



DOWNTOWN DEVELOPMENT AUTHORITY  
OF THE CITY OF CADILLAC

TAX INCREMENT FINANCING  
AND  
DEVELOPMENT PLAN

- I. Approved by the Downtown Development Authority of the City of Cadillac on November 17, 1992 for submittal to the City Council of the City of Cadillac.

Approved by the City Council of the City of Cadillac on January 18, 1993, subsequent to a public hearing held on January 18, 1993.

- II. Amended and approved by the Downtown Development Authority of the City of Cadillac on April 28, 1993 for submittal to the City Council of the City of Cadillac.

Amended and approved by the City Council of the City of Cadillac on June 7, 1993, subsequent to a public hearing held on June 7, 1993.

- III. Amended and approved by the Downtown Development Authority of the City of Cadillac on December 13, 2006 for submittal to the City Council of the City of Cadillac.

Amended and approved by the City Council of the City of Cadillac on April 16, 2007 subsequent to a public hearing on February 5, 2007.

## INTRODUCTION

In order to prevent further deterioration and to encourage historic preservation of the downtown district, while also encouraging economic growth in the area, the Cadillac City Council established the Downtown Development Authority of the City of Cadillac (the “DDA”) pursuant to Act 197 of 1975 (“Act 197”) by adopting Ordinance 842 on June 14, 1976 (see Appendix I). At that same time, the City Council also approved a two-mill levy to be collected by the DDA from the downtown development area. The proceeds from the two mills have been levied most years since 1976 to fund the operational and development-related costs of the DDA.

Unfortunately, up until the mid-1990’s, the DDA had been able to undertake only minimal redevelopment efforts in the downtown area due to its limited funding under the two-mill levy. And, not surprisingly, the downtown continued to experience physical and economic deterioration from 1976 to the early 1990’s. To illustrate, using 1984 as a benchmark, total state equalized value (SEV) for downtown properties declined in real terms during the three following years: 1985, 1986, and 1987. Below is Exhibit A, which supports and illustrates this fact:

### EXHIBIT A

<u>YEAR</u>	<u>DDA SEV</u>	<u>CHANGE FROM 1984</u>
1984	\$9,999,000	N/A
1985	\$9,966,700	- \$32,300
1986	\$9,998,200	- \$ 800
1987	\$9,986,200	- \$12,800

Additionally, vacancies within the downtown commercial buildings continued to be a problem; a condition which only served to fuel declining property values. Such vacancies were due in large part to deteriorating and/or underdeveloped public infrastructure. This condition reinforced the perception of a downtown under stress; one unable to compete effectively with other commercial districts around the area. Vacancies still remain a challenge today for the DDA district and proactive efforts must be continued to improve public infrastructure and to market and promote the district, so that declines in property values can be eliminated.

To prevent further deterioration, promote economic development and to reverse existing deterioration and economic decline, the DDA identified specific sources of funding, including tax increment financing, pursuant to Act 197 to finance the implementation of a plan for physical improvements to that portion of the downtown development district identified in this plan as the ‘development area.’ The purpose of this Tax Increment Financing and Development Plan is to provide for the acquisition, construction, and financing of necessary public improvements including parking, streetscapes, sidewalks, and other facilities in the development area; to carry out the objectives of the DDA so as to prevent further deterioration of the development area while preserving its historical character and promoting economic growth to the benefit of all taxing units located within and benefited by the development area.

## **DEVELOPMENT PLAN**

### **CADILLAC DDA**

**NOVEMBER 1992, Amended JUNE 1993 and JANUARY 2007**

The following paragraphs A through P as detailed in this Development Plan are pursuant to Section 17 (2) of Act 197 of 1975 (as amended), and serve to meet the minimum standards that have been established to ensure an adequate Development Plan. This plan shall be used as a tool to guide the expenditure of Cadillac DDA Tax Increment Financing (“TIF”) monies. Any deviation from this plan may not be executed until it is presented as an amendment to the plan. Such an amendment may occur only after an opportunity for public discussion has been granted through a public hearing, and Cadillac City Council approval has been granted, as outlined in Act 197 of 1975, as amended.

- A. Boundaries of the development area in relation to highways, streets, streams, or otherwise.

The Cadillac Downtown Development Area is bounded in general to the north by Simons Street, to the south by South Street, to the east by Shelby, Simons, and S. Mitchell Streets, and to the west by the former Ann Arbor Railroad and Lake Street. It should be noted that the boundaries of the development area directly coincide with the boundaries of the Cadillac Downtown Development Authority. See Map 1, Appendix II.

B. Description of existing streets; public facilities; location, character and extent of existing public and private land uses; legal description of development area.

