty and on the east by property owned by the U.S. Postal Service, approximately one-quarter mile east of Farmington.

The city's 12 Mile Road master traffic plan — also adopted by council in December — documents the need for major traffic improvements along the thoroughfare and I-696 and serves as a foundation for the city's creation of a TIFA along the commercial corridor.

ALTHOUGH THE costs are still estimates, the city would be faced with an approximately $9.6-million bill for construction of a four-lane boulevard along 12 Mile, from Farmington (idening and construction of additional interchanges.

To help pay estimated total costs, city officials plan to use approximately $49,500 in the city's share of gas and weight taxes. The remaining $9.5 million would, if all goes according to plan, be paid for with the help of TIFA revenues.

The 12 Mile plan also calls for the widening of the thoroughfare from Inkster to Orchard Lake roads. But the more than $500,000 price tag would not be included under the TIFA plan.

Under TIFA, property values in the designated district along 12 Mile would be frozen. Tax increment money is derived from the increase in assessed valuations in the district over the initial value at the time the TIFA plan is implemented. Farmington Hills proposes taking such money for up to 12 years.

IT IS the money derived from the increase in assessed valuation that the city would use to pay for the improvements. A city has the option of taking all or part of any property tax money based on the assessment increase. The Farmington Hills plan calls for taking 47.8 percent of the revenue based on increased valuations.

The taxing jurisdictions — city of Farmington Hills, Farmington Public Schools, Oakland Community College, Oakland Intermediate Schools and Oakland County — would continue to receive full revenue based on taxes levied against the initial assessed value.

As the development district's value increases during the TIFA plan's 12-year period, the taxing jurisdictions would annually receive only 52 percent of that increase. That split is not 50/50 because the city does not want to infringe on each jurisdiction's debt retirement levies.

Tax increment money that would be turned over to the authority is determined by multiplying the total tax millage of the taxing units — 51.8 mills based on the 1985 rate — by the amount of captured assessed value.

Hills establishes TIFA for road project

Joe Alkateeb is mayor of Farmington Hills.

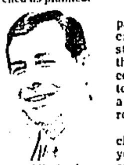
By Joe Alkateeb
special writer

1984 and 1985 have been years of record growth in Farmington Hills. 1986 seems to be a continuation of the same trend.

In the past two years, 12 Mile Road has experienced unacceptable congestion. Traffic problems west of Farmington Road are expected to become worse as the present and proposed office buildings are occupied. Exiting from I-696 to Orchard Lake Road during the hours of 5-6 p.m. is impossible. Sometimes, the cars are lined up as far east as one mile.

I brought this up to impress upon you the gravity of the situation. The state highway department has recognized this problem and intends to widen I-696 from Telegraph to Haggerty to four lanes in either direction. This project is scheduled for completion in 1989 if all components are in place.

Along with this widening project, the highway department has agreed to provide Farmington Hills with an additional interchange on I-696 somewhere in the vicinity of Drake Road provided that 12 Mile is widened as planned.



Joe Alkateeb

Highway department officials have stated that they will not consider an interchange onto a two-lane road.

Our young city is only 12 years old and our unprecedented growth has left us with what seems to be several impossible tasks. Our charter imposes a 10-mill tax limit, and the Headlee amendment acts to further reduce this limit to 9.8 mills. Presently, our tax rate for fiscal year 1985-1986 is 8.8 mills. We have one mill left before we reach our maximum limit and that represents approximately $1.2 million per year.

AS WE set out to evaluate our infra-structure and prepare our capital improvement plan, we are looking at some $40 million in drainage work alone and that is in 1983 dollars. We do not even have the final figure for all the road work needed throughout our city, but I can assure it is in the millions.

commentary

In addition to the 12 Mile Road projects slated at approximately $10 million, we need to widen Northwestern Highway and install turn-arounds, we have to either extend Northwestern to 15 Mile Road or widen 14 Mile, and added to that, we have other projects at 13 Mile, Drake, Halsted, M-102 and so on. I purposely left out many other capital projects that are also in the seven-figure range.

