

City of Durand

215 West Clinton Street
Durand, Michigan 48429-1199
Phone 517 - 288-3113

CITY OF DURAND

TAX INCREMENT FINANCE AUTHORITY PLAN
FOR THE
DOWNTOWN CENTRAL BUSINESS DISTRICT

APRIL, 1991

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Durand Downtown Development Authority

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Al Asta, Vice-Chairperson
Jane Downing, Secretary - Treasurer
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Judy Fenech
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Deborah Doyle
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City Administration

Jane Downing, City Manager
Amy Roddy, City Clerk
Donna Tobias, City Treasurer
Charles McKone, City Attorney

Development Plan and Tax Increment
Financing Plan for the Durand
Downtown Development Authority

DEVELOPMENT PLAN

I. Boundaries

(Description of DDA area) (Exhibit A)

II. Public Properties and Facilities

Several public properties are located within the development district. These properties include the Durand City Hall, which houses the city and police station, the fire station, water tower, Iron Horse Park and 6 public parking lots.

All streets serving the development district are asphalt surfaced and direct the surface runoff to an underground storm drainage system. The primary streets in the district are Main Street which runs east and west through the entire district and Saginaw Street which runs north and south through the entire district. These streets are served with wider pavement for angle parking, sidewalks, older style street lights and curb and gutter in need of repair.

The location and extent of existing streets, the location and size of existing public utilities, including water mains, sanitary sewers and water tower will remain, for the next 2-5 years, as they now exist. The character and size of the Iron Horse park and city owned parking lots within the district are expected to improve and grow larger.

The city water system and sanitary sewer system is provided throughout the development area. The water system supply wells and sewage treatment plant are both located to the north of the development district.

(Possible map labeled "location of Public
Facilities & Utilities within Downtown
Development Area) (Exhibit B)

III. Existing land use and zoning

The Downtown Development District is primarily commercial with zoning from multiple family to light industrial with only a small amount in the latter category. The district is bordered on the north and east by single and multiple family residences and on the south and west by light industrial zoned areas. A wide range of commercial businesses can be found within the Development District.

Streets and their general right-of-way within the Development District are as follows:

<u>Street</u>	<u>Right-of-way</u>
Clinton	Grand Trunk Western RR Co.
Genesee	City of Durand
Hagle	
Main	
Mercer	
Oak	
Railroad	
Saginaw	
Alley west of Saginaw	
Alley east of Saginaw	

The land area is approximately 32 acres with 75 structures contained in this area.

There are six(6) City owned Public Parking lots, not including, the Durand Union Station Depot Parking Lot.

<u>Location</u>	<u>Number of Spaces</u>
Clinton Street #1(IHP)	15
Clinton Street #2	28
Main Street #1	Planned for 20
Main Street #2 (Depotview)	19
Shiawassee Street	14
City Hall	60
	***156 TOTAL CURRENT SPACES

IV. Existing improvements to be demolished

Development plans call for the acquisition of the property situated in the City of Durand commonly known as 107-109 West Clinton Street, Durand, Michigan 48429

Legal description:

Durand Land Co's 1st Add. Com 75 FT W of NE Cor of Lot 12, S 86 FT, W 92 FT, N 86 FT, E 92 FT to Beg. BLK 5.

Parcel Code

Current Owner

020-32-005-015-00

Roger & Mildred Smith

The existing vacant structure will be demolished to incorporate the land area into the bordering City Parking lot. There will be no displacement of families or individuals.

V. Listing and description of proposed projects

The authority has prepared a list of priority projects which require implementation. These projects, their scope, costs and stages of construction could vary as development patterns occur. The City Council, based on recommendation from the authority could implement these improvements based on funds which may become available from state, county and federal programs.