1. Existing streets

There are a number of city streets which course in part through the development area. They are listed as follows, according to East-West passage and North-South passage:

East-West passage

- 1) Beech St. – 100 block
- 2) W. Chapin St. – 100 block
- 3) W. Cass St. – 100 block
- 4) E. Harris St. – 100 block
- 5) W. Harris – 100 block
- 6) E. Mason St. – 100 block
- 7) W. Mason St. – 100 block
- 8) W. Pine St. – 100 block
- 9) Spruce St. – 100 block
- 10) N. Simons St. – from N. Mitchell St., south side only, to alley before 100 block begins
- 11) E. River St. – from N. Mitchell St. to alley before 100 block begins
- 12) W. River St. – from N. Mitchell St. to alley before 100 block begins
- 13) Crippen St. – from N. Mitchell St. to alley before 100 block begins
- 14) E. North St. – from N. Mitchell St. to alley before 100 block begins
- 15) W. North St. – from N. Mitchell St. to Ann Arbor Railroad right-of-way
- 16) E. Bremer St. – from N. Mitchell St. to alley before 100 block begins
- 17) W. Bremer St. – from N. Mitchell St. to alley before 100 block begins
- 18) E. Nelson St. – 100 block
- 19) W. Nelson St. – in its entirety
- 20) Chestnut St. – from N. Lake St. to Ann Arbor Railroad right-of-way
- 21) South St. – 100 and 200 blocks

North-South passage

- 1) N. Mitchell St. – 100 through 700 blocks
- 2) S. Mitchell St. – 100 through 400 blocks
- 3) N. Lake St. – 100 through 300; ½ 400 blocks
- 4) N. Shelby St. – 100 through 300 blocks, west side only
- 5) S. Shelby St. – 100 and 200 blocks, west side only
- 6) N. Simons St. – 100 block, west side only

2. Existing public uses of property within the district.

Several public facilities are located within the development district. They are as follows:

- a. Cadillac City Hall – 200 N. Lake Street. This structure houses several departments of the City of Cadillac services, including administration, utilities, fire and police.
- b. City Park – An open space bounded to the north and south by W. Harris and W. Cass Streets respectively, on the east by municipal parking lots, and to the west by Lake Street.
- c. Cadillac & Wexford County Public Library – 411 S. Lake Street.
- d. Municipal parking lots – There are several parking lots within the development area that are provided to the public. They are indicated on Map 2 in black shading.
- e. Wexford County Historical Museum – 127 Beech Street.
- f. Michigan Department of Transportation – The Cadillac Transportation Service Center office is located at 100 E. Chapin Street.\*
- g. U.S. Post Office – 118 E. Harris Street.
- h. Michigan Works! Office – 401 N. Lake Street.
- i. Wexford County Administrative Offices and MSU Extension – 401 N. Lake Street.

\*The Michigan Department of Transportation has advised that it intends to leave its facility at 100 E. Chapin Street by December 2007. It intends to construct a new facility just south of Cadillac in Clam Lake Township. The Cadillac DDA is attempting to work with the State of Michigan to seek a new user for the 100 E. Chapin Street facility, which is also known as the “Cobbs & Mitchell Building” and listed on the State Register of Historic Places.

3. Other land uses within the district.

Commercial land usage dominates the development area, and is zoned according to three types of business operation: (1) central; (2) auxiliary; and

(3) general business. The Central Business District is most representative of the downtown, and is located in ten blocks along an expanse of North and South Mitchell Street. Many businesses in this area are largely retail in nature, but several professional offices hosting doctors, attorneys and realtors are present as well. Also present is an office service district, located in the southeast corner of the development area. None of the development district is zoned residential, although some nonconforming residential usage is present in the office service district, the auxiliary business district, and in the second story commercial areas along Mitchell Street. No industrial or educational uses are present within the development area. Recreational use is limited to the City Park previously identified.

4. Legal description of the district.

The legal description of this area is as follows:  
Commencing at the intersection of East Harris and North Simons Streets as a point of beginning;  
Thence Northwesterly along the centerline of North Simons Street to its intersection with East Mason Street;  
Thence Southwesterly along the centerline of East Mason Street to its intersection with North Shelby Street;  
Thence Northwesterly along the centerline of North Shelby Street to its intersection with East Nelson Street;  
Thence Southwesterly along the centerline of East Nelson Street to its intersection with North-South alley in Block 15 of Mitchell's Revised Plat;  
Thence Northwesterly along centerline of said alleys in Blocks 15 and 16 of Mitchell's Revised Plat and Blocks 45 and 46 of G.A. Mitchell's Plat of the Southeast Quarter of Section 33, Township 22 North, Range 9 West to its intersection with East River Street;  
Thence Northeasterly along centerline of East River Street to its intersection with North Shelby Street;  
Thence Northwesterly along West line of North Shelby Street to its intersection with North line of Wheeler Street;

Thence continue North along the West line of Lot 1, Block 217, Chittenden & Wheeler's Addition to the City of Cadillac;

Thence Northwesterly to the Southeast corner of Lot 4, Block 213, Chittenden & Wheeler's Addition to the City of Cadillac;

Thence North along vacated alley to centerline of Simons Street;

Thence Westerly along centerline of Simons Street to centerline of North Mitchell Street;

Thence Northwesterly along the centerline of North Mitchell Street to intersection with a point being an extension of the line lying between Lots 4 and 5 of Kramer's Addition to the City of Cadillac;

Thence Southwesterly along the lot line between Lots 4 and 5 of Kramer's Addition to the Penn Central Railroad right-of-way;

Thence Southerly along the Penn Central right-of-way to its intersection with the North line of W. North Street;

Thence Westerly along the North line of W. North Street to the West right-of-way line of the Ann Arbor Railroad;

