

DOWNTOWN MANISTEE

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Amended and Restated
Development Plan and Tax Increment Financing Plan 2019



City of Manistee
Manistee County, Michigan
Manistee Downtown Development Authority

Adopted
XXXXXX XX, 2019

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DOWNTOWN MANISTEE

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City of Manistee
Manistee County, Michigan
Downtown Development Authority

AMENDED and RESTATED
DEVELOPMENT PLAN and TAX INCREMENT FINANCING PLAN

Adopted XX-XX-2019

City Council

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BACKGROUND AND PURPOSE

Purpose of the Downtown Development Authority Act

The State of Michigan Public Acts of 2018, Act 57, referred to as the Tax Increment Authority Act, incorporates PA 57 of 2018, formerly referred to as the Downtown Development Authority Act. Part 2 of PA 57 of 2018, contains the provisions for Downtown Development Authorities.

Downtown Development Authorities were created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects.

Creation of the Manistee Downtown Development Authority

On April 2, 1985, the City of Manistee adopted an ordinance to add Chapter 282 to its Code of Ordinances, which established the Manistee Downtown Development Authority (DDA). A copy of this Ordinance is included under Exhibit 1 Title 8, Chapter 282, Boards, Commissions and Authorities, and can be found on the City's web site under the "Codified Ordinances" Administrative Section – Downtown Development Authority. The Authority was given all the powers and duties prescribed for a Downtown Development Authority pursuant to the Act.

Basis for The Development Plan and Tax Increment Financing Plan

Act 57 of Public Acts of 2018, the Tax Increment Financing Act ("Act 57"), provides the legal mechanism for local officials to address the need for economic development in the central business district. Refer to Map 1: DDA District for a more detailed depiction of the properties within the DDA District.

The initial Development Plan and Tax Increment Financing Plan was adopted on April 2, 1985 (unnumbered ordinance) and amended on March 30, 1989 (unnumbered ordinance) and September 16, 2008 (Ordinance 08-07).

For purposes of designating a Development Plan District and for establishing a Tax Increment Financing Plan, the Act refers to a "downtown district" as being in a business district that is specifically designated by ordinance of the governing body of the municipality and a "business district" as being an area in the downtown of a municipality zoned and used principally for business. Tax Increment Financing can be used to provide the necessary funds for project implementation. By definition, a tax increment financing plan seeks to capitalize on and make use of the increased tax base created by economic development within the boundaries of a downtown district. The legal basis of support for the Development Plan and Tax Increment Financing Plan is identified in Act 57 of 2018, specifically Part 2 which relates to the DDA.

Since 1985, the DDA has utilized tax increment financing to implement variety of capital improvement projects within the DDA District.

DEVELOPMENT PLAN

1. Designation of Boundaries of the Development Area

The Development Area boundary is located within the jurisdictional limits of the City of Manistee and the DDA. The City of Manistee established the DDA pursuant to Act 57 of 2018 through adoption and publication of an ordinance on April 2, 1985. The DDA District boundary and the Development Area boundary are illustrated on Map 2 below. As in most DDAs the DDA district and the Development Area District are one in the same.

Map 2

City of Manistee

DDA and TAX INCREMENT FINANCING PLAN BOUNDARY

Area within blue outline and shaded light red



Source: City of Manistee; prepared by Spicer Group, November 201

Legal Description of the Development Area

The DDA shall exercise its powers and duties within the downtown development district, being specifically described as follows:

All of Blocks 1, 2, 3, 4, 5, 8, 9 AND Lots 1, 2, 3, 4, the North 56 feet of Lot 8 and the East 85 feet of the South 66 feet of said Lot 8 and the North 39 feet of the East 67.5 feet of Lot 7 of Block 7, Filer and Tyson's Addition to the Village (now City) of Manistee, as recorded in Manistee County Records.

All of Delos L. Filer's Subdivision of Block No. 6 of Filer and Tyson's Addition to the Village (now City) of Manistee, as recorded in Manistee County Records.

All Green and Milmoie's Addition to the City of Manistee, as recorded in Manistee County Records.

All of Blocks 1, 2, 3, 6 and 7 of Holden and Green in the Village (Now City) of Manistee, as recorded in Manistee County Records.

All of George W. Willard's Subdivision of Blocks 4 and 8 of Green's Addition to the Village (Now City) of Manistee, as recorded in Manistee County Records.

All of Block 1 and 12, Lots 1, 2, 3, 4, 5 and 6 of Block 6; All that part of Blocks 7, 8, 11 and 14 lying West of Cypress Street (US-31); Lots 8 and 9 of said Block 14; Lots 1, 2, 3, 4, 5, 6, 7, 8 and 9, Block 13; Part of Reservation lying North of River Street between Division Street and Cypress Street; Part of the reservation, commencing at the intersection of the North line of Mason Street and the West line of Jones Street, thence West on the North line of Mason Street 62 ft, thence Northerly parallel with the West line of Jones Street 290 ft to the dock line, Easterly along the dock line 68.42 ft to the extension of the West line of Jones Street, Southerly to the POB; Filer and Smith's Addition to the Village (now City) of Manistee, as recorded in Manistee County Records.