The projects listed in this Development Plan are as follows:

- A.) Downtown renovation and beautification project with improvements to street lighting, sidewalks, curbs & gutter and landscaping.
- B.) Parcel acquisition within development area
- C.) Relocation of overhead utilities to underground location within Development area.
- D.) Development and enlargement of Iron Horse Park to extend from Oak Street east to Railroad Street.
- E.) Provide increased public parking within Development area.
- F.) Miscellaneous projects

Each project listed above is described in more detail on the following pages.

A. Downtown Renovation & Beautification Project

This project will be undertaken to improve the appearance of the downtown area and make it more attractive and convenient for both the residents of the area and the tourists who are expected to be attracted to this area by the recent designation of the Durand Union Station (Railroad Depot) as the Michigan Railroad History Museum and Information Center.

The streetscape treatment will include replacement and new construction, but not limited to, the following items: sidewalks, curb and gutter, street reconstruction, benches, planting areas, information centers, pedestrian walkways and gathering areas, preservation and creation of open space areas, and post-mounted street lighting, with a period theme. The character of all improvements will be coordinated with a central business facade plan to reflect a common theme atmosphere in the development area. On-going maintenance, by the City of Durand, will be serviced to all current and future facilities and projects.

A Comprehensive Study of Existing On-Street Parking Spaces will also be completed as a segment of this Project.

The estimated cost for the Downtown Renovation & Beautification Project is \$ 500,000.

The completion time period for each item is totally dependent on the sale of bonds to finance the project. At this time, it is anticipated that bonds would be sold in 1992.

B. Parcel Acquisition within Development Area

The purpose of this project is to obtain property within the development area for the enlargement of existing municipal parking lots, development of additional municipal parking spaces and extension of Iron Horse Park, including, development of pedestrian walkways and open space areas. Open spaces, and the use of existing open space, would be increased and enhanced by this proposed project. No changes in zoning, streets, street levels, intersections or location of municipal utilities are contemplated as a result of this project, at this point in time, but could be considered at a future date.

The estimated cost of the Parcel Acquisition Project is \$175,000.

Tax increment revenues are estimated to be in sufficient amounts which will allow the acquisition of property on an "as available" basis throughout the term of the Development Plan. As this will be an on going project, only the Tax increment revenues in excess of those necessary to pay principal of and interest on other bond issues will be used.

C. Relocation of Overhead Utilities to Underground Locations

This project will be undertaken mainly to upgrade utility service, including natural gas, electric, cable television, water, and sewer, and to improve the general overhead/aerial appearance along Main Street that runs east and west through the development district, Clinton Street that runs east and west from Mercer Street to Genesee Street, Genesee Street that runs east and west from Mercer Street to Oak, the Alley that runs north and south from Main Street to Genesee Street west of Saginaw Street and the Alley that runs north and south from Main Street to Genesee Street east of Saginaw Street.

Due to the magnitude of this project, it may be less expensive and disruptive to combine this work with the Downtown Renovation & Beautification Project. This decision will be made as the program materials and designs progress.

Minor changes in the location of municipal water lines, storm sewer lines and sanitary sewer lines are expected to accommodate the burial of electrical and telephone services. All terrain in the development district is basically flat so no significant grade changes are anticipated. All areas currently asphalted will be upgraded with the four alley ways widened to accommodate better traffic flow. Storm drainage improvements will also be made as necessary.

The estimated cost of the Relocation of Overhead Utilities to Underground Locations is \$ 250,000.

This project is also dependent upon the sale of bonds. It is anticipated that bonds for this project will be sold in 1993. As mentioned before, this project may be combined with another if financial and time savings can be realized. Construction of the project would start upon sale of the bonds.

D. Development & Enlargement of Iron Horse Park

The development district currently has park land running from Oak Street east across Main Street to Railroad Street. This open space is maintained by the City of Durand and is the location of several points of interest related to the railroad heritage of the area.

Given the relative impact of the location of this park area in relationship to the site of the State Railway Museum, changes in the character of this open area are needed. Definite boundaries will need to be established which may call for the disposal of some currently held land or acquisition of small parcels to maximize the usefulness of this area.

