

Chapter 24

AN ORDINANCE TO APPROVE THE CENTRAL LAKE DOWNTOWN DEVELOPMENT AUTHORITY DEVELOPMENT AND TIF PLAN.

THE VILLAGE OF CENTRAL LAKE ORDAINS:

Section 1. Addition of new Chapter 24

A new Chapter 24 is hereby added to the Central Lake Village Code which shall read in its entirety as follows:

Central Lake Downtown Development Plan

This Development Plan contains the information required by Section 17(2) Public Act 197 of 1975, as amended. Additional information is available from the Village Clerk. Public Act 197 of 1975 seeks to address problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of our communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary, and organization tools to revitalize downtown districts either through public initiated project undertakings or in concert with privately motivated development projects.

Designated Boundaries and Map

The Central Lake Downtown Development Authority (DDA) encompasses approximately 5 acres of land and includes residential, commercial, and mixed-use properties. The designated and legal boundaries of the Central Business District are:

All properties inclusive with the western boundary being Chestnut Street from Brooks Street north to Cedar Street; the northern boundary from Chestnut Street to Cherry Street on Cedar Street; south on Cherry Street to North Street then east on North Street to Elm Street; then south on Elm Street to Maple Street; west on Maple Street to the northeast corner of Lot 4, Block V, Plat of Central Lake 1884; then south to State Street; west on State Street to Herrick Street; south on Herrick Street to the southeast corner of Lot 1, Block T, Plat of Central Lake; then west on southern border of said Lot 1, Block T to northeastern corner of Lot 9, Block T, Plat of Central Lake; then south to Brooks Street; then west to Chestnut Street

Existing Improvements to be Demolished, Repaired or Altered; Description of Repairs and Alterations, and Estimated Time of Completion

The DDA will consider an improvement plan that may replace some areas of the downtown with facilities and improvements to better promote and enhance the use of space within the DDA District.

Location, Extent, Character, Estimated Cost of Improvements, Construction Stages, and Estimated Completion Time

The DDA, as requested by Village Council will work with the community to improve it's downtown. This will be an open, community-engaged process that will have as its premise a focus on the needs of the entire Central Lake community. The DDA's Design Committee will lead this effort, which is anticipated to begin in the first quarter of 2015. Cost and completion schedules to be determined by the community.

Portion of the Development Area that the Authority Desires to Sell, Donate, Exchange, or Lease to or from the City

None.

Proposed Zoning Changes and Changes to Streets, Intersections, Utilities, etc.

None.

Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced.

Approximately 50 persons live in the development area. The DDA has no plans to displace any persons as a result of the development plan.

Estimated Costs of the Proposed developments and How the DDA Proposes to Finance Them

The DDA plans the following projects:

1. Adopt the Four-Point Main Street organization and training model from The Michigan Main Street Center.

The DDA adopted the Main Street Model in January 2014, which provides structure and training to enhance the viability of downtowns in the areas of promotion, organization, design, and economic restructuring.

Organization - Establishes consensus and cooperation by building partnerships among the various groups that have a stake in the DDA district.

Promotion - The goal is to create a positive image that will enhance community pride and improve consumer and investor confidence in the commercial district.

Design - Getting the central business district into top physical shape and creating a safe, inviting environment for shoppers, workers, and visitors. It takes advantage of the visual opportunities inherent in a commercial district by directing attention to all of its physical elements: public and private buildings, storefronts, signs, public spaces, parking areas, street furniture, public art, landscaping, merchandising, window displays, and promotional materials.

Economic Restructuring - Strengthens the community's existing economic assets while diversifying its economic base. This is accomplished by retaining and expanding successful businesses to provide a balanced commercial mix, sharpening the competitiveness and merchandising skills of business owners, and attracting new businesses that the market can support.

Projected Cost \$0

Funding Plan: Including, but not limited to: DDA Budget in cooperation with the Village of Central Lake, donations, help from local service organizations, Grants.