Thence Southerly along the West line of the Ann Arbor Railroad right-of-way to its intersection with the centerline of Lake Street;

Thence Southeasterly along the centerline of Lake Street to its intersection with the centerline of South Street;

Thence East on the centerline of South Street to its intersection with the centerline of South Mitchell Street;

Thence South on centerline of South Mitchell Street to intersect on East and West line located 150 feet South of the North line of Block 15, G.A. Mitchell's Plat of the Northwest Quarter of Section 3, Township 21 North, Range 9 West;

Thence East on said line to East line of said Block 15;

Thence North to Ann Arbor Railroad right-of-way

Thence Northwesterly along Ann Arbor Railroad right-of-way to centerline of South Mitchell Street;

Thence North on centerline of South Mitchell Street to its intersection with a point being an extension of the line lying between Lot 1 and 2, Block 8 of the Mitchell's Revised Plat;

Thence along said line to the centerline of the north-south alley of Block 8 of Mitchell's Revised Plat;

Thence North along centerline of the alley to its intersection at centerline of Chapin Street;

Thence East along centerline of Chapin Street to South Shelby Street;

Thence North on Shelby Street to centerline of East Harris Street;

Thence East on East Harris Street to point of beginning.

A parcel commencing at the intersection of the East right-of-way line of the Penn-Central Railroad and the centerline of the East/West alley in Block 101 of Cummer and Gerrish Addition, if extended;

Thence West along said centerline to its intersection with the West right-of-way line of Lake Street;

Thence North along the right-of-way line of Lake Street to a point 380 feet South of the South line of West North Street;  
Thence West 80 feet;  
Thence North parallel with Lake Street, 140 feet;  
Thence West parallel with North Street, 20 feet;  
Thence North parallel with Lake Street, 240 feet;  
Thence West parallel with North Street to the West right-of-way line of the Ann Arbor Railroad;  
Thence Southerly along the Ann Arbor Railroad right-of-way to its intersection with the centerline of Lake Street;  
Thence North along the centerline of Lake Street to the centerline of West Pine Street;  
Thence East along the centerline of West Pine Street to the East right-of-way line of the Penn-Central Railroad right-of-way;  
Thence North to the point of beginning, being part of Section 4, Township 21 North, Range 9 West, and Section 33, Township 22 North, Range 9 West, City of Cadillac, Wexford County, Michigan.

C. Description of existing improvements in the development area to be demolished, repaired, or altered; description of any repairs and alternations, and estimation of time required for completion.

Alterations and repairs planned for the development area will likely include, but are not limited to the following:

- Parking lot repairs and/or development
- Burying of overhead power lines
- Public banner and/or sign improvements
- Streetscape beautification, including but not limited to street and crosswalk replacement, sidewalk installation, new lighting and street trees, and the purchase of benches and trash receptacles
- Curb and gutter improvements
- Storm water and wastewater sewer improvements

- Acquisition and demolition of derelict buildings
- Acquisition and renovation of several downtown commercial buildings
- Promotion and marketing of the downtown area to facilitate a business recruitment and retention program
- Improvements to a facility designed and dedicated to use by the public generally, or used by a public agency, to comply with the barrier free design requirements of the State construction code.

It is the intention of the DDA to work with the City of Cadillac Engineer and/or professional engineering consultants to further define the design, cost, and time frame for each of these improvements. In the event that private developments are planned, and include public improvement specifications, the DDA will approve TIF funding for public improvements that coincide as much as possible with, but are not limited to the above-mentioned alterations and repairs. All potential improvements are subject to the approval of the DDA Board.

- 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.

Expanding on the alterations and repairs listed in paragraph C, the following improvements are contemplated for the development area, according to location, extent, and character. Further details and specifications, including costs and timeframe will be unavailable until the City Engineer and/or Engineering Consultant actually designs each project.

1. Parking lot repairs and/or development.

The City currently possesses several municipal parking lots, as indicated on Map 2, Appendix III. Many have fallen into disrepair and/or have never been fully developed or surfaced. These lots include:

- a. Lot 1 – located between W. Harris and W. Cass Streets, including long-term and two-hour limited parking. This lot needs resurfacing and landscaping to cushion its harshness in relation to City Park and Lake Cadillac. The cost of this project has been roughly estimated at \$30,000.
- b. Lot 2 – located between W. Mason and W. Harris Streets. Currently gravel and grass. Penn Central Railroad R.O.W. leased for parking. Surfacing and landscaping treatment is contingent upon successful purchase of R.O.W. by City of Cadillac. The cost of this improvement has been estimated roughly at \$26,000.
- c. Lot 3 – located off Beech Street, just behind the “Masonic Building” on 100 N. block, east side of Mitchell Street. This lot needs surfacing and landscaping treatment. It is currently gravel-topped. The cost of this project has been roughly estimated at \$25,000.
- d. Lot 4 – located on E. Pine Street, north side behind 300 N. Mitchell storefronts. Lot needs resurfacing and landscape treatment. The cost of this project has been estimated roughly at \$12,000.