Additional points of interest such as a large clock tower, retired railroad equipment and structures will be planned with the construction of sidewalks, benches, planting areas, charter bus parking areas, and post mounted period lighting to coordinate with the district wide theme, expansion of open space areas and pedestrian walkways. The atmosphere achieved will draw visitors from the State Railway Museum into the downtown business area.

The estimated cost of the Development and Enlargement of Iron Horse Park is \$ 150,000.

E. Provide Increased Public Parking within the
Development Area

Currently the City of Durand maintains 6 Off-Street public parking areas with a total of 156 parking spaces available. The City Master Plan developed in 1962 calls for, 520 Off-Street parking spaces needed, to maintain business growth. Additionally, with the development of the Durand Union Station Project, there will be a 100 space parking lot at this public facility.

On-Street parking also remains a priority. The existing On-Street angle parking is essential to the Central Business District. The City's current Master Plan provides for 213 On-Street parking spaces.

Land must be acquired for the expansion of existing parking areas within the development district. Certain key parcels, which are now privately owned, are needed to assure the coordinated establishment of parking spaces in areas of greatest need.

Parking lot design and construction will result in hard surface areas with sufficient drainage, removal of architectural barriers to provide access for the handicapped, fencing or walls, lighting, landscaping and traffic control aids that each facility may require and this program will also facilitate the construction and improvement of pedestrian rear entrances of businesses.

The estimated number of persons residing in the development area is 40. No occupied residences are designated for acquisition and clearance by this project at this time.

The estimated cost of the Provide Increased Public Parking within the Development Area project is \$ 225,000.

This project is dependent upon the acquisition of certain privately held parcels. Once ownership of these needed parcels is held by the D.D.A. specific planning can begin. Project completion is planned for 1991.

F.

Miscellaneous Projects

The Downtown Development Authority is also planning to do miscellaneous projects as need presents itself. These projects may include but are not limited to

- Develop a program with Durand City Police for enforcement of a two hour parking limit within the development area.
- Study of business growth needs.
- Placement of descriptive signs or plaques at points of historical intervals within the district.
- Replace and/or repair sidewalks and curbing in the Development District as need arises.

There is no estimated cost on any of these projects at this time. As projects present themselves, estimates will be made.

These projects would only be undertaken as revenues in excess of those necessary to pay principal of and interest on other bond issues become available.

The estimated cost of these Miscellaneous projects is:
\$75,000.

VI. Description of Open Space.

The project area contains City owned park areas described under the proposed project Development and Enlargement of Iron Horse Park, including, Iron Horse Park, Centennial Walkway, Depotview, and Durand Union Station Depot. This land is to remain open and to be expanded for the use of all residents.

VII. Authority Ownership.

The authority does not currently own property within the Development Area; as development plans proceed, it may become necessary for the Authority to acquire, lease, donate or sell lands to and from the City of Durand, private individuals and corporations.

VIII. Zoning Changes.

There are no zoning changes anticipated under the Development Plan, although, the City Planning Commission is currently revising its Master Plan.

IX. Estimated Number of Persons Living Within the Project Area and Provisions for Residents Displaced to Accomodate Development.

The Authority estimates there are 40 persons living within the development district. There is no displacement of any current residents by any proposed projects, at this time.

Should the Authority conceive a change of plans to accomodate a development that would displace residents, a revised Development plan would be submitted to the City Council for approval.

Any displacement will be in accordance with appropriate State and Federal uniform relocation assistance and real property acquisition policies.

X. Ability to Finance

The Downtown Development Authority is recommending that initial projects be financed with tax increment bonds.

The D.D.A. is also proposing to finance portions of the development plan projects from various sources such as but not limited to contributions from the Durand City General Fund, Durand City Major Street Fund, County, State, Federal, and Foundation Grant Programs, Contributions from Private Sources and Special Assessments.

Any and all financing plans will be approved by the Durand City Council.