All of M.S. Tyson and Co's New Addition to the Village (Now City) of Manistee, as recorded in Manistee County Records.

All of Blocks 10 and 16, Lot 1 and 2 of Block 15, All of Block 9, EXCEPT Lots 9, 10 and 11, Lots 1 and 19 of Block 8 and Lots 2, 3, and 4 of Block 14, Amended Engelmann's Addition to the Village (Now City) of Manistee, as recorded in Manistee County Records.

Lot 1 of Block 3, Mark S. Tyson and Co's Addition to the Village (Now City) of Manistee, as recorded in Manistee County, Michigan.

All of Block 5 and Lots 1, 2 and 3 of Block 3, Ramsdell and Benedict's North Addition to the Village (Now City) of Manistee, as recorded in Manistee County Records.

Part of the Southwest 1/4 of Section 1, T.21 N.-R.17 W., City of Manistee, Manistee County, Michigan, lying Easterly of Memorial Drive and Cleveland Street, Southerly of the Extension of Lincoln Street and Westerly of Manistee River AND ALSO land Lying East of Blocks 8, 9 and 10 of Amended Engelmann's Addition to the Village (Now City) of Manistee, as recorded in Manistee County Records, lying West of Cypress Street and North of memorial Drive.

Part of the Northeast 1/4 of Section 11, T.21 N.-R.17 W., City of Manistee, Manistee County, Michigan, described as part of Government Lot 1, commencing 33 feet West and 33 feet South of Northeast Corner; thence West, 157 feet; thence South, 230 feet; thence West, 60 feet; thence South to the North line of Manistee River; thence East along said River to a point directly South of Point of Beginning; thence North to the point of beginning.

Part of Northwest 1/4 of Section 12, T.21 N.-R.17 W., City of Manistee, Manistee County, Michigan, described as Part of Government Lot 2, Commencing 2 Rods South & 2 Rods East of the Northwest Corner of said Lot 2; thence South, 183 feet; thence East, 132 feet; thence North, 183 feet; thence West, 132 feet to the point of beginning. AND, that part lying North of Manistee River, South of Memorial drive and East of Maple Street of said Section 12. ¹

¹ City of Manistee; provided April 10, 2019; prepared by Spicer Group

2A. Location and Extent of Existing Streets and other Public Facilities within the Development Area; Location, Character and Extent of Existing Public and Private Land Uses.

Due to the Manistee River, the two-primary north-south corridors through the DDA Development Area are US-31 (Cypress Street) and Washington Street (north of the river) / Maple Street (south of the river). Both streets have drawbridges to allow Great Lakes freighters access to Manistee Lake and Lake Michigan. East – west corridors through the Development Area include River Street (downtown’s main street) and 1st Street due to offsetting streets through the commercial and residential neighborhoods south of the Manistee River.

The development area is fully serviced with municipal water, sanitary sewer and storm sewer facilities, as well as electrical and gas services.

Existing land uses within the Development Area are comprised of public and private uses. These land uses include retail businesses, offices, parking, churches, and residential properties. Collectively, these land uses create a mixed-use and walkable downtown and business district.

2B. Existing Public and Private Land Uses within the Development Area.

Public Land Uses

City of Manistee City Hall, Manistee County Library and U.S. Post Office are within the boundaries of the Manistee DDA District. Veterans Park which is located along the north bank of the Manistee River between US-31 and Washington Street provides an open pavilion for summer entertainment venues and a Farmers’ Market. The Manistee Municipal Marina is located on River Street just west of Oak Street. Lastly, there are several public parking lots in the DDA Development Area with many located on the south side of the district behind buildings on the south side of River Street.

Private Land Uses

A. Residential – There are various residential, primarily single-family homes located within the DDA District.

¹ City of Manistee; provided April 10, 2019; prepared by Spicer Group

B. Commercial - Most of the property within the DDA District and Development Area consists of commercial property. These commercial uses include professional, retail, banking, and service businesses.

C. Industrial - There are no current industrial uses within the DDA District or Development Area boundaries, however, there are several sites that may have contained industrial-related businesses at one time, and some would be considered “brownfields.”

Recreational Uses

Recreational uses within the development area consist of the Veteran Park located along Memorial Drive on the north side of the Manistee River and Manistee Municipal Marina located on River Street on the south side of the Manistee River. Although not considered a recreational park, the Manistee River Riverwalk along the south bank of the Manistee River provides pedestrian access to the river, as well as, adjacent businesses.

Quasi-Public Uses

There are no quasi-public uses in the Development Area.

Educational Uses

There are no current educational uses in the Development Area. West Shore Community College has purchased a building within the DDA District on River St., with the intentions of hosting classes and office space for local non-profits but is not yet established.

Vacant Land

There are no large vacant parcels of undeveloped property in the Development Area.

2C. Existing Improvements in the Development Area to be Demolished, Repaired or Altered and Time Required for Completion.

It is contemplated by the DDA that portions of the existing Riverwalk along the south bank of the Manistee River will require repair which may involve demolition of an existing improvement. Anticipated schedule for time completion would be three to five months depending on the scope of the project. In addition, refurbishment of Veterans Park is considered and would include demolition of the existing walks, decks and railings. The major focus of this project is to make the park, which is a favorite event venue, ADA compliant.