Timeline: Quarter 1, 2014

2. Establish Downtown Recreation and Annual Signature Events.

The DDA will establish four signature events/activities to provide recreation in the downtown area. This includes an outdoor ice-skating rink for the winter and a stage downtown for summer performances. These events will provide the public with activities in the downtown area and will benefit Central Lake's "attractability." It is also expected to benefit the downtown economically by drawing people to the area and encouraging them to linger. These events are family-oriented and affordable, if not free. Projected Cost: \$20,000.

Funding Plan: Including, but not limited to: DDA Budget in cooperation with the Village of Central Lake, donations, help from local service organizations, grants.

Timeline: Quarter 4, 2015

3. Downtown Lodging and Parking Study.

The DDA will seek information and gather data regarding the downtown district's parking and lodging needs. This data will help inform additional future goals.

Projected Cost \$3,000

Funding Plan: Including, but not limited to: DDA Budget in cooperation with the Village of Central Lake, donations, help from local service organizations, grants.

Timeline: Quarter 2, 2015

4. Enhance Appearance of Downtown District.

The DDA will establish and maintain various endeavors to improve the general appearance of the downtown district, while encouraging historic preservation. Such improvements include maintenance of flower beds, planting and care of trees and other greenery, planting and maintenance of hanging flower baskets, signage, decorative flags, seasonal displays, upkeep of public areas, etc.

Projected Cost: \$15,000.

Funding Plan: Including, but not limited to: DDA Budget in cooperation with the Village of Central Lake, donations, help from local service organizations, grants.

Timeline: Quarter 4, 2015

5. Public Facilities/Information Center.

The DDA will coordinate with other entities to construct public restrooms and an information kiosk in the downtown district. This facility would benefit the entire village and would provide amenities that visitors expect and need. This structure would enhance the downtown and the surrounding area by providing a "hub" for visitors to find information and a place for them to access restrooms. .

Projected Cost \$40,000.

Funding Plan: Including, but not limited to: DDA Budget in cooperation with the Village of Central Lake, donations, help from local service organizations, grants.

Timeline: Quarter 4, 2017

Timelines

Projects will be developed as funds are available through private contributions, Grants, TIF funding, fundraising and assessments.

Estimated timelines:

1. Quarter 1, 2014 - Adopt the Four-Point Main Street organization and training model from The Michigan Main Street Center
2. Quarter 4, 2015 - Establish Downtown Recreation and Annual Signature Events
3. Quarter 2, 2015 - Downtown Lodging and Parking Study
4. Quarter 4, 2015 - Enhance Appearance of Downtown District
5. Quarter 4, 2017 - Public Facilities/Information Center

These timelines represent target dates only as public input and funding will determine actual results.

TIF PLAN

Tax Increment Financing Procedure

The Tax Increment Financing procedure outlined in the Act requires the passage of an ordinance by the Village of Central Lake to adopt or amend a Downtown Development Plan and Tax Increment Financing Plan. Following adoption of the ordinance approving the Development and Tax Increment Financing Plan, the Township and County Treasurers are required by law to transmit to the DDA that portion of the tax levy of all taxing jurisdictions paid each year on the captured assessed value of all real and personal property included in the Tax Increment Financing Plan. The Tax Increment Financing Plan may be modified if the Village of Central Lake follows the same modification and public hearing procedures as were required to adopt the original Plan. At the time this Tax Increment Financing Plan is adopted, the “initial assessed value” is determined. The initial assessed value means the assessed value, as equalized, of all the taxable property within the boundaries of the Development Area at the time the ordinance establishing the Tax Increment Financing Plan is approved, as shown by the most recent assessment roll for which equalization has been completed at the time the ordinance is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included at zero. Property for which a specific local tax is paid in lieu of property tax shall not be considered exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of property tax is determined as provided below.