TAX INCREMENT FINANCE PLAN

I. DETAILED EXPLANATION OF THE TAX INCREMENT PROCEDURE

The theory of tax increment financing is that investment in necessary public improvements of an area within the municipality will result in greater tax revenues from that area than would otherwise occur if no special development were undertaken. Therefore, it is important to earmark a portion of the resulting increased tax revenues for the purpose of paying the cost of the development plan.

The plan must be adopted by the local legislative body following consultation with the taxing units involved and a public hearing as required by statute. The essence of the tax increment financing procedure is as follows:

A. Implementing Public Improvements.

The public makes an investment in public improvements, and also potentially in facilities to be leased or sold to private owners, for the purpose of stimulating private investment in a specific Development District. The investment may be made in response to a declining business climate and tax base, or in response to a stable business climate and tax base which the public wishes to protect and develop.

B. Issuing Bonds

Bonds may be issued to finance the improvements. This is not mandatory, as tax increments received may be used in any manner the authority desires, provided those uses are described in this plan. Should increments be sufficient to warrant the selling of bonds (tax increment bonds), these bonds are retired in a manner prescribed by the authority.

C. Captured Assessed Value.

Taxes generated from the subsequent growth in the tax base of the Development District are retained and utilized by the authority. This tax base growth is called the "captured assessed value" (CAV). Specifically it is the increase in state equalized value (SEV) of the project area in any given year over the valuation of that area at the time the tax increment financing development plan was adopted.

D. Taxing Jurisdiction Agreements.

Tax increment revenues for the DDA result from the applicaiton of the general tax rates of the incorporated municipality and all other political subdivisions levying taxes in the development area to the captured assessed value.

Since the plan may provide for the use of part or all of the captured assessed value, the DDA my enter into agreements with each of the taxing units to share a portion of the captured assessed value of the district. Should the authority find it necessary to use all of the captured assessed value, it shall be clearly stated in this plan.

E. Release of Captured Assessed Value.

When the specified development/financing plan is accomplished, the captured assessed value is released and the taxing units receive all the taxes levied on it from that point on.

F. Justification for Tax Increment Financing.

Since only the growth in tax base (the captured assessed value) in the Development District is used to finance the development plan, the taxing units continue to receive their full tax levy on the district base in existence at the time of adoption of the development plan. In addition, any taxes generated by the captured assessed value beyond the amount required by the development plan are returned each year to the taxing units.

The justification of the tax increment financing procedure is based on the expectation that all or a portion of the "captured assessed value" which 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; and, therefore, the short-term investment made by the taxing units in foregoing part of the initial growth in tax revenues is repaid by the long-term benefit of substantially greater taxes realized from a significantly stronger tax base.

Double
line *

G. Preparation of Base Year Tax Increment Roll.

1. Within 60 days of the effective date of the ordinance approving this plan, the local Assessor shall prepare the Base Year Tax Increment Roll. The Base Year Tax Increment Roll shall list each Taxing Jurisdiction in which the Development Area is located, ~~the~~

double line
*—

~~Development Area is located, the Initial Assessed Value of all real and personal property in the Development Area, the millage rates of each Taxing Jurisdiction on both real and personal property as of the effective date of the ordinance implementing the TIF, the special Tax Rolls prepared for property for which facilities exemption certificates have been awarded, and the amount of tax revenue derived by each Taxing Jurisdiction from ad valorem taxes on the property in the Development Area.~~

2. The assessor shall transmit copies of the Base Year Tax Increment Roll to the local Treasurer, County Treasurer, the Downtown Development Authority and each Taxing Jurisdiction, together with a notice that the assessment roll has been prepared in accordance with the tax increment financing plan contained in the Development Plan pursuant to Act 197, Public Acts of 1975, as amended.

