

TOWNSHIP OF CLAM LAKE
DOWNTOWN DEVELOPMENT AUTHORITY
DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN
2023-01

I. INTRODUCTION

A. Purpose of the Downtown Development Act

Public Act 57 of 2018 replaced Public Act 197 of 1975 of the State of Michigan. PA 57 Of 2018 repeals and recodifies multiple acts related to tax increment finance authorities, subjects the TIFA to standard reporting requirements, and provide for the continuation of existing authorities created under the statutes being recodified.

Act 57 provides for the establishment of certain tax increment finance authorities; to prescribe the powers and duties of the authorities; to prevent and correct property value deterioration in business districts and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote economic growth; to create certain boards; to prescribe the powers and duties of certain boards; to authorize the levy and collection of taxes, the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing in the accomplishment of specific downtown development activities described in locally adopted development plans for the downtown development of the community involved.

The Act provides communities with the necessary legal, monetary and organizational tools to attack problems of urban decline and to revitalize downtown districts either through public initiated projects or in cooperation with private development projects.

Although the Clam Lake Downtown Development Authority District does not bear a strong resemblance to a traditional downtown area, it is intended to serve as an economic heart and identity for the community. Since the Act is proactive in preventing deterioration and promoting economic growth, the DDA will utilize these tools depending on the development priorities sought by the community in the revitalization of its business center.

The purpose of the Plan is to amend in its 1993 Plan due to changes in the landscape through the completion of projects, current projects and the current market. An updated plan will continue establishing direction for future improvements.

Although the DDA is an autonomous body that has self-discretion over the expenditure of DDA and TIF funds (which are appropriated within the

Township's annual budget); it is recommended that the DDA Board and the Township Board meet at least once a year jointly to discuss the prioritization of capital improvement projects.

B. BACKGROUND

On May 5, 1993; the Township Board of Clam Lake Township approved the Downtown Development Authority Development Plan and Tax Increment Financing Plan No. 1993-01 which expires May 5, 2023.

On March 15, 2023; the Clam Lake Downtown Development Authority approved Development Plan and Tax Increment Financing Plan 2023-1 for submittal to the Township Board of the Township of Clam Lake.

On _____, the Township Board of the Township of Clam Lake adopted Ordinance _____ approving the Downtown Development Authority Development Plan and Tax Increment Financing Plan 2023-1, with an expiration date of _____ subsequent to a public hearing held on _____ as per the PA 57 of 2018 publication and notification requirements.

The Clam Lake Downtown Development Authority (DDA) has been in operation since 1993. Over the past 30 years; the DDA District has seen the construction of a hotel, financial institution, event hall, middle school, gas station/mini mart, and a medical office park. More recently an assisted living facility was constructed in 2019 with approval to construct a second building, to mirror the first building.

Completed projects of the DDA include:

- 2007 Streetscape on N. Mitchell, three (3) light pole islands with 21 light poles \$100,625
- 2016 Converted Island Lights to LED Bulbs \$6,657
- 2017 Sidewalk Extension N. Mitchell. 2,914 linear feet of sidewalk, total project cost \$94,600. Was 50/50 cost share with the Township.
- 2018 Islands Cleaned & Sealed to Protect Stamped Concrete \$6,100.
- 2018-2019 Welcome Sign \$141,159
- 2022 Islands Cleaned, Repaired and Sealed for \$6,400.

Project underway but not completed (Pioneer Motel):

- Purchased vacant dilapidated old motel August 2022 for \$175,000 plus \$8,605 for Environmental Services.
- Plans to raze the buildings for Economic Redevelopment. Demolition Project went out for bid in November 2022 with bids

due December 2022. Contracted with Otwell Mawby Consulting Engineers for Bid Specs and Contractor Procurement in the amount of \$2,500.