The Development Plan also envisions that the existing River Street streetscape will likely need some level of refurbishment due to its age and condition of the sidewalks.

2D. The Location, Extent, Character and Estimated Cost of Improvements including Rehabilitation for the Development Area.

The table below outlines the project name, description and estimated cost for those projects identified by the DDA Board.

Under the Project Name, the project will be identified as EDS if it is identified as a goal within the City of Manistee Economic Development Strategy. This document, prepared by Place + Main Advisors July 2019; is a living document adopted by the DDA on October 9th, 2019.

Table 1
Estimated Cost and Phasing of Improvements

Project Name	Description	Probable Cost
Riverwalk		
The Riverwalk is not currently meeting its capacity to draw visitors downtown. The Riverwalk could be a destination and driving factor for the business district with the scenic walks near the Manistee River leading to Lake Michigan. In order to become a destination feature, businesses on the north side of the River Street need to also have a river orientation.		
River Façade and Deck Grants EDS: Façade	Provide funds to establish a cost-sharing grant program focused on the renovation of buildings facades along the Manistee River and adjacent decks that tie into the Riverwalk.	\$400,000
Dock Installation and Maintenance EDS: Façade	Funds to maintain docks and provide for the installation of new docks to encourage transient boaters to dock and access the downtown for shopping, dining and entertainment.	\$100,000
Conceptual Plans and Pre-Development Studies EDS: Placemaking	Funds that can be used by the DDA to assist with conceptual planning and pre-development studies for properties along the Manistee River.	\$50,000
Riverwalk Capital Improvements EDS: Placemaking	Funds for capital improvements of the Manistee Riverwalk	\$750,000
WSSC Riverwalk Plaza	Funds for the enhancement of the Riverwalk adjacent to the WSSC property	\$250,000

Project Name	Description	Probable Cost
Gateway to Downtown		
According to MDOT Annual Average Daily Traffic report, nearly 16,000 vehicles pass through the intersection of River Street and Cypress Street. This intersection is the primary gateway to downtown Manistee, and it should be reconfigured as such.		
Intersection Enhancements EDS: Placemaking	Funding available for the enhancement of safety, engagement and activation of the intersection indicated in the MSU Study.	\$200,000

Project Name	Description	Probable Cost
Streetscape		
The streetscape along River Street needs to be maintained, improved and enhanced to last an additional 25 years. Improving pedestrian traffic flows, aesthetics, providing 21 st century amenities, and managing parking, specifically on River Street is important to offering a quality environment for businesses to be successful.		
Update and Refurbishment of Streetscape EDS: Placemaking	Improvements to the existing streetscape to possibly include efficient LED lighting, public Wi-Fi, and sound system. Most of this funding is targeted for the repair or replacement of existing streetscape infrastructure.	\$1,450,000

Project Name	Description	Probable Cost
Redevelopment Projects		
Over the length of the Development Plan there are several properties that will take significant resources to redevelop. Additionally, the east side of the district contains most of the available parking and by creating parking on Water Street on the west end of the district that would effectively address parking concerns and eliminate blight.		
Property Acquisition EDS: Place: Housing: 2	Provide funds to acquire properties within the district when opportunities arise in the downtown area for the purpose of directing redevelopment efforts on the properties.	\$500,000

Project Name	Description	Probable Cost
Downtown Building Programs		
In addition to improvements to the public infrastructure (public realm), funds will be targeted to assist private property owners in the renovation, preservation, and repurposing of buildings. These include improvements to facades, compliance with building and fire codes, and repurposing upper stories for residential apartments.		
Façade Program EDS: Façade	Annual allocation of funds to assist property owners with façade improvements consistent with the Secretary of Interior Standards for historic renovations.	\$600,000
WSCC Façade Enhancements	Funds for the façade enhancements of the new WSCC buildings in the Downtown District.	\$500,000
Rental Rehab Program EDS: Target Vacant Buildings	Provide cost-sharing funding to property owners for conversion of underutilized or functionally obsolete space for new apartments.	\$600,000

Project Name	Description	Probable Cost
Promotion, Marketing, and Events		
The downtown is a collection of individual businesses that advertise and market their specific services and merchandise. The DDA's role is to market and promote the overall downtown area and the facilitation of events.		

Marketing of the Downtown Development District EDS: Business Development	This entails a professional approach to promotion of the DDA district.	\$250,000
Events EDS: Business Development	This entails the marketing / facilitation and/or support of events within the DDA district.	\$125,000

Project Name	Description	Probable Cost
Administrative		
Downtown Decorations EDS: Placemaking	Provide funding for downtown beautification including the annual flower boxes, holiday decorations, banners, etc.	\$550,000
Parking Management	Funding availability for parking-related issues such as signage, studies, and enforcement.	\$100,000
DDA Admin Expenses	Office expenses	\$375,000
DDA Administrative payroll and contracted services	Funding for DDA staff including contracted services.	\$2,750,000

Note: *The scope and cost of the project may vary depending on the final design of each component. Project descriptions reflect the overall scope of the projects envisioned by the Manistee DDA. The DDA recognizes that market forces, private investment, future public-private partnerships, and legislative amendments may result in changes to the final design and cost, consistent with overall concepts embodied in this Development Plan and Tax Increment Financing Plan.*

2E A Statement of the Construction or Stages of Construction Planned, and the Estimated Time of Completion.

