

EM SUBMISSION NO: 2013 EFM011

PRESENTED: 1-7-13

ADOPTED: 1-7-13

**Resolution to Authorize Application to Michigan Economic Development Corporation (MEDC) for a City of Flint Designation as a SmartZone**

**BY THE EMERGENCY FINANCIAL MANAGER:**

The Michigan Economic Development Corporation (MEDC) seeks to stimulate growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, and its nationally recognized university system by supporting the development of a select number of certified technology "SmartZones". The MEDC's primary focus is on job creation and retention, but closely related objectives include increasing high tech employment and creating new and innovative small businesses.

The SmartZone Program aims to create and/or support recognized clusters of high technology businesses and research. Concentrating businesses, research, training, and support services allows the networking and interaction critical to technology companies' to be successful. Research and technology "SmartZones" enhance opportunities for university-industry collaboration, thereby bringing new technologies into commercial application and providing training for students and faculty.

The SmartZones Program was established in 2000 by amendments to 1986 PA 281, the Local Development Financing Act. The Act designated up to 10 SmartZones statewide. Subsequent amendments to the act resulted in five additional designations as of July 31, 2012. Under the Act, local development financing authorities ("LDFA") may capture incremental property taxes from all properties, within its designated geographic SmartZone.

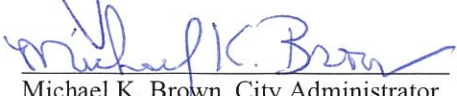
Public Act 290 of 2012 amended the Act to allow for three additional SmartZone designations. The MEDC is seeking applications for SmartZone development from municipalities who have formed, or are planning to form, LDFA pursuant to the eligibility requirements of the Act, in close cooperation with their local economic development corporations, educational institutions, and/or private developers.

The City of Flint is requesting approval to apply for designation as a SmartZone in order to provide Business Accelerator Programs to new and growing technology companies. The application will include a business plan, financial plan with financial schedules, economic impact to local and State economy and a physical description of the defined site of the proposed SmartZone. The City of Flint has proposed four strategic areas for tax increment financing (TIF) capture, excluding prime real estate and properties with strong future potential for redevelopment. The potential areas are in the vicinity of the South Saginaw Corridor, the former Delphi Complex, the Buick City corridor, and the Kettering Gateway.

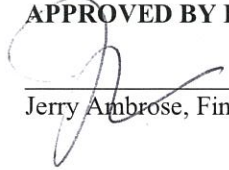
**IT IS RESOLVED**, that the Emergency Financial Manager on behalf of the City of Flint, shall authorize appropriate City Officials to do all things necessary to support the submission of an application to the Michigan Economic Development Corporation requesting designation as a SmartZone.

**APPROVED AS TO FORM:**

  
Peter M. Bade, Chief Legal Officer

  
Michael K. Brown, City Administrator

**APPROVED BY FINANCE:**

  
Jerry Ambrose, Finance Director

**EFM DISPOSITION:**

ENACT ☒ FAIL ☐

DATED: 1-7-13

  
Edward J. Kurtz, Emergency Financial Manager

## RESOLUTION STAFF REVIEW FORM

**DATE:** December 11, 2012

**Agenda Item Title:** Resolution to Authorize Application to Michigan Economic Development Corporation (MEDC) for a City of Flint Designation as a SmartZone

**Prepared By:** Tracy B. Atkinson, The Department of Community and Economic Development

**Background/Summary of Proposed Action:**

The Michigan Economic Development Corporation (MEDC) seeks to stimulate growth of technology-based businesses and jobs by development of a select number of certified technology – “SmartZones”. The MEDC’s primary focus is on job creation and retention, but closely related objectives include increasing high tech employment and creating new and innovative small businesses.

The SmartZone Program aims to create and/or support recognized clusters of high technology businesses and research. Concentrating businesses, research, training, and support services in areas that allow the networking and interaction critical to technology companies’ to be successful. The SmartZones Program was established in 2000 by amendments to 1986 PA 281, the Local Development Financing Act.

Under the Act, local development financing authorities (“LDFA”) may capture incremental property taxes from all properties, within the designated geographic SmartZone. Public Act 290 of 2012 amended the Act to allow for three additional SmartZone designations. The MEDC is now seeking applications for SmartZone development from municipalities who have formed, or are planning to form, LDFA’s pursuant to the eligibility requirements of the Act, in close cooperation with their local economic development corporations, educational institutions, and/or private developers.

The City of Flint is requesting approval to apply for designation as a SmartZone. The City of Flint has proposed four strategic areas for SmartZone capture, excluding prime real estate and properties with strong future potential for redevelopment. The potential areas include the South Saginaw Corridor, the former Delphi Complex, the Buick City corridor, and the Kettering Gateway.

**Financial Implications:**

The approval of this resolution may result in the creation of a Local Development Financing Authority (“LFDA”) that would capture incremental property taxes from all properties within the 45 mile radius designated geographic SmartZone. A LDFA may collect all local operating property taxes within the SmartZone and up to 50% of the K-12, state, and intermediate school district operating levies up to 15 years subject to State Treasurer’s authorization. Assuming that material new development begins in 2017 and totals to \$61 million by the end of 2028, over \$500,000 in new tax revenues would be generated based on current millage rates. While such longer-term revenues will help support future programming, recent property valuation trends have tempered near-term expectations for TIF revenues. Since 2007, the ad valorem tax base for the City of Flint has been declining, with total real and personal property in the City of Flint now valued at approximately \$1.3 billion. Commercial, industrial and personal property totals approximately \$523 million. For tax year 2014, the City’s tax value was projected to decline by 12% but then to slowly move towards a 0% decline in 2018.

**Budgeted Expenditure:** Yes \_\_\_ No ☒ **Please explain, if no:**

**Pre-encumbered:** Yes \_\_\_ No ☒ **Requisition #** \_\_\_\_\_

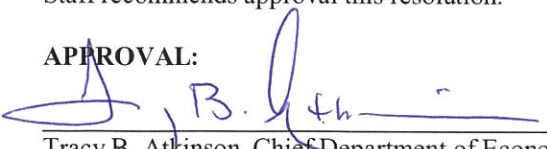
**Other Implications (i.e., collective bargaining)**

No other implications are known at this time.

**Staff Recommendation:**

Staff recommends approval this resolution.

**APPROVAL:**

  
Tracy B. Atkinson, Chief Department of Economic Development Officer

  
David Solis, Community Development Administrator

  
Howard Croft, Infrastructure and Development Director