- Recommended Demolition bid came in at \$134,650; Asbestos Abatement came in at \$61,150 plus Third-Party Air Monitoring/Report at \$14,500 for a total of \$210,300.
- On behalf of the DDA, Clam Lake Township has applied for a Blight Elimination Grant from the State Land Bank, in the amount of \$163,219. The City of Cadillac and Clam Lake Township worked together on the \$200,000 Blight Elimination Grant for Wexford County. The City of Cadillac's project is for \$36,781; which left \$163,219 of the \$200,000 for Clam Lake Township. The RFP was due January 31, 2023 and the grant was awarded to both Clam Lake Township and the City of Cadillac on February 23, 2023.

DDA Studies include:

- 1999 & 2002 Sewer Plans (with Township stand-alone system)
- 2005 Master Plan & 2008 Update
- 2015 Strategic Plan
- 2018 M-115 M-55 Corridor Study (Contributed \$5,000)
- 2018 Safe Routes to School Study and Action Plan performed by MSU Engineering Department
- 2020 Water & Sewer Study by Gosling Czubak based on agreements with the City of Cadillac to provide water and sewer service to the Clam Lake DDA region in amount of \$5,000.
- 2022 Prein & Newhof Proposal for Design Services for Water & Sewer Utilities for DDA District in the amount of \$29,400.

II. DEVELOPMENT PLAN

- A. The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise. PA 57 of 2018 Sec 217 (2)(a)

The Development Area refers to the District. The District is generally bounded on the East by Highway US 131 and by that part of Mackinaw Trail located South of its intersection with US 131; on the North by the North line of Section 9 of the Township; on the West, at various locations, by Mackinaw Trail, by the West line of Section 16 and by the centerline of Section 20; and on the South by the South line of the North ½ of the Southwest ¼ of Section 21 and by the South line of the Northeast ¼ of Section 20. Portions of the District are also located in Section 10, East of US 131 and additional portions thereof are located in Section 21, East of Mackinaw Trail.

- B. The location and extent of existing streets and other public facilities within the development area, shall designate the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses, and shall include a legal description of the development area. PA 57 of 2018 (2)(b)

Highway US 131, Mackinaw Trail and State Highway M-115 are located within or along portions of the District. Among others, 46 ½ Mile Road and 41 Mile Road, which are County Roads, are located across portions of the District. The District is described on Exhibit A, attached hereto, with map added Exhibit B.

The lands in the District are zoned Office-Service, Resort-Residential, Commercial and Agricultural-Residential. There is a “Clam Lake Overlay District” for the DDA in the Clam Lake Township Zoning Ordinance that was adopted August 2019.

- C. The description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion. PA 57 of 2018 Sec 217 (2)(c)
- The DDA purchased a dilapidated vacant motel in August 2022 for \$175,000 with plans to raze the building(s) in Spring 2023 for Economic Redevelopment. Plus \$8,605 for Environmental Services.
 - Demolition Project went out for bid in November 2022 with bids due December 2022. Contracted with Otwell Mawby Consulting Engineers for Bid Specs and Contractor Procurement in the amount of \$2,500.
 - Recommended Demolition bid came in at \$134,650; Asbestos Abatement came in at \$61,150 plus Third-Party Air Monitoring/Report at \$14,500 for a total of \$210,300.
 - On behalf of the DDA, Clam Lake Township has applied for a Blight Elimination Grant from the State Land Bank, in the amount of \$163,219. The City of Cadillac and Clam Lake Township worked together on the \$200,000 Blight Elimination Grant for Wexford County. The City of Cadillac’s project is for \$36,781, which left \$163,219 of the \$200,000 for Clam Lake Township. The RFP was due January 31, 2023 and the grant was awarded to both Clam Lake Township and the City of Cadillac on February 23, 2023.