The DDA Board met to review the results of the board prioritization survey and discuss the extent, probable cost and timing of projects and programs. The table below outlines the project name, description and priority and timing assigned for those projects by the DDA Board. Overall summary of the proposed development plan projects and programs is:

Table 2A
Allocations and timeline for Priority Projects

DDA TIF PROJECTS BUDGET					
PROJECT CATEGORY	PRIORITY/ALLOCATION				TOTAL BUDGET (25 yr plan)
	High (1-5 yrs)	Medium (6-10 yrs)	Low (11-20 yrs)	(21-25 yrs)	
Riverwalk	\$ 550,000	\$ 400,000	\$ 550,000	\$ 50,000	\$ 1,550,000
River Façade & Deck Grants	\$ 100,000	\$ 100,000	\$ 200,000	\$ -	\$ 400,000
Dock Install/Maintain	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 100,000
Concept Plans	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Riverwalk Capital Improvements	\$ 200,000	\$ 200,000	\$ 300,000	\$ 50,000	\$ 750,000
WSSC Riverwalk Plaza	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Gateway to Downtown	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 200,000
Intersection Enhancem.	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 200,000
Streetscape	\$ 200,000	\$ 400,000	\$ 800,000	\$ 50,000	\$ 1,450,000
Update & Refurbishment	\$ 200,000	\$ 400,000	\$ 800,000	\$ 50,000	\$ 1,450,000
Redevelopment	\$ 100,000	\$ 100,000	\$ 200,000	\$ 100,000	\$ 500,000
Property Acquisition	\$ 100,000	\$ 100,000	\$ 200,000	\$ 100,000	\$ 500,000
Downtown Bldgs	\$ 800,000	\$ 300,000	\$ 500,000	\$ 100,000	\$ 1,700,000
Façade Program	\$ 150,000	\$ 150,000	\$ 200,000	\$ 100,000	\$ 600,000
WSSC Façade Enhancements	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Rental Rehab Program	\$ 150,000	\$ 150,000	\$ 300,000	\$ -	\$ 600,000
Promotion, Marketing & Events	\$ 75,000	\$ 75,000	\$ 150,000	\$ 75,000	\$ 375,000
Marketing	\$ 50,000	\$ 50,000	\$ 100,000	\$ 50,000	\$ 250,000
Events	\$ 25,000	\$ 25,000	\$ 50,000	\$ 25,000	\$ 125,000
ADMIN	\$ 735,000	\$ 735,000	\$ 1,570,000	\$ 735,000	\$ 3,775,000
Downtown Decorations	\$ 110,000	\$ 110,000	\$ 220,000	\$ 110,000	\$ 550,000
Parking Management	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
DDA Admin Expenses	\$ 75,000	\$ 75,000	\$ 150,000	\$ 75,000	\$ 375,000
DDA Admin Payroll & Services	\$ 550,000	\$ 550,000	\$ 1,100,000	\$ 550,000	\$ 2,750,000
TOTALS	\$ 2,560,000	\$ 2,110,000	\$ 3,770,000	\$ 1,110,000	\$ 9,550,000
October 24, 2019	High (1-5 yrs)	Medium (6-10 yrs)	Low (11-20 yrs)	(21-25 yrs)	
				Projected TIF Revenue	\$ 6,346,678
				Projected Deficit	\$ (3,203,322)

2F. Parts of the Development Area to be Left as Open Space and Contemplated Use.

In reference to the public improvements outlined, open space within the DDA District and Development Area will be confined to rights-of-way, plazas, and parks within the District. Additional properties may be acquired by the DDA in the future to be developed to and used as “open” spaces. To increase engagement and activation of spaces if not already stimulated.

2G. Portions of the Development Area which the Authority desires to Sell, Donate, Exchange, or Lease to or From the Municipality and the Proposed Terms.

There are no parcels currently that the DDA plans to acquire, sell, donate, exchange, or lease from/to the Municipality, as part of this Development Plan.

2H. Desired Zoning Changes and Changes in Streets, Street Levels, Intersections and Utilities.

The Development Plan proposes no zoning changes proposed within the Development Area. The current zoning of “commercial” and “office” accommodates existing and future land uses in the subject area.

2I. An Estimate of the Cost of the Development, Proposed Method of Financing and Ability of the Authority to Arrange the Financing.

Financing for the public improvement projects outlined in Section 5 would be provided through funds generated by the Tax Increment Financing Plan induced by annual increases in property valuations within the Development Area. The amount of the funding will be predicated on the stability of the taxable valuation base of the downtown area and the extent of new future redevelopment and rehabilitation projects. Sources of funding may include tax increment revenues on a “pay-as-you-go” basis, the issuance of bonds by the DDA or City and other sources approved by the City in accordance with the Act 57 of 2018.

2J. Designation of 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 if that information is available to the Authority.

The public improvements undertaken pursuant to this Development Plan will remain in public ownership for the public benefit.

2K. The Procedures for Bidding for the Leasing, Purchasing, or Conveying of all or a portion of the Development upon its completion, if there is no expressed 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 to those Persons.