H. Preparation of Annual Tax Increment Roll

Each year within 45 days following the final equalization of property in the Development Area, the assessor shall prepare an updated Tax Increment Roll. The updated Roll shall show the information required in the Base Year Tax Increment Roll and, in addition, the Captured Assessed Value for that year. Copies of the updated Roll shall be transmitted by the assessor to the same persons as the Base Year Roll, together with a notice that it has been prepared in accordance with the Development Plan.

I. Preparation of Tax Roll Worksheet.

The local assessor shall prepare each year a complete listing of all properties within the district (real, personal and facilities exemptions). The listing shall include the following required information:

1. Identification to type of property (real, personal, etc.)
2. Tax identification number.
3. Last name of owner of record.
4. Base year SEV.
5. Current year SEV.
6. Total millage being levied by all taxing jurisdictions.
7. Captured assessed value.
8. Tax revenue from CAV.

J. Establishment of Project Fund; Approval of Depository.

The Treasurer of the Downtown Development Authority shall establish a depository which shall be kept in a bank or banks or other financial institution or institutions, approved by the Board of Directors of the Authority, to be designated Downtown Development Authority pursuant to the Development Plan shall be deposited in the Fund. All moneys in that fund and earnings thereon shall be used only in accordance with the Development Plan, the Authority's by-laws and related municipal ordinances and resolutions.

K. Payment of Tax Increments to Downtown Development Authority

The Municipal and County Treasurer shall, as ad-valorem taxes are collected on the property in the Development Area, pay that proportion of the taxes, except for penalties and collection fees, that the Captured Assessed Value bears to the Initial Assessed Value to the treasurer of the Downtown Development Authority for deposit in the Fund. The payments shall be made on the date or dates on which the Municipal and County Treasurers are required to remit taxes to each of the taxing jurisdictions.

L. School Districts Exemption from Captured Assessed Value.

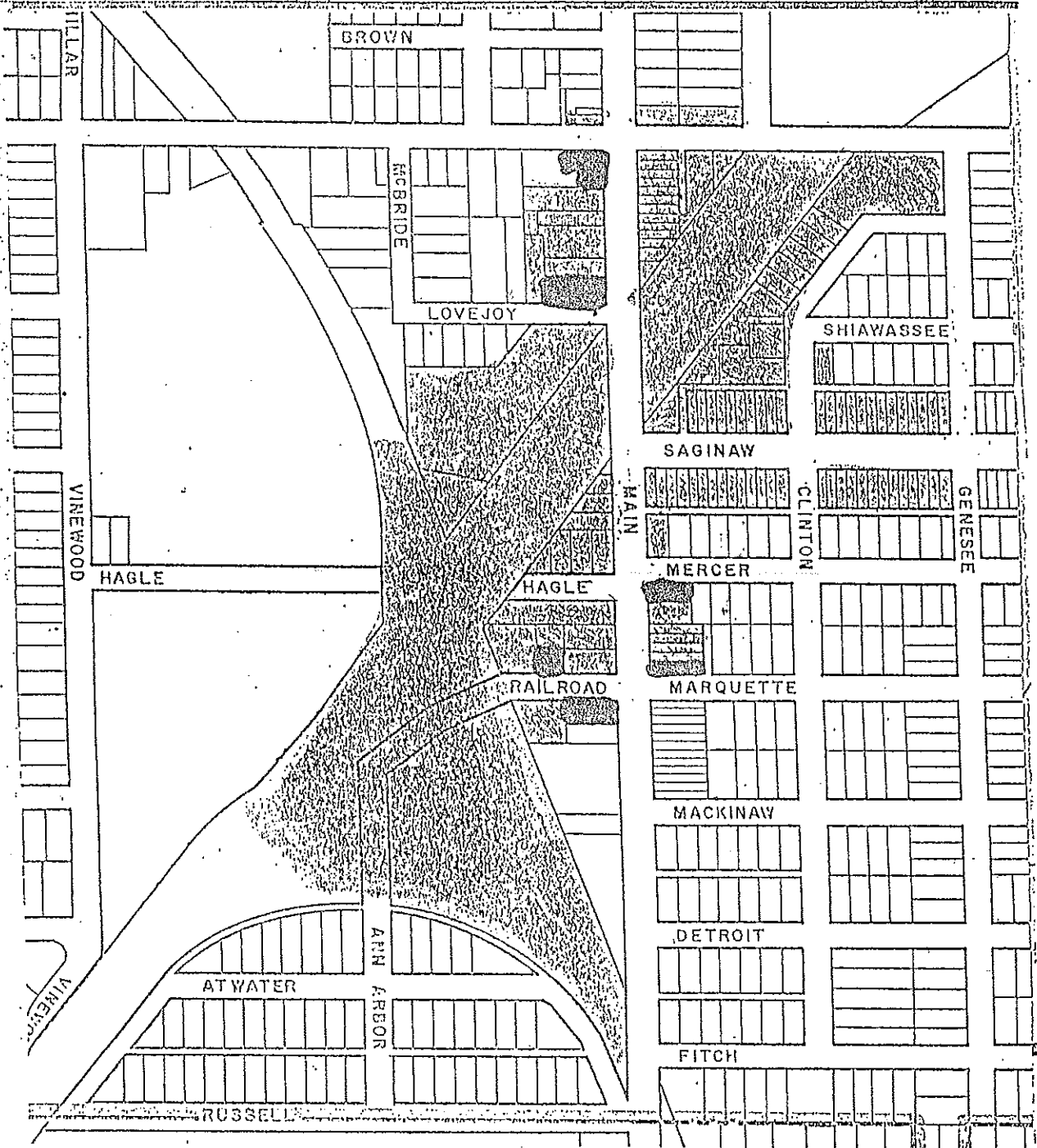
The local treasurer and assessor should be aware that for purposes of computations concerning school districts, the valuation of a district shall not include the captured assessed value included in a tax increment financing plan (Act No. 197, P.A. 1975, as amended and Act No. 94, P.A., 1979).