D. The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion. PA 57 of 2018 Sec 217 (2)(d) (Exhibit D)

1. Sanitary Sewer System Improvements. Clam Lake Township entered an agreement with the City of Cadillac to provide sanitary sewer service to the DDA without a PA 425 on the District. In 2020, the estimated construction cost for sanitary sewer improvements is \$798,815 for Phase I, \$1,284,125 for Phase II and \$1,842,972 for Phase III. Annual Expense Analysis (Commodity/OEM) for Phase I is \$18,187.44 and Phase II \$36,726.91. Annual Debt Payment for Phase I is \$37,545 and \$59,397 for Phases I & II. Construction time frame depends on minimum 50% DDA District Member support and approval of Special Assessment for the improvements. Updated 2022 estimated estimate for initial extension of sewer from the City to the McGuire Property was \$240,000. A lift station at Mackinaw Trail/Mitchell is \$1.2M.
2. Public Water Supply Improvements. Along with the Sanitary Sewer Agreement, there is a Water Agreement with the City of Cadillac. The 2020 estimated cost for public water improvements is \$303,371 for Phase I and \$555,063 for Phase II. Due to grade, Phase III water is not economically feasible. Annual Expense Analysis (Commodity/OEM) for Phase I is \$12,665.00 and Phase II \$31,118.00. Annual Debt Payment for Phase I is \$15,236.00 and \$26,569.00 for Phases I & II. Construction time frame depends on minimum 50% DDA District Member support and approval of Special Assessment for the improvements. Updated 2022 estimate for initial extension of water from the City to the McGuire Property is \$200,000.
 - Acquisition of Blighted Properties for Redevelopment. Cost and time frame depend on discovery and availability of said properties. Current acquisition of the Pioneer Motel in August of 2022 for \$175,000; recommended bid for Spring 2023 demo/asbestos abatement/third party air monitoring is \$210,300. On behalf of the DDA, Clam Lake Township has applied for a Blight Elimination Grant from the State Land Bank, in the amount of \$163,219. The City of Cadillac and Clam Lake Township worked together on the \$200,000 Blight Elimination Grant for Wexford County. The City of Cadillac's project is for \$36,781; which leaves \$163,219 of the \$200,000 for Clam Lake Township. The RFP was due January 31, 2023 and will be awarded after March 31, 2023.
3. Acquisition of Lands for Buildings and Other Facilities and the financing thereof, including loans and other financial arrangements. Cost and time frame depend on interest and availability of said properties.

4. Adoption of Programs to Promote the District and the Area as a good place to do business and to encourage other businesses to locate there. Create a Marketing Plan and Initiatives.
 5. Currently the Township has an agreement for Fire Protection/EMT Services with the City of Cadillac which expires December 31, 2024 at a cost of two mills. The Township Board may consider alternate service providers which may require construction or contribution toward the cost of construction of Township Fire Department Improvements or other plans of improvements for Township fire protection services that would benefit the District as well EMT/Ambulance Services. The planning and arranging for such services, acquisition of lands and buildings relating thereto and the entering into agreements and other arrangements with other municipal bodies and agencies for such services or the sharing of the cost thereof.
 6. Preparation of Land Use and Development Plans, Economic Development Plans and other planning studies for the District and the surrounding area and implementation of such plan/study.
 7. Improve Technological Infrastructure. Provide expected technological Infrastructure, including WiFi. Identify locations where infrastructure is necessary & feasible.
 8. Work with MDOT on a M-115/Mackinaw Trail Roundabout. Coupling a roundabout with wayfinding directional signage will provide an improved access route to the Mackinaw Trail Business District.
- E. A statement of the construction or stages of construction planned, and the estimated time of completion of each stage. PA 57 Of 2018 (2)(e)

The DDA Board will undertake a number of separate above-stated projects aimed at increasing development opportunities in the Development Area. The proposed projects would be undertaken and completed at various times and on varying time schedules depending on the DDA Board's priorities and possible funding sources.

- F. A description of any parts of the development area to be left as open space and the use contemplated for the space. PA 57 of 2018 Sec 217 (2)(f)

There are no areas within the District that are expected to be specifically set aside as open space.

- G. A description of any portions of the development area that the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms. PA 57 of 2018 Sec 217 (2)(g)

The Authority purchased a blighted property, a vacant former Pioneer Motel in 2022 that the DDA will have razed in Spring of 2023 for redevelopment. After the demolition and lot restoration is complete, the DDA will market the property.