(NOTE: Lots 1 through 4 were redeveloped in 1995.) Although Lots 1 through 4 are presently owned by the City and utilized for public parking, they do not fully satisfy the need for such parking in the development district. Therefore, the DDA plans to pursue the creation of additional public parking lots in the development district as opportunity arises, and/or will provide such parking as necessary to complement future private developments. The anticipated cost of these additional public parking lots is very difficult to determine without knowing the specific site parameters. However, for purposes of this plan, the value will be estimated at \$500,000. Condemnation of property to be used for public parking will be utilized if necessary. Note that when such additional parking is created, it will be dedicated as public, not private in nature, meaning that none of such parking as owned by the City of Cadillac or DDA shall be “reserved” for use by any private entity.

2. Burying of overhead power lines.

In order to enhance the west side aesthetics of N. & S. Mitchell, it is desirable to bury overhead utility lines. Utility line burial is a costly endeavor and requires coordination with rights-of-way surface improvements, as well as multiple utility companies. The estimated cost of utility line burial for the four central business district blocks from Chapin to Pine Streets is approximately \$500,000.

Another location proposed for utility line burying or relocation is located in the area of 300 N. Lake Street, if desired, to improve the aesthetics and potential private development of the site. The DDA also reserves the right to bury any utility lines throughout the development district as deemed necessary by the DDA.

3. Sign Improvements.

There is a desire to make the downtown more functional as well as attractive through the purchase of new signs. Signs are desired to indicate from Mitchell Street the existence of customer and long-term parking, which is located behind several storefronts. A downtown directory has also been proposed for placement in city right-of-way to direct customers. Approximately \$10,000 will be necessary to complete this project (this project was completed in 2003.) A coordinated system of wayfinding signs, such as those that advertise the location of a public institution (e.g., museum, city complex, chamber of commerce) is also desired. Approximately \$100,000 is estimated as necessary to fund the design, construction and installation of a comprehensive wayfinding program.

4. Streetscape beautification.

Although a sidewalk project was completed in 1991 by the DDA in the central business district, this alone does not fulfill the need for additional streetscape improvements throughout the development district. Specifically, new

sidewalk is desired on the Kraft site, 301 N. Lake Street, but will not commence until private development and renovation of the site takes place. Replacement sidewalks are also desired on the numerous side streets that course through the development district, with the Harris Street block as a main priority. It is the desire of the DDA to tie in Lake Cadillac lakefront development with the recent sidewalk and lighting design implemented on Mitchell Street. Such improvements will better connect the lakefront to downtown, and likely generate additional destination traffic as a result.

In cooperation with the Michigan Department of Transportation, major reconstruction of Mitchell Street (US 131 BR) is planned in 2009. In 2005 the DDA retained the professional engineering firm Capital Consultants to design a number of streetscape enhancements along the Mitchell Street corridor, which will result in traffic calming, improved pedestrian safety, and overall enhancement of the downtown aesthetic climate. Proposed corridor enhancements along Mitchell Street from Howard to River Streets include:

- Sidewalk “bump outs” at signalized and non-signalized intersections, to include landscaping and bollards;
- Decorative marking of the crosswalks with DuraTherm, brick pavers or other materials designed to make these pedestrian zones clearly stand out from the rest of the street right of way;
- Additional street trees and new, decorative lighting north and south of the central business district ;

- “Gateway Treatments” at the north and south entrances to downtown;
- Stamped, colored concrete for decorative accent; and
- Other related improvements, such as concrete/asphalt removal and replacement as necessary.

Copies of all design, construction, budget, and other related documents associated with the 2009 Mitchell Street streetscape improvement project are available at the DDA office. Based on cost estimates prepared as of October 2006, it is anticipated the total cost of these improvements to the Cadillac DDA will be approximately \$900,000, which assumes a successful grant application to the Michigan Department of Transportation’s Transportation Enhancement (TE) Grant Program. The DDA cost share of this project may change, depending on the final project design and actual TE grant match. Any change in the value of the improvements shall not preclude their completion, so long as TIF-based and/or grant funding is available to the DDA.

5. Curb and gutter improvements.

In an attempt to aid new private projects to locate and develop within the development district, the DDA desires to reserve TIF revenues to ensure adequate water drainage through public curb and gutter improvements as necessary. These costs are expected to run approximately \$2,000 per site in the CBD, and \$3,000 per site outside of the main CBD. Four sites at \$3,000

each yield an estimated \$12,000 total cost. Please note that these estimates are approximations of the potential costs associated with curb and gutter improvements, and should not be interpreted to preclude such improvements if actual costs exceed these estimates.

6. Storm water and wastewater sewer improvements.

Several sites exist within the downtown which have substandard or completely lack sewer services. To make such areas more desirable for redevelopment, the DDA also desires to reserve TIF revenues to ensure adequate sewer hookups as necessary. These costs are expected to run approximately \$4,000 per site in the CBD, and \$6,000 per site outside the main CBD. Four sites at \$6,000 each yield an estimated \$24,000 total cost. Please note that these estimates are approximations of the potential costs associated with sewer hookups/improvements, and should not be interpreted to preclude such improvements if actual costs exceed these estimates.

7. Acquisition and demolition of derelict buildings.

There are several structures within the downtown development area which have fallen into disrepair, are derelict, or no longer conform with the current zoning and/or land uses. Examples include the presence of residential structures within auxiliary business districts, bearing no form of first floor commercial activities. In some instances, these sites, if acquired and demolished, would provide for much needed parking in the area.