M. Duration of The Tax Increment Plan.

The Tax Increment Plan shall commence December 31, 1991 and continue for 20 years, through the year 2011.

The term may be modified as provided in Act No. 197, Section 14(s). Upon completion of the Development Plan, all "excess revenues" captured, will be proportionately distributed to the taxing jurisdictions.

II. GENERALIZED DEVELOPMENT AREA DOWNTOWN DEVELOPMENT
AUTHORITY CITY OF DURAND



III. Legal Description of Development District

(Need from City records)

Tax Parcel, owner, land use, and assessed valuation
Tax Increment Financing Authority
Development District

(Need from City records)

Tax Number Owner name and address Land Use Base SEV

Tax Parcel, owner, and assessed valuation
Personal Property
Tax Increment Financing Authority
Development District

(Need from City records)

Review of SEV growth from 1985 to 1990
Development District

(Need from City records)

<u>Year</u>	<u>SEV</u>	<u>Percent Change</u>
1985		-0- Base year
1990		

General Financing Information

(Need from City records)

1991 (Base Year) Total City SEV
1991 (Base Year) Development area SEV

<u>Jurisdiction</u>	<u>Millage</u>	<u>% of Total</u>
City		
Schools		
County		

IV. Estimated SEV and Captured Value for Each Year 1991
to 2011 Development District

(Need from City records)

<u>Year</u>	<u>SEV</u>	<u>Total Captured Value</u>	<u>Based on Rate Revenue</u>
1991		-0-	Base Year
2011			

The total tax increment revenues over the life of the Authority are estimated to be \$ _____. The Authority intends to use all revenues resulting from the captured assessed value to finance the Development plan.

Affects of inflation, deflation, interest rates, etc... on existing property values and new development projects may increase or decrease the annual tax increment revenues over time.

Regional Map Exhibit

Generalized Development District Map
Exhibit

PROPOSED DEVELOPMENT DISTRICT MAP