- H. A description of desired zoning changes and changes in streets, street levels, intersections, or utilities. PA 57 of 2018 Sec 217 (2)(h)

The Township Planning Commission worked with the Authority during the Master Plan and Zoning Ordinance process. The Master Plan was adopted in 2018 and the Zoning Ordinance in 2019. The Clam Lake Planning Commission plans on the five-year review of the Master Plan in 2023 and will work with the DDA for their input.

- I. An estimate of the cost of development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing. PA 57 of 2018 Sec 17 (2)(I)

The Authority expects to use the annual tax increment revenues to fund the cost of development and other appropriate projects to be undertaken by the DDA. As shown in Exhibit B, the base SEV from 1993 is 4,929,900. The estimated annual tax increment revenue increases annually, as shown on Exhibit B. The original Exhibit B showed over the 30-year duration of the Plan a 2% annual inflation rate. The 30-year projection ends in 2022 with a total value of 11,489,914 and captured value of 6,254,814. The current 2022 Taxable Value is 13,456,872 with captured Value of 8,526,972. The actual amount available from tax increment revenues annually will vary. The Authority proposes to utilize all of the available tax increment revenues, except to the extent that the Board of the Authority agrees otherwise. The estimated annual amount includes administrative costs and other related costs of the Authority. Exhibit C shows the next 30-year projections.

Under the terms of Act 57, either the Authority or the Township may issue revenue bonds or notes, secured by a pledge of the property tax increments and other sources of revenue available to the Authority. In addition, the Authority may receive donations of funds to be expended toward its proposed projects. Activities may also be financed through a Special Assessment District, created as provided by law. Sec 211 (1)

- J. Designation of the person or persons, natural or corporate, to whom all or portion of the development is to be leased, sold or conveyed in any manner and for whose benefit the project is being undertaken if that information is available to the authority. PA 57 of 2018 Sec 17 (2)(j)

The above-stated information is not available at this time.

- K. The procedures for bidding for the leasing, purchasing, or conveying in any matter of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons. PA 57 of 2018 Sec 17 (2)(k)

There currently are not any agreements between the Authority and any persons, natural or corporate, with regard to any sale, lease or conveyance of all or any portion of any development of the Authority.

- L. Estimates of the persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sales prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals. PA 57 of 2018 Sec 17 (2)(l)

There are currently fewer than 100 persons residing in the Development Area. There are currently no plans to displace any of these residents. There are no occupied residences that are designated for acquisition or clearance by the Authority, and accordingly, this Plan does not include a survey of any individuals or families to be displaced.

- M. A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area. PA 57 of 2018 Sec 17 (2)(m)

No persons will be displaced by the Development, and accordingly, no plan establishing the priority for the relocation of any such persons is necessary.

- N. Provision for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, Public Law 91-646, 42 USC 4601. PA 57 of 2018 Sec 17 (2)(n)

Not applicable. No persons will be displaced by any Development of the Authority.

- O. A plan for compliance with 1972 PA 227, MCL 213.321 to 213.332. PA 57 of 2018 Sec 17 (2)(o)

Not applicable. No persons residing in the District will be displaced by any development project of the Authority.

- P. Other material that the authority, local public agency, or governing body considers pertinent. PA 57 of 2018 Sec 17 (2)(p)

None at this time.

III. TAX INCREMENT FINANCING PLAN

A. Definitions Used in This Plan -

1. "Captured assessed value means the amount in any one year by which the current assessed value of the project area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in subsection (3) below, exceeds the initial assessed value. The State Tax Commission (STC) shall prescribe the method for calculating captured assessed value.
2. "Initial assessed value" means the assessed value, as equalized, of all taxable property within the boundaries of the development area at the time of the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific tax was paid in lieu of a property tax shall be determined as provided in subsection (3) below. In the case of a municipality having a population of less than 35,000 that established an authority prior to 1985, created a district or districts, and approved a development plan or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or amendments to a plan, and which plan expired by its terms December 31, 1999, the initial assessed value for the purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance zone has subsequently been designated pursuant to the Michigan Renaissance Act, 1996 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the development area otherwise determined under this subdivision shall be reduced by the amount by which the current assessed value of the development area was reduced in 1997 due to the exemption of property under section 7ff of the General Property Tax Act 1893 PA 206, MCL 211.7ff, but in no case shall the initial assessed value be less than zero.