The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan shall not be greater than the plan’s percentage capture and use of taxes levied by a municipality or county for operating purposes. For purposes of the previous sentence, taxes levied by a county for operating purposes include only millage allocated for county or charter county purposes under the property tax limitation act, Michigan Public Act 62 of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws. Tax increment revenues used to pay bonds issued by the Township under section 16(1) of the Act shall be considered to be used by the tax increment financing plan rather than shared with the Township.

“Specific local tax” means a tax levied under Michigan Public Act 198 of 1974, being Sections 207.551 to 207.572 of the Michigan Compiled Laws, the Commercial Redevelopment Act, Michigan Public Act 255 of 1978, being Section 207.651 to 207.668 of Michigan Compiled Law, Act No. 189 of the Michigan Public Acts of 1953, being Sections 211.181 to 211.182 of the Michigan Compiled Laws, and the Technology Park Development Act, Michigan Public Act 385 of 1984, being Sections 207.701 to 207.718 of the Michigan Compiled Laws. The initial assessed value or current assessed value of property subject to specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the Michigan State Tax Commission shall prescribe the method of calculating the initial assessed value and current assessed value for which a specific local tax was paid in lieu of a property tax.

Estimated Captured Assessed Values, and Estimated Tax Increment Revenues

The tax increment revenues or “captured assessed value” means the amount in any one year by which the current assessed value of the project area, including the current assessed value of property for which specific local taxes are paid in lieu of property taxes, exceeds the initial assessed value. Tax Increment Revenue to be transmitted to the Authority by the City Treasurer and/or County Treasurer shall be that portion of the tax levy of all taxing bodies paid each year on the assessed value of real and personal property in the Development Area on the captured assessed value.

The DDA is not authorized to capture tax increment revenues from any ad valorem taxes or specific local taxes attributable to the levy by the State of the six-mill education tax pursuant to Michigan Public Act 331 of 1993, as amended, or taxes levied by any local or intermediate school district.

Refer to Exhibit c for estimated captured assessed values and estimated tax increment revenues based upon a 3% annual taxable value growth rate in the DDA district. Although the actual tax

increment revenues available to the DDA may vary from the estimates herein provided, the estimates of tax increment revenue in the exhibit are based on the following:

- Millage rates
 - Antrim County COA 0.40
 - Antrim County MB 1.0
 - Antrim County –E911 OP 0.50
 - Antrim County County Tax 5.4
 - Ambulance Authority 0.65
 - Dist Library – CL 0.35
 - Township Tax 1.0
 - SP ASMT-Fire 2.0
 - Twp Vote – Roads 1.0
 - Village of Central Lake 12.0

- An initial taxable base of \$2,160,965.in the DDA area. In accordance with the requirements of Act 197, this is the assessed value established on December 31 of 2013 and finally equalized in December 2044.
- All voted millages will be renewed throughout the duration of the plan.
- No local, intermediate school district, or state education taxes will be captured.

Amount of bonded indebtedness to be incurred

The maximum amount of bonded indebtedness to be incurred by the DDA and/or the Village of Central Lake for all bond issues or loans, including payments of capitalized interest, principal and required reserve shall be \$1,000,000 for the proposed projects (as demonstrated in Exhibit C – Projected Revenue) outlined in the Development Plan. Actual bonded indebtedness that may be incurred will be limited by the amount of revenues anticipated to be received each year that will be available for servicing the debt load. (Exhibit C) The bonded indebtedness proceeds will be sufficient to pay the estimated costs of the development plus any associated costs of accompanying professional services. The Village of Central Lake must approve any bonds or indebtedness, which pledge the full faith and credit for the Village of Central Lake.

Duration of the Program

The Tax Increment Financing Plan will remain in effect to the end of fiscal year 2044, unless amended after hearing and notice in accordance with section 19(2) of the Act to a shorter or longer period. Further, if repayment of the Bonds or any future bonds issued by the Authority has not been completed by 2044, the Development Plan will be extended until the bonds have been retired.