At present there are no agreements for property conveyance between the City of Manistee, Manistee DDA or any person(s), natural or corporation. The Development Plan utilizes a voluntary acquisition strategy to acquire property within the Development Area. Acquisition of such property would be on a negotiated basis between the Downtown Development Authority and the interested party.

Any such sale, lease or exchange shall be conducted by the DDA pursuant to requirements specified in Act 57 of 2018 with the consent of the City Commission. If needed, more detailed procedures will be developed prior to the transactions, in accordance with applicable city policy and Michigan state law.

2L. Estimates of the Number of Persons residing in the Development Area and the Number of Families and Individuals to be Displaced.

Based upon a review of the properties within the DDA District and Development Area in it is estimated that there are more than 100 individuals who reside within the Development Area. As a result, the City Council will need to establish a Development Area Citizens Council to review and comment on the Development Plan. The Development Area Citizens Council shall consist of not less than 9 members who reside within the development area and are at least 18 years old.

The Development Plan does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families within the DDA District and Development Area.

2M. A Plan for Establishing Priority for the Relocation of Persons Displaced by the Development in any New Housing in the Development Area.

The Development Plan does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families. As a result, a plan for compliance Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is not addressed.

2N. 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.

The Development Plan does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families. As a result, a plan for compliance Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is not addressed.

2O. A Plan for compliance with Act 227 of the Public Acts of 1972.

Act 227 of Public Acts of 1972 is an Act to provide financial assistance; advisory services and reimbursement of certain expenses to persons displaced from real property or deprived of certain rights in real property. This Act requires procedures and policies comparable to the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Because the Development Plan does not require the acquisition of property and displacement of persons a plan for compliance with Act 227 is not addressed.

TAX INCREMENT FINANCING PLAN

1. Definitions as Used in This Plan.

- a. "Captured assessed value" means the amount in any 1 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 subdivision (c), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.
- b. "Assessed value" means the assessed value, as equalized, as follows:
 - (i) For valuations made before January 1, 1995, the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.
 - (ii) For valuations made after December 31, 1994, the taxable value as determined under section 27a of the general property tax 15 act, 1893 PA 206, MCL 211.27a.
- c. "Initial assessed value" means the assessed value, as equalized, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll 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 property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision d.
- d. "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 technology park development act, 1984 PA 385, MCL 207.701 To 207.718, Section 5 of the State Essential Services Assessment Act, 2014 PA 92, MCL 14 211.1055, Section 5 Of The Alternative State Essential Services 15 Assessment Act, 2014 PA 93, MCL 211.1075, and 1953 PA 189, MCL 211.181 to 211.182.. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.
- d. "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the development area, subject to the following requirements addressed in MCL 125.4201, Section 201 (cc).

2. Purpose of the Tax Increment Financing Plan

The Manistee Downtown Development District was created on April 2, 1985 and was established because the downtown area experienced notable property value deterioration. In order to halt property tax value deterioration, increase property tax valuations and facilitate the overall economic growth of its business district, it is deemed to be beneficial and necessary to create and provide for the operation of a downtown development authority in the City under the provisions of Act 197 Public Acts of Michigan, 1975 as amended now known as Act 57 of 2018 ("the Act"). On March 30, 1989, March 30, 1989, and September 16, 2008 there were amendments to the DDA District as well as the Development Plan and Tax Increment Financing Plan.

The Authority has determined that the extension, or amended and restated tax increment financing plan, is necessary for the achievement of the purposes of the Act and it is authorized to prepare and submit said plan to the governing body. The Tax Increment Financing Plan (the "Plan"), set forth herein includes the Development Plan, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, the duration of the program, the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located and a statement of the portion of the captured assessed value to be used by the Authority.

3. Explanation of the Tax Increment Procedure

The theory of tax increment financing holds that investment in necessary capital improvements in a designated area within a municipality will result in greater property tax revenues from that area than would otherwise occur if no special development were undertaken. This section is intended to explain the tax increment procedure.

- a. In order to provide a Downtown Development Authority with the means of financing development proposals, the Act affords the opportunity to undertake tax increment financing of development programs. These programs must be identified in a tax increment financing plan, which has been approved by the governing body of a municipality. Tax increment financing permits the Authority to capture incremental tax revenues attributable to increases in value of real and personal property located within an approved development area. The increases in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or any other factors that cause growth in value.
- b. At the time the resolution or ordinance establishing a tax increment financing plan is adopted, the sum of the most recently taxable values, as equalized, of those taxable properties located within the development area is established as the "Initial Taxable Value" (the "ITV"). Property exempt from taxation at the time of determination of the Initial Taxable value is included as zero. In each subsequent year, the total real and personal property within the District, including abated property on separate rolls, is established as the "Current Taxable value."
- c. The amount by which the total taxable value exceeds the ITV is the Captured Taxable Value (the "CTV"). During the period in which a tax increment financing plan is in effect, local taxing jurisdictions continue to receive ad valorem taxes based on the ITV. Property taxes paid on a predetermined portion of the CTV in years subsequent to the adoption of tax increment financing plan, however, are payable to an authority for the purposes established in the tax increment financing plan.