Additionally, the west side of Mitchell Street possesses the former Harris Milling site and the Four Seasons site, approximately one acre and three acres in size respectively, which may require building demolition before site redevelopment can be reasonably achieved.

In the event that any of these types of structures become available for purchase and can be secured by the DDA without encouraging the City to exercise its right of condemnation, such structures may be purchased by the DDA. Condemnation through the City of Cadillac of derelict structures in the downtown shall not be precluded by this Development Plan, and if condemnation is necessary to achieve the objectives of this plan, all relocation provisions associated with this procedure shall be met. Any purchase and/or clearance of such structures will also be contingent upon the availability of DDA funds that have not been committed for other projects. Approximately \$300,000 - \$500,000 will be needed per site to acquire and demolish existing structures. Five structures at an average of \$400,000 each yields a total estimated cost of \$2,000,000. Please note that these estimates are approximations of the potential costs associated with building acquisition/demolition projects, and should not be interpreted to preclude such activities if actual costs exceed these estimates.

8. Acquisition and renovation of several downtown commercial buildings.

There exist several commercial buildings within the downtown that are either vacant or greatly underutilized, and thus create a large, negative impact upon the health and viability of the Development District as a whole. In part, this rate of vacancy and underutilization is due to outmoded retail space distribution and the need for costly functional/aesthetic renovations.

In instances where it appears private investors are not likely to take the lead, it is the intention of the DDA to acquire key structures as is financially feasible, renovate as necessary, and make available for private reuse and /or purchase at a mutually agreeable rate. The Cobbs and Mitchell Building, located at 100 E. Chapin Street is a prime example of a structure the DDA may choose to acquire and provide some renovation to in order to incentivise further private investment and ownership in this structure. In order to promote economic development in the downtown and prevent further decline in property values, the DDA has determined that acquisition and renovation of such commercial structures is necessary, constitutes a public improvement, and is therefore eligible for tax increment financing. It is estimated approximately \$3,000,000 will be required to fund such projects.

Commercial structures which comply with this section shall be purchased by the DDA according to their “going market rate,” as negotiated between the property seller and DDA Board. Partial or full donation of such structures will also be considered when such an option is viewed as desirable by all

involved parties. Condemnation on any such downtown commercial structures shall be reserved as a right employable by the DDA through the City of Cadillac if necessary, and all relocation requirements in association with such condemnation will be satisfied.

In the event that it is not cost-effective or financially feasible for the DDA to purchase a development district structure, other means may be employed to encourage its private redevelopment. In accordance with Board powers, the DDA reserves the right to fund barrier-free access improvements to any structure within the development district. Such improvements will be approved at the discretion of the Board only in conjunction with private redevelopment of such structures and in further accordance with the DDA's "Elevator Grant Policy" established July 31, 2002 (Appendix V.) It should be noted that the DDA board approved a development agreement dated March 8, 2005 with Lakeside Development Co., LLC (the "developer.") The developer has agreed to construct 24 residential condominiums with an estimated value of \$3,465,000. In exchange, the DDA has agreed to an elevator grant up to \$91,000, pursuant to the DDA's "Elevator Grant Policy." An additional \$750,000 in future elevator grants is anticipated.

9. Promotion and marketing of downtown development area to facilitate business recruitment and retention program.

In order to effectively promote and market the downtown development area to attract new businesses, as well as retain existing businesses, it will be necessary to set aside funds to facilitate such efforts. It is estimated that \$5,000 per year over the 40-year life of the TIF plan will be adequate, for a total of \$200,000 to undertake such promotional efforts. Finally, it is estimated that due to the late start in establishing a plan for tax increment financing and the small revenue stream that will likely result, these improvements as listed above will need to be extended over a period of 40 years.

- E. Statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

Please refer to the introduction of Section D. This information will not be available until specific plans have been drawn up and completion times projected by the City Engineer, or DDA contracted architect/planning consultant. The exception to this is the Mitchell Street Streetscape project, described in paragraph D. (4), which is expected to start and end during the 2009 construction season. Approximately \$250,000 is estimated as necessary to cover consultant fees.

- F. Description of any parts of the development area to be left as open space and the use contemplated for the space.

There are no areas within the development district that are anticipated to be left as open space while a future use is contemplated.

- G. A description of any parts of the development area which the authority desires to sell, donate, exchange or lease to or from the municipality and the proposed terms.

The DDA currently does not own or lease any property within the development area. If arrangements are ever made between the Cadillac DDA and the City of Cadillac for the sale, donation, exchange, or lease of any properties within the development area, the terms of this transfer will be in accordance with the Cadillac City Charter, Article 5, Section (5-6).

- H. A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

No changes in zoning are desired within the development area. No desire for changes to streets, street levels, or intersections are anticipated, other than improvement of the existing rights of way. Depending upon the cost negotiated, and the availability of non-committed funds, change is desired for utilities by way of burying lines that currently hang from utility poles throughout the development area.

- I. Estimate of cost of development, statement of proposed method of financing the development and the ability of the DDA to arrange the financing.