3. "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the Commercial Redevelopment Act, 1978 PA 255, MCL 207.651 to 207.668,

The DDA Enabling Legislation introduced the tax increment financing concept for economic development in Michigan. With approval from the creating municipality, a DDA can utilize this financing plan by "capturing" a portion of the revenue gained from property taxes to implement its Development Plan. The Tax Increment Financing (TIF) is not a new tax, but simply designates the increasing tax revenue for activities specified in the DDA's Development Plan. The TIF process is carried out in the following manner:

1. A DDA determines that it is necessary to make public improvements to stimulate growth in the District, defining the public improvements with its costs in the Development Plan.
2. The DDA determines the financing of the improvements by using a portion of the captured tax revenue in the Development Area, obtaining grant funding or issuing bonds.
3. The DDA captures a portion of property taxes generated by growth in the Development Area. The tax base growth is defined as "captured assessed value". More specifically, the difference between the taxable value in the district at the time of initial Development Plan and subsequent increases to the taxable value.
4. The eligible property taxes available for "capture" include all normally levied property taxes by all taxing units in the development area except for school operating, State Education Taxes (SET) and other specific exemptions provided in the Act. A DDA may enter into agreements with taxing units to share a portion of the captured value). Revenues collected beyond the amount required to meet the cost of the development plan would be returned proportionately to the taxing units.
5. When the development plan implementation is completed, the captured value will be released to all affected taxing units and thereafter the taxing units will receive all the property taxes.
6. During the time of the tax increment financing plan is in effect, the taxing units will continue to receive property taxes based on the taxable value of the base year.
7. The Clam Lake Township Board must approve the tax increment financing plan by Ordinance enacted after the required public hearing, in order for the TIF plan to be enacted.
8. While the TIF Plan is in effect, the DDA shall maintain a website, file an annual report to the State and to the Clam Lake Township Board, and host at least two public informational meetings.

B. SUMMARY OF TIF PLAN

1. **Purpose** – The purpose of this Tax Increment Financing Plan is to capture the revenue gained from increased development in the downtown area to pay for the projects and improvements specified in the Development Plan.
 2. **Financing Plan** – The DDA utilizes the captured revenue from the property taxes that result from increases in the taxable value in the development area to fund projects and for improvements from the Development Plan. The DDA may apply for grant funding, obtain private contributions, or contribute to the debt service on any bonds issued by the Township for downtown development as the DDA may not issue its own bonds.
 3. **Initial Taxable Value** – On May 5, 1993; Clam Lake Township adopted the “Township of Clam Lake Downtown Development Authority Development Plan and Tax Increment Financing Plan No, 1993-1”. The “initial taxable value” which is the base year taxable value from which the “captured assessed value” is calculated from 1993 was \$4,929,900.
 4. **Captured Taxable Revenue to be Used** – All eligible tax increment revenue levied by taxing units on the captured assessed value of real and personal property within the Development Area is to be used by the DDA to implement the Development Plan.
 5. **Plan Duration** – The Tax Increment Financing Plan is currently effective through
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6. **Projection of Captured Tax Increment Revenue** – Exhibit C provides the projected tax increment revenue.
 7. **Estimated Impact on Taxing Jurisdictions** – The taxing units impacted by the TIF Plan are Clam Lake Township and Wexford County. The TIF impact is based on the millage, percentage of the taxable value the TIF represents, and the overall community benefit of increasing the tax base.
 - Clam Lake Township 2022 Tax Capture Revenue of \$6,951.19
 - DDA District as % of Total Taxable Value of Clam Lake Twp .08%
8,526,872/105,976,627
 - Wexford County 2022 Tax Capture Revenue of \$56,802.42
 - DDA District as % of Total Taxable Value of Wexford County .008%
8,526,872/1,071,919,932