As we looked at the 12 Mile corridor and the estimated city's share of approximately $10 million, we had to really stand back and assess our financial limitations. It was our conclusion that "it would be fiscally irresponsible" to tie down our only available source of revenue, namely, the one mill into a 10- or 15-year bond issue for the purpose of 12 Mile Road improvements and the interchange at Drake Road. Acknowledging immediately that the problems such as drains and roads are not the legislative concerns of the school board, we basically had only two choices:

1. Utilize the growth along the 12 Mile corridor to pay for the improvements, hence, the TIFA proposal.

2. At some point, consider stopping all future constructions along the corridor until such time when road improvements can be made. One possibility was to go to the voters for a bond issue dedicated strictly for roads. Our experience with the recent question to the voters for 1.5-mill levy dedicated for capital improvements for 20 years told us that the voters are not willing.

I HOPE you can see that we have only one viable alternative, namely, the TIFA proposal.

I truly wish that there were other choices. I feel confident that when you have fully analyzed our proposal, you will see that this TIFA is not an attempt to encumber the schools, but it is a joint investment for a better future to all of our citizens.

We believe we have been quite fair in asking to share up to 48 percent of the increase in order to pay for a specific project. When the work is done, all the increase will be yours (the schools). Our timetable envisions that the sharing will be for 10 years or less, depending on the growth.

The Attorney General, in his opinion, concentrated on the word "halt" the decline in property values. He totally ignored the word "prevent" the urban deterioration, which appears in the preamble of Act 450.

If you know, and we know, that the decline in values is coming anyway, and you have heard testimony from the developers and owners that substantiates this assumption, isn't it fair to conclude that the Farmington Hills City Council is acting within the spirit of the act and the law.

Our argument might not be as strong today but two or three years hence, our contention will be solid fact beyond any dispute.

I CONTEND that 52 percent of a number that is growing is greater than 100 percent of a number that is stagnant or shrinking.

What I am saying is that TIFA along the 12 Mile corridor will likely be a fact someday. If it is not this year, it may be next year or the year after that. The timing of this eventual TIFA is very critical to the welfare and the orderly growth of the community. Supposing the TIFA is put into effect three years from now, it is hard for me to assess the possible damage to the community. Please consider the following:

1. The I-696 interchange already approved in the vicinity of Drake will certainly be delayed, if not eliminated. It could slip back three, four, five or even 10 years, depending where it might end up on the priority list.

2. 12 Mile Road will continue to be a place of traffic hazards for a similar period in time, and may get worse.

3. The planned widening of I-696 to four lanes in both directions, scheduled for completion by 1989, may be scrubbed.

I BELIEVE the Attorney General's opinion is not a fact or law. It is only a mere interpretation of a statute. This is the advice of our legal counsel.

The judgment of our actions will be by the citizens we serve. It is therefore quite important for all of us to keep our eyes on our respective goals and move in a direction that will provide the maximum benefit to our community.

I strongly urge the school board's support for our proposal.

Schools challenge basis of TIFA's use

Susan Rennels is president of the Farmington Board of Education.

By Susan Rennels
special writer

The Farmington Hills City Council has hinged the road development in the 12 Mile corridor on a single source of financing — Tax Increment Finance Authority (TIFA) — a means of capturing a future source of public school income to build a boulevard. No one disputes the need for road improvements; that is not the issue.

There are two questions fundamental to the use of a Tax Increment Finance Authority: 1) should school taxes be used for road improvements in the 12 Mile corridor, and 2) may the school board ignore an Attorney General's opinion holding the use of the Tax Increment Finance Authority illegal.

The school board's position is that Farmington Hills City Council must face this situation alone. The school district had a similar dilemma a few years ago, when elementary schools' driveways and parking lots were unpaved. We had to make the difficult decision, resulting in long delays, before we could allocate money for site improvements.