4. Taxing Jurisdiction Agreements.

Tax increment revenues for the Downtown Development Authority result from the application of the general tax rates of the incorporated municipalities and all other political subdivisions which levy taxes in the development area to the captured assessed value. Since the Plan may provide for the use of all or part of the captured tax increment revenue, the DDA may enter into agreements with any of the taxing units to share a portion of the revenue of the District. The only tax sharing agreement to date is with the Manistee Brownfield Redevelopment Authority for the South Washington Street Area Redevelopment Plan and all other future agreements with the City of Manistee.

South Washington Street Area Redevelopment Plan

The City of Manistee and the Manistee Brownfield Redevelopment Authority approved a redevelopment project known as the South Washington Street Area Redevelopment Project within the DDA District. This project involved six parcels; five of which are in the DDA District and DDA Development Area. These parcels include:

Parcel 1 - #51-211-100-0 (River Parc Place LLC), Parcel 2 - #51-211-100-02 (North Channel Investors LLC), Parcel 3 - #51-211-100-03 (Former Groves Property), Parcel 4 - #51-211-100-01 (Former Groves Property), Parcel 5 - #51-211-105-01 (City of Manistee), and Parcel 6 -#51-101-350-01 (City of Manistee, Memorial Park). All parcels noted except for Parcel 5 are in the DDA District.

Parcels 1 through 4 were acquired by Manistee Investment Partners LLC to redevelop the properties, including the historic furniture manufacturing building, into a mixed-use project. As a result of this redevelopment this property now includes a micro-brewery and restaurant, and residential apartments and condominiums. As noted in the Brownfield Redevelopment Plan, “the project is catalytic for this area of the City’s Downtown District due to the expected increased economic and building redevelopment activity. Furthermore, this project is compatible with the City’s and the MSDDA’s vision for the South Washington Street Area as expressed in the “Manistee North Corridor Placemaking Project” plan prepared by Beckett & Raeder for the MSDDA in September 2012.”²

The Brownfield Plan was adopted and the increase in taxable valuation resulting for the project will be captured by the Manistee Brownfield Redevelopment Authority for a period of thirty (30) years or until the eligible costs outlined in the plan are paid. The duration of the brownfield plan extends from 2014 through 2044. After this period the DDA would be allocated the incremental revenues.

5. Property Valuations and Captured Revenue.

The property valuation on which tax increment revenues will be captured is the difference between the Initial Taxable Valuation and the Current Taxable Valuation. The purpose of this section is to set forth the Initial Taxable Valuation, the projected Captured Taxable Valuation and the anticipated increment revenues to be received by the Authority from the local taxing jurisdictions including the City of Manistee, Manistee County, Manistee County Public Library, West Shore Community College, and any other authorities or special tax districts that may be eligible to levy property taxes within the boundaries of the Downtown Development Authority, herein collectively referred to as the "Local Taxing Jurisdictions."

- a. The Initial Taxable Valuation is established based on the 1985 state equalized valuations on real and personal property and on all non-exempt parcels within that portion of the Development Area as of December 31, 1984 finalized in May 1985. The Initial Taxable Valuation of the Authority for the 1985 district is outlined below:

Base Year and Taxable Real and Personal Property Valuations

City of Manistee	1985 Taxable (12-31-1984)	2019 Taxable (12-31-2018)
Real Property Taxable Valuation	\$5,232,516	\$15,035,440
Personal Property Taxable Valuation	\$784,425	\$683,500
Total Taxable Valuation	\$6,016,941	\$15,718,940

- b. The anticipated Captured Assessed Value is equivalent to the annual total assessed value within the Development Area boundaries less the Initial Assessed Value as described above. The tax increment revenues are then the product of all millages levied by all taxing units in the Development Area on the CAV. The CAV is projected based on several factors including historical growth patterns, recent construction trends, economic indicators and the impact of certain development projects anticipated to be undertaken by the Downtown Development Authority. Since the enactment of Proposal A in 1994, the Consumers Price Index (CPI), which is the basis for taxable valuation

² South Washington Street Area Redevelopment Project; prepared for the City of Manistee Brownfield Redevelopment Authority, July 2014, page 3.

adjustments, has averaged 2.4%. For projection purposes, the taxable growth is estimated to stabilize at low growth increases with flat rate of .25% for years 2019-2039. Growth rates do not include taxable valuation resulting from new construction, redevelopment, or the conversion of tax-exempt properties to taxable parcels. In addition, the forecast includes an anticipated reduction of \$400,000 in personal property tax valuation resulting from Proposal 14-1.

- c. Although Personal Property Tax (PPT) Taxable Valuation is captured by the DDA it is not factored into the forecast due to reporting and reimbursement requirements provided through Act 86 of 2014; the Local Community Stabilization Authority Act. According to the Michigan Department of Treasury documents the Manistee DDA received a 2017 PPT reimbursement of \$23,230.44 and a 2018 reimbursement of \$14,947.89.

Table 3
Forecast Taxable Valuation Growth Rate

Fiscal Year		<i>growth rates</i>
		District
2019	- 2044	0.25%

A more detailed depiction of the Captured Taxable Valuations can be found in Table 4.