The total cost of the development, including \$200,000 for promotion and marketing of the development area to encourage new businesses to locate in the development area, to retain existing businesses, and encourage their expansion in the development area, plus administrative costs associated with design of the development and

financing costs in addition to actual construction costs is estimated to be at least \$8,327,000. Pursuant to Act 197, the costs of development may be financed by donations received by the DDA, proceeds of a tax imposed pursuant to Section 12 of Act 197, revenue bonds issued pursuant to Act 94 of 1933, as amended, general obligation bonds issued by the City of Cadillac, tax increment bonds issued by the DDA pledging solely the tax increments and other revenues of the DDA, proceeds of a special assessment district created as provided by law and from money obtained from other sources approved by the governing body. The \$200,000 marketing and promotional costs may be financed solely from revenues received by the DDA. Table 1 below indicates the sources of income available to the DDA to pay the costs of the development and the estimated amounts of each source for the next 30 years, based on captures assessed value of real and personal property within the development area, assuming annual growth in the development area at a rate of 2% on real and personal property.

**TABLE 1**

YEAR	MILLS	DDA ASSESSED VALUE*	CAPTURED <u>ASSESSED</u> VALUE	TIF CAPTURE
(1992) 0- Base	69.3	\$11,622,800	\$-	\$-
1993	69.3	\$11,400,300	\$ 0	\$ 0
1994	69.3	\$11,312,600	\$ 0	\$ 0
1995	25.69	\$11,687,133	\$ 64,333	\$ 1,653
1996	25.85	\$12,118,509	\$495,709	\$ 12,814
1997	25.33	\$12,238,007	\$615,207	\$ 15,586
1998	25.11	\$12,389,446	\$766,646	\$ 19,250
1999	25.53	\$12,545,160	\$922,360	\$ 23,550
2000	25.47	\$13,214,027	\$1,591,227	\$ 40,525
2001	25.22	\$13,374,488	\$1,751,688	\$ 44,183
2002	24.25	\$14,159,698	\$2,536,898	\$ 63,715
2003	24.26	\$14,029,953	\$2,407,153	\$ 58,402
2004	25.76	\$15,501,086	\$3,878,286	\$ 100,917
2005	26.15	\$15,889,162	\$4,266,362	\$ 111,556
2006	26.13	\$15,655,673	\$4,032,873	\$ 105,388
	<b>Total Actual Captured Revenue (1993-2006)</b>			<b>\$583,072</b>
2007	26.10	\$15,968,786	\$4,345,986	\$ 113,430
2008	26.10	\$16,718,786	\$5,095,986	\$ 133,005
2009	26.10	\$17,468,786	\$5,845,986	\$ 152,580
2010	26.10	\$17,818,162	\$6,195,362	\$ 161,699
2011	26.10	\$18,174,525	\$6,551,725	\$ 171,000
2012	26.10	\$18,538,016	\$6,915,216	\$ 180,487
2013	26.10	\$18,908,776	\$7,285,976	\$ 190,164
2014	26.10	\$19,286,952	\$7,664,152	\$ 200,034
2015	26.10	\$19,672,691	\$8,049,891	\$ 210,102
2016	26.10	\$20,066,145	\$8,443,345	\$ 220,371
2017	26.10	\$20,467,468	\$8,844,668	\$ 230,846
2018	26.10	\$20,876,817	\$9,254,017	\$ 241,530
2019	26.10	\$21,294,353	\$9,671,553	\$ 252,428
2020	26.10	\$21,720,240	\$10,097,440	\$ 263,543
2021	26.10	\$22,154,645	\$10,531,845	\$ 274,881
2022	26.10	\$22,597,738	\$10,974,938	\$ 286,446
2023	26.10	\$23,049,693	\$11,426,893	\$ 298,242
2024	26.10	\$23,510,687	\$11,887,887	\$ 310,274
2025	26.10	\$23,980,901	\$12,358,101	\$ 322,546

2026	26.10	\$24,460,519	\$12,837,719	\$ 335,064
2027	26.10	\$24,949,729	\$13,326,929	\$ 347,833
2028	26.10	\$25,448,724	\$13,825,924	\$ 360,857
2029	26.10	\$25,957,698	\$14,334,898	\$ 364,141
2030	26.10	\$26,476,852	\$14,854,052	\$ 387,691
2031	26.10	\$27,006,389	\$15,383,589	\$ 401,512
2032	26.10	\$27,546,517	\$15,923,717	\$ 415,609
2033	26.10	\$28,097,447	\$16,474,647	\$ 429,988
<b>Total Projected Captured Revenue (2007-2033)</b>				<b>\$ 7,256,303</b>
<b>Total Actual + Projected Captured Revenue (1993-2033)</b>				<b>\$ 7,839,375</b>

\*DDA TV growth rate beyond year 2010 is estimated at 2%. Years 1993 – 2006 were revised to show *actual* captured taxable value and TIF capture. Years 2007 and later show *estimated* captured taxable value and TIF capture. TIF capture in 2008 and 2009 is based on the estimated new captured value generated by the Lakeside Condominium project at 301 Lake Street.

Based on the above revenue stream, any and all projects outlined in Section D of this plan may be financed from the proceeds of various types of bond issues either separately or in combination and either immediately or in phases, depending on the type of financing vehicle used. Below are described the various available methods of financing the DDA may seek to use.