Estimated Impact on Assessed Value of Taxing Jurisdictions

The tax increment financing plan generates revenue based only on the captured assessed value. Each Taxing Jurisdiction will continue to levy and receive taxes on the initial taxable value of \$2,160,965 in the DDA. That taxable value will continue to be used for taxing purposes by the Taxing Jurisdictions that are not exempted by the DDA Act. In effect, the taxable value is frozen at the base level for taxing purposes for the duration of the DDA development plan.

The Intermediate School District, the local school district, and the State of Michigan Education Tax fund will receive revenues from all increases in taxable value.

The justification of the tax increment financing procedure is based on the expectation that all or a portion of the “capture assessed value” that is created following implementation of a downtown development plan, would not have occurred without the stimulation of the public investment involved in the plan implementation. Therefore, the short term investment made by the taxing unit in foregoing part of the initial growth in tax revenues is repaid by the long-term benefit of

substantially greater taxes realized from a stronger commercial base when the plan is completed. Furthermore, this plan uniquely tries to retain the same value of tax revenues throughout the plan, while encouraging revenue generation for all taxing jurisdictions.

The overall impact of the Tax Increment Financing Plan is expected to generate increased economic activity in the Village of Central Lake and Antrim County at large. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing jurisdictions through increases in assessed valuations of real and personal property and from increases in personal income due to new employment within the Development Area, the Village of Central Lake, and other neighboring communities throughout Antrim County.

Provision for use of part or all of the captured assessed value to be used by the DDA

The DDA shall expend the tax increments received from the development plan only in accordance with the Tax Increment Financing Plan. Tax Increment revenues in excess of the estimated tax increment revenues or in excess of the actual cost of the Plan to be paid by the tax increment revenues may be retained by the DDA only for purposes that, by the resolution of the DDA Board, are determined to further the development plan in accordance with the Tax Increment Financing Plan. The excess revenue not so used shall revert proportionately to the respective taxing jurisdictions upon the execution of a resolution directing said action. The resolution should only be adopted if the DDA Board determines that all of the projects listed in the TIF Plan are completed and it has no intention to begin the process to amend its plan to add additional projects. These revenues shall not be used to circumvent existing property tax laws that provide a maximum authorized rate for the levy of property taxes.

Compliance with Section 15 of the Act

As referred to above, it is the intent of these plans to comply with Section 15 of the Act regarding tax increments, amount of tax increments, expenditure of tax increments, and submission of the tax increment financing report. These revenues shall not be used to circumvent existing property tax limitations.

Reports

The authority shall file the following with the State Tax Commission within ninety (90) days of the end of the fiscal year of the authority

- 1) Form 2604 (if one school district) Form 2967 (if more than one), as amended, if required
- 2) Annual report (AR) as required by State Tax Commission Bulletin 9 of 1997, as amended (see appendix 3 of form 2604/2967 instructions). The Village annual audit will not fulfill this requirement. At a minimum, the annual report on the status of the tax increment financing account shall contain the following (125.1665):
 - a) The amount and source of revenue in the account
 - b) The amount in any bond reserve account
 - c) The amount and purpose of expenditures from the account
 - d) The amount of principal and interest on any outstanding bonded indebtedness
 - e) The initial assessed value of the project
 - f) The captured assessed value retained by the authority
 - g) The tax increment revenues received
 - h) The number of jobs created as a result of the implementation of the tax Increment financing plan

- i) Any additional information the Village or the state tax commission considers necessary.
- 3) An increment financing plan district, which was used to determine the plan's tax increment revenue. This is the worksheet that was used to compute how much money to send to the authority, and it may be either handwritten or computed. The worksheet should include:
 - a) Millages
 - b) Initial, current, and captured values by property tax roll (i.e., ad valorem homestead, ad valorem non-homestead, IFT new, CFT new, Tech Park, IFT replacement, and CFT restored), and
 - c) The source of tax increment revenue, subdivided by each millage levied.

Section 2. Severability.

If any section, provisions or clause of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect any remaining portion or application of this Ordinance, which can be given effect without the invalid portion or application.

Section 3. Effective Date.

This Ordinance shall become effective twenty (20) days after its enactment.