- c. The Authority will receive that portion of the tax levy of all taxing jurisdictions paid each year on the Captured Assessed Value of the eligible property included in the Development Area. The Authority may use the revenues for any legal purpose as is established under the Act including the payment of principal and interest on bonds.

Table 4
Anticipated Captured Taxable Valuation

	Fiscal	Tax Roll	Annual	Taxable	South	Brownfield	Captured
	Year	Assessment	Taxable Growth	Valuation	Washington	Capture from	Valuation
	July-June	Date	(+ / -)		Brownfield	South Washington	DDA
-	1985 - 86	12-31-84			\$ -		
1	2019 - 20	12-31-18		\$ 15,035,440	\$ 2,013,948	\$ 1,662,616	\$ 8,140,308
2	2020 - 21	12-31-19	0.25%	\$ 15,073,029	\$ 2,018,983	\$ 1,667,651	\$ 8,172,862
3	2021 - 22	12-31-20	0.25%	\$ 15,110,711	\$ 2,024,030	\$ 1,672,698	\$ 8,205,497
4	2022 - 23	12-31-21	0.25%	\$ 15,148,488	\$ 2,029,090	\$ 1,677,758	\$ 8,238,214
5	2023 - 24	12-31-22	0.25%	\$ 15,186,359	\$ 2,034,163	\$ 1,682,831	\$ 8,271,012
6	2024 - 25	12-31-23	0.25%	\$ 15,224,325	\$ 2,039,249	\$ 1,687,917	\$ 8,303,893
7	2025 - 26	12-31-24	0.25%	\$ 15,262,386	\$ 2,044,347	\$ 1,693,015	\$ 8,336,855
8	2026 - 27	12-31-25	0.25%	\$ 15,300,542	\$ 2,049,458	\$ 1,698,126	\$ 8,369,900
9	2027 - 28	12-31-26	0.25%	\$ 15,338,793	\$ 2,054,581	\$ 1,703,249	\$ 8,403,028
10	2028 - 29	12-31-27	0.25%	\$ 15,377,140	\$ 2,059,718	\$ 1,708,386	\$ 8,436,239
11	2029 - 30	12-31-28	0.25%	\$ 15,415,583	\$ 2,064,867	\$ 1,713,535	\$ 8,469,532
12	2030 - 31	12-31-29	0.25%	\$ 15,454,122	\$ 2,070,029	\$ 1,718,697	\$ 8,502,909
13	2031 - 32	12-31-30	0.25%	\$ 15,492,757	\$ 2,075,204	\$ 1,723,872	\$ 8,536,369
14	2032 - 33	12-31-31	0.25%	\$ 15,531,489	\$ 2,080,392	\$ 1,729,060	\$ 8,569,913
15	2033 - 34	12-31-32	0.25%	\$ 15,570,318	\$ 2,085,593	\$ 1,734,261	\$ 8,603,541
16	2034 - 35	12-31-33	0.25%	\$ 15,609,244	\$ 2,090,807	\$ 1,739,475	\$ 8,637,253
17	2035 - 36	12-31-34	0.25%	\$ 15,648,267	\$ 2,096,034	\$ 1,744,702	\$ 8,671,049
18	2036 - 37	12-31-35	0.25%	\$ 15,687,387	\$ 2,101,274	\$ 1,749,942	\$ 8,704,929
19	2037 - 38	12-31-36	0.25%	\$ 15,726,606	\$ 2,106,527	\$ 1,755,195	\$ 8,738,895
20	2038 - 39	12-31-37	0.25%	\$ 15,765,922	\$ 2,111,794	\$ 1,760,462	\$ 8,772,945
21	2039 - 40	12-31-38	0.25%	\$ 15,805,337	\$ 2,117,073	\$ 1,765,741	\$ 8,807,080
22	2040 - 41	12-31-39	0.25%	\$ 15,844,851	\$ 2,122,366	\$ 1,771,034	\$ 8,841,301
23	2041 - 42	12-31-40	0.25%	\$ 15,884,463	\$ 2,127,672	\$ 1,776,340	\$ 8,875,607
24	2042 - 43	12-31-41	0.25%	\$ 15,924,174	\$ 2,132,991	\$ 1,781,659	\$ 8,909,999
25	2043 - 44	12-31-42	0.25%	\$ 15,963,984	\$ 2,138,323	\$ 1,786,991	\$ 8,944,477

The Treasurer will collect the general property taxes from property owners in the DDA. After taxes are collected, the Treasurer will deduct that portion of the total tax revenues that is derived from captured assessed value of the DDA and distribute them to the DDA to use for purposes outlined in the development plan. Table 6 outlines the 2019 millage rates for all Local Taxing Jurisdictions in the DDA taken from the Manistee County Millage Report which are then used to create the revenue forecast enumerated in Table 5 below.