#### Limited Tax General Obligation Bonds

Issued Pursuant to Section 16 of Act 197

Section 16 of Act 197 permits the City of Cadillac to issue general obligation bonds to finance the development program. The bonds are payable from revenues available to the DDA and secured by the City's full faith and credit.

#### Special Assessment General Obligation Bonds

The City of Cadillac may also issue special assessment bonds alone or in combination with general obligation bonds to finance all or part of the proposed improvements.

The size of such bond issues would depend on the projects included within such bond issues and the portion of each such project to be financed from special assessments and the portion, if any, to be financed from general funds. Payment of such special assessment bonds would be from the proceeds of the special assessment rolls consisting of the lands specifically benefited by the project. Payment of the general obligation bonds would be from general funds of the City of Cadillac derived from the proceeds of taxes levied upon all property within the City of Cadillac.

#### Michigan Transportation Fund Bonds

(only available to cities and villages)

For purposes of paying the costs of major and local street improvements, including paving, widening and lighting, the City of Cadillac may also borrow an amount not to exceed an amount which 50% of the City of Cadillac receipts from the Michigan Transportation Fund for the State fiscal year immediately preceding such a bond issue would support in annual debt service.

#### Capital Improvement Bonds

The City of Cadillac may issue capital improvement bonds, pursuant to the Revised Municipal Finance Act, to pay the cost of capital improvement items.

Methods of DDA Financing – Footnotes.

1. Two Mill Levy

Revenues obtained from the two mill downtown development levy will continue to be collected annually. While the revenue generated by the two mills can be used to fund the improvement projects detailed in this Development Plan, it is anticipated it will primarily be utilized to fund the operating expenses of the Cadillac DDA.

2. DDA Public Improvement Priorities.

It is obvious the Cadillac DDA has proposed a total number of improvements whose costs exceed available revenues. As a result, the list of desired improvements has been prioritized. The following improvements were evaluated as top priorities and will be undertaken with DDA revenues as identified in this plan, but shall not be restricted to pursuance in any particular order:

- a. 2009 Mitchell Street Improvement Project (in conjunction with MDOT Mitchell Street improvements.)
- b. Acquire and/or facilitate the private redevelopment of several commercial sites (i.e., the Cobbs & Mitchell Building, 100 E. Chapin Street; the Harris Milling Site, 302 S. Mitchell Street; the Four Seasons Ford Site, 319 N. Mitchell Street.)

- c. Evaluate, schedule and undertake other public infrastructure improvements (i.e., curb & gutter improvements, parking lot improvements, etc.)

Other improvements which were identified in the Development Plan, but not included on the priority list, may be funded as noncommitted funds, above and beyond any scheduled debt payments are realized. Proposed projects not included on the priority list shall not be precluded from pursuance if they become viable to undertake prior to the completion of prioritized projects. Non-committed funds which are not forecasted in this plan will result from private economic development, in response to the public improvements undertaken above. As TIF and downtown development tax revenues are realized from such private development, they will also be committed as necessary to complete improvements included in this plan.

- J. Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed in any manner and for whose benefit the project is being undertaken.

The improvements planned in the development area are predominantly public in nature. At this time, there are no plans by the Authority to sell, lease, or convey any portions of the development to any particular person, natural or corporate, although such plans shall not be precluded from implementation in the future as need arises.

The projects will serve to benefit the public in general, and not any particular person or corporation.

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

There are no specific plans at this point to lease, sell, or convey any improvements within the development area. In the event that properties are to be leased, sold, or conveyed by the Authority to another person, natural or corporate, the Cadillac City Charter, Article 5, Section (5.6) will be followed.

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

It has been estimated from the 2000 U.S. census that approximately 98 persons live within the downtown development district.

There are no plans by the DDA to displace any families or individuals within the development district. The DDA may acquire properties within the development district that are derelict, or of nonconforming use when they are made available for sale and DDA funds are available for their purchase. Condemnation will be reserved as a final right and plan of action of the DDA, and will be exercised when other efforts to purchase subject properties at market value have failed. In the event

condemnation is exercised, all relocations fees and other requirements madated by law will be satisfied.

M. A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

It is anticipated that no persons will be displaced as a result of development within the development area. If displacement of persons does occur due to new development, a plan for establishing priority for the relocation of displaced persons in any new housing in the development area will be developed.

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, being Public Law 91-646, 42USC, Sections 4601, et. seq.

It is anticipated that no persons will be displaced and relocated according to the provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, to achieve the purposes of this Development Plan. In the event that condemnation is necessary to achieve the purposes of this Plan, provision for costs of relocating persons displaced by the Development Plan will be made in accordance with this act.

- O. A plan for compliance with Act No. 227 of the Public Acts of 1972, being Sections 213.321 to 213.332 of the Michigan Compiled Laws.

Not applicable. It is anticipated that no persons will be displaced and relocated as a result of this Development Plan. In the event that condemnation is exercised to achieve the purposes of this Plan, a plan will be developed to comply with said act and sections of the Michigan Compiled Laws.

- P. Other material which the authority, local public agency, or governing body deems pertinent.