Susan Rennels

Never, in our wildest fantasy, did we conceive of another government agency handing over any part of its budget for a public school responsibility. The school district has faced some rough financial times — we faced them alone, and pulled through.

In the frantic days, at the depth of our last recession, a piece of legislation designed to stop rapid economic decline was passed to help communities keep their economic houses above water. The Michigan Legislature, seeking methods to stop the significant decline of many cities, passed the Tax Increment Finance Act.

A year ago, the city of Farmington Hills stated the 12 Mile corridor met the conditions for a Tax Increment Finance Authority: 1) to halt the decline in property values, 2) to increase property tax valuation, 3) to eliminate the causes of the decline in property values, and 4) to promote growth in an area of the municipality — to secure future school taxes in that area for the purpose of building a road.

commentary

WHATEVER THE city's motive, the audacity to pretend the 12 Mile corridor is in decline is a hideous prevarication. They talk of pragmatism, we talk of honesty. They talk of Tax Increment Finance Authority as a foundation of the future, we talk of a diversion of school funds.

Thus, we are accused of publicly opposing the development on 12 Mile, because to oppose a Tax Increment Finance Authority is to oppose economic recovery. This is not only misleading, it is a slur against our integrity.

We would do nothing to oppose the municipality's responsibility; we are opposed to the illegal use of school dollars for building roads. If one need search out a moral issue, we certainly should not use tax dollars specifically earmarked, according to our school code, for our children's education, to build roads.

The Attorney General's opinion, handed down in January, is clearly on the side of the school district. We would have behaved irresponsibly — first, not to have sought a legislative opinion, and second, upon receipt and perusal of the opinion — not to act accordingly. To ignore this opinion would be to join in the act of subverting the intent of a Tax Increment Finance Authority.

We must admit, as a community, Farmington Hills has been fortunate. We did not feel as destructive an economic slowdown as did many of our sister communities. We need to do some soul-searching, if we so distort the intent of the Tax Increment Finance Act to conveniently fit our narrow economic self-interest.

THE ATTORNEY General's opinion, however, has been treated with disdain by the Hills — not to be taken seriously. The board of education, however, must turn to the Attorney General when there is a vagueness in legislation, or no legal precedent evident. We must have a legal interpretation to fill the void.

Why bother to ask for an opinion in the first place if we are expected to treat it in a cavalier manner? The district has regarded the opinion as a legal position. We now ask that this particular Tax Increment Finance Authority be dissolved.

The board of education passed its resolution to contest the Tax Increment Finance Authority and asks that the city withdraw its decision to use the authority. We certainly do not want to go through the expense of time and money to defend our position. We are asking the city of Farmington Hills to seek alternative methods of financing — those methods historically available under their rights as a city government.

We are not playing a game with the Farmington Hills City Council. We do not want to be blamed for blocking the 12 Mile Road development. The council could appeal to the community and ask that they vote tax dollars for the 12 Mile corridor project. People should know what they are paying for, not be caught up in a shell game of tax diversion.

Do not talk of a moratorium on building, or warn of plummeting land values — implying an exodus of businesses from our community. Do not hold a community hostage to dire consequences.

RIGHT NOW, the district faces lack of space in our elementary schools. A thriving community is made up of families and their children. We are fast approaching a need for school expansion, school improvement and the funding of modern services to meet the third millennium.

We are now faced with problems of boundary changes — of families facing transportation of children from one subdivision to another. We will work hard to solve our present and future problems — but without the encumbrance of tax diversion.

A new age is dawning for the schools. We must keep our financial resources intact to meet demands our community will require of its public schools. We, too, are a business. We must develop to keep up with the times. The last thing we want to do is imbed any portion of the financial future of our children's education in road concrete!

It would be foolish to deny the need for road improvements. We transport over 6,000 students per day. We also see need for improvement in many areas in addition to 12 Mile Road.

We want to assist the city by cooperating to seek millage to fund road improvement. If the community is behind these obvious needs, let's get together and ask our citizens to approve a millage dedicated to the correct account.