Not applicable

(Addenda)

Map 1 – DDA District

Map 2 – Parking Lots

## **TAX INCREMENT FINANCING PLAN**

A. Tax Increment Financing Procedure.

Tax increment revenue to be transmitted to the DDA is generated when the current assessed value of all properties within a development area exceeds the initial assessed value of the properties. The initial assessed value is defined in Act 197 as the assessed value of all 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 of the municipality for which equalization has been completed at the time the ordinance is adopted (see Appendix IV). The current assessed value refers to the assessed value of all properties, real and personal, within the development area as established each year, subsequent to the adoption of the Tax Increment Financing Plan. The amount in any one year by which the current assessed value exceeds the initial assessed value, including real and personal property, is defined as the “captured assessed value.” The tax increment revenue transmitted to the DDA results from applying the total eligible tax levy of all taxing units within the development area to the captured assessed value.

Increases in assessed values within a development area which result in the generation of tax increment revenues, can result from any of the following:

1. Construction of new developments occurring after the date establishing the “initial assessed value.”

2. Construction of new rehabilitation, remodeling alterations, or additions accruing after the date establishing the “initial assessed value.”
3. Increases in property values which occur for any other reason.

Tax increment revenues transmitted to the DDA can be used as they accrue annually; can be held to accumulate amounts necessary to make improvements described in the Plan; or can be pledged for debt service on general obligation tax increment bonds issued by the municipality or tax increment revenue bonds issued by the DDA.

The DDA may expend tax increment revenues only in accordance with the Tax Increment Financing Plan; surplus revenues revert proportionally to the respective taxing jurisdictions. The Tax Increment Financing Plan may be modified upon approval of the governing body after notification and hearings as required by Act 197. When the governing body finds that the purposes for which the plan was established have been accomplished, it may abolish the plan. Annually, the DDA will submit to the Cadillac City Council and the Michigan State Tax Commission a report on the status of the tax increment financing account. The report will include: the amount and source of revenue in the account, the amount and purpose of expenditures from the account; the amount of principal and interest on any outstanding bonded indebtedness; the initial assessed value of the project area; the captured assessed value retained by the authority; the tax increments received; and any additional information the Cadillac City Council or Michigan State Tax Commission considers

necessary. The report will be published in a newspaper of general circulation in Cadillac.

B. Duration of TIF Plan Program and provision for compliance with 5.3010(15), P.A. 197 of 1975 and maximum amount of bond indebtedness to be incurred.

The TIF plan program shall be in effect from 1993 through 2033. TIF funds received under this plan shall be spent only in accordance with the area Development Plan. Any surplus funds collected under the TIF plan shall revert proportionately to the respective taxing bodies. The maximum bond indebtedness to be incurred is \$5,000,000.

C. Statement of estimated impact of TIF on all involved taxing jurisdictions.

Adoption of this Tax Increment Financing Plan will initially result in the use of all revenues derived from increases in assessed value of the real and personal property of the development area for purposes of the Development Plan. In concert with the overall philosophy behind the creation and implementation of tax increment financing, it is anticipated that while this plan will temporarily divert proportionate revenues from area taxing jurisdictions, the economic development that is spurred by the plan will provide more than adequate long-term returns to the taxing jurisdictions in question. As soon as adequate increments have been generated to pay debt service on all bonds and to pay for the remaining development projects, excess tax increment will be returned to the taxing jurisdictions.

Given the actual past and future projected property value growth, along with current millage eligible for capture, the following impacts are estimated for each taxing jurisdiction affected by the Cadillac DDA TIF plan in Table 3:

**TABLE 3**

TAXING UNIT	MILLAGE	40 YEAR CAPTURED ASSESSED VALUE	TAX CAPTURE
City of Cadillac	14.00	301,731,182	\$4,224,236
Police & Fire Retirement	1.80	301,731,182	\$ 543,116
Wexford County	7.20	301,731,182	\$2,172,465
Cadillac Wexford Transit Authority	1.40	301,731,182	\$ 422,424
Council on Aging	1.00	301,731,182	\$ 301,731
Wexford County Library	0.70	301,731,182	\$ 211,212

- D. Statement for usage of part or all of the captured assessed value, and the portion to be used by the Downtown Development Authority.

The DDA proposes to strengthen the development area and arrest the current stagnation and deterioration in property values. This is to be accomplished by using the additional tax revenues generated in the development area to make public improvements and induce private redevelopment.

As provided for by Act 197, tax revenues generated from within the development area prior to adoption of this Tax Increment Financing Plan will continue to be distributed to all taxing jurisdictions for the duration of this plan. Upon completion of this Tax Increment Financing Plan, all additional revenues having been captured by the DDA will be distributed proportionately to the taxing jurisdictions. The development area

improvements are based on a 100% capture rate of captured assessed value within the development area.

It is anticipated that the public improvements proposed for the development area and the private improvements they induce will provide long-term stability and growth in the development area. This will greatly benefit all taxing jurisdictions, which to a significant degree are dependent upon the well-being of the development area for stability and growth. This benefit will result from increases in property valuations surrounding the development area; increases in property valuations in the development area at the time the Tax Increment Financing Plan is completed; and increases in property valuation throughout the entire community.