Schools, Hills dispute winds up in court

Continued from Page 1

sons of legal counsel under the state's Open Meetings Act — will probably be scheduled for next week, he added.

The Hills is represented by City Attorney Paul Bibeau of the Farmington Hills firm of Brennan, Bibeau and Poehlman, and John Evarhardus of the Detroit firm of Dickinson, Wright, Moon, Vandusen and Freeman, Costick said.

Both Evarhardus and Pollard specialize in bond law.

THE CITY is studying two options, according to Costick: to move ahead with court action keeping the TIFA proposal alive, or to rescind the establishment of the authority and review 12 Mile financing possibilities for the following year.

Each possibility will be evaluated before a decision is made, he said.

"I'm not saying we won't, but if we don't go to court, it would essentially mean we would not be doing anything else with the 12 Mile effort this year," Costick said. "We would, of course, continue planning, but there would be no money to do more work."

One of the critical issues that may arise from the case, is the "diversion of school tax money through the TIFA on the July 1 tax bills," Pollard added. But since the TIFA formation was challenged within the allowable 60 days, "it's (TIFA) all on hold," Costick said, regarding the authority. "Everything's up in the air until the suit is settled."

FARMINGTON HILLS proposes a 10-year TIFA plan in which 48.2 percent of the increased revenues would be captured in the authority, with the remaining 52 percent going to the school district.

Of an estimated $93.3 million to be raised by TIFA through 1991, the school district would receive an 8.8 percent increase in the tax base, estimated to be $161 per student.

Hills sets deadline for denser greenbelt

Continued from Page 1

Board of Appeals issued a variance for the brick wall, allowing a greenbelt instead as agreed between homeowners and developers, Lampi said.

Homeowners agreed to the greenbelt as long as the landscaping provided privacy, Young said. "They (homeowners) would like to see matured bushes as promised and (that they are) maintained," she added.

City Manager William Costick told council that the incomplete greenbelt is not the first problem with the Tall Oaks building. City staff worked with developers to ensure that both the building's sidewalk and a proper closure for the refuse area were completed as required by the planning commission-approved site plan.

A certificate of occupancy has not yet been issued because of problems with the greenbelt. A temporary certificate of occupancy was issued, allowing the building to be occupied. The permanent certificate will not be issued until required work on the site is complete, Lampi said.

"We have had difficulty in getting this area maintained properly," Costick said. "They (developers) told me they would have the greenbelt in proper shape by the end of spring."

"WE WENT through this a year ago through the staff level," Costick continued, referring to the incomplete greenbelt. "I have to tell you, it has never been satisfactory. We have been leaning on the developer all fall."

The problem with the greenbelt appears to be the combination of not enough plantings and the fact that many of the shrubs, bushes and trees have died; further diminishing the density of the plantings, Lampi said.

In December, landscape architects Villcan-Leman & Associates of Southfield met with developers and inspected the greenbelt. New pines and shrubs will be added, and other trees and bushes will be pruned to encourage denser growth, according to a letter from Villican-Leman.

"That's not going to help at all," Young said, when city staff showed on a map where the bushes and trees would be planted.

Mayor Joe Alkateeb assured Young that city planning commissioners are studying an ordinance amendment that would require improved screening between residential areas and offices. "We are trying to make that part of the ordinance much stronger," he said.

RESPONDING TO homeowners' complaints about the office building's flood lights shining into their homes at night, Alkateeb said, "I believe the ordinance says no lights can shine in the residential."

The foliage, anyway, should have been dense enough from the start to provide a screen from the office and its lights, he said.

"I am willing, this last time, to go along with the developers' request to wait until spring," said Councilman Ben Marks. "If they don't, then we will come down hard."

Young reminded council that developers said trees and bushes would be replaced and maintained by last October.

Sympathizing with homeowners, particularly those whose property is directly behind the office building, Councilman Donn Wolf said, "I think some of those people should come down (to city hall) and get their taxes cut".