Table 5
Anticipated Captured Revenue

	Fiscal		Captured	City of	Manistee	West Shore	Captured
	Year		Valuation	Manistee	County	Comm College	Revenue
	July-June		DDA				
-	1985	86					
1	2019	- 20	\$ 8,140,308	\$ 153,943	\$ 62,925	\$ 25,159	\$ 242,027
2	2020	- 21	\$ 8,172,862	\$ 154,559	\$ 63,176	\$ 25,260	\$ 242,995
3	2021	- 22	\$ 8,205,497	\$ 155,176	\$ 63,428	\$ 25,361	\$ 243,965
4	2022	- 23	\$ 8,238,214	\$ 155,795	\$ 63,681	\$ 25,462	\$ 244,938
5	2023	- 24	\$ 8,271,012	\$ 156,415	\$ 63,935	\$ 25,563	\$ 245,913
6	2024	- 25	\$ 8,303,893	\$ 157,037	\$ 64,189	\$ 25,665	\$ 246,891
7	2025	- 26	\$ 8,336,855	\$ 157,660	\$ 64,444	\$ 25,767	\$ 247,871
8	2026	- 27	\$ 8,369,900	\$ 158,285	\$ 64,699	\$ 25,869	\$ 248,853
9	2027	- 28	\$ 8,403,028	\$ 158,911	\$ 64,955	\$ 25,971	\$ 249,838
10	2028	- 29	\$ 8,436,239	\$ 159,539	\$ 65,212	\$ 26,074	\$ 250,825
11	2029	- 30	\$ 8,469,532	\$ 160,169	\$ 65,469	\$ 26,177	\$ 251,815
12	2030	- 31	\$ 8,502,909	\$ 160,800	\$ 65,727	\$ 26,280	\$ 252,808
13	2031	- 32	\$ 8,536,369	\$ 161,433	\$ 65,986	\$ 26,383	\$ 253,802
14	2032	- 33	\$ 8,569,913	\$ 162,067	\$ 66,245	\$ 26,487	\$ 254,800
15	2033	- 34	\$ 8,603,541	\$ 162,703	\$ 66,505	\$ 26,591	\$ 255,800
16	2034	- 35	\$ 8,637,253	\$ 163,341	\$ 66,766	\$ 26,695	\$ 256,802
17	2035	- 36	\$ 8,671,049	\$ 163,980	\$ 67,027	\$ 26,800	\$ 257,807
18	2036	- 37	\$ 8,704,929	\$ 164,621	\$ 67,289	\$ 26,904	\$ 258,814
19	2037	- 38	\$ 8,738,895	\$ 165,263	\$ 67,552	\$ 27,009	\$ 259,824
20	2038	- 39	\$ 8,772,945	\$ 165,907	\$ 67,815	\$ 27,115	\$ 260,836
21	2039	- 40	\$ 8,807,080	\$ 166,552	\$ 68,079	\$ 27,200	\$ 261,851
22	2040	- 41	\$ 8,841,301	\$ 167,200	\$ 68,343	\$ 27,326	\$ 262,869
23	2041	- 42	\$ 8,875,607	\$ 167,848	\$ 68,608	\$ 27,432	\$ 263,889
24	2042	- 43	\$ 8,909,999	\$ 168,499	\$ 68,874	\$ 27,538	\$ 264,911
25	2043	- 44	\$ 8,944,477	\$ 169,151	\$ 69,141	\$ 27,645	\$ 265,936
				\$ 4,036,853	\$ 1,650,073	\$ 659,732	\$ 6,346,678
				64%	26%	10%	100%

6. Maximum Indebtedness.

It is anticipated that the maximum amount of indebtedness to be incurred, if any, based on 2019 costs will not exceed \$5,000,000 for projects identified in the Development Plan. A description of the various projects and the actual amounts expected to be financed are as set forth Revenues captured will be used to leverage other funding sources and accomplish projects in the Development Area.

7. Use of Captured Revenues

Revenues captured through this Tax Increment Plan will be used to finance those improvements and projects outlined in Table 1 and Table 2 of the Development Plan in accordance with procedures specified in this Plan. Further, captured revenues can be used for the following:

- Finance current financial obligations of DDA;
- Capital Improvement reimbursement to the City for public services expenses over approved capital improvements costs resulting from DDA-related capital project improvements.
- Capital Improvements of streetscape, landscaping, public parking lots, parks, Riverwalk and pedestrian plazas;
- Pay for costs incurred by the City/DDA in implementing both the Development Plan and the Tax Increment Financing Plan;
- Funding for DDA administrative staff and associated office expenses;
- Marketing, promotions and events costs;
- Special purpose grant and loan programs; and
- Pay for costs associated with the administration and operation of the Development and Tax Increment Plan and its associated projects and programs.

In addition, the Development Plan encourages the use of Tax Increment Financing Plan revenues to support public improvements associated with private redevelopment and new development projects. Table 1 enumerates the forecasted “uses” of the tax increment revenue and the amount available for capital projects.

8. Duration of the Program

The Development Plan and Tax Increment Financing Plan shall extend through December 31, 2044, or the completion of the projects described in the Development Plan, whichever is earlier.

Table 6
Anticipated Millage to Be Captured

Name of Unit of Government	Anticipated Millage of Use	Anticipated Mileage in Unit of Government
City of Manistee		18.9112
Operating	17.7612	
Refuse	1.1500	
Manistee County		7.7300
Operating	5.5000	
Medical Care Voted	0.5000	
911 Voted	1.0000	
Dial-A-Ride	0.3300	
Council of Aging	0.3000	
Conservation District	0.1000	
West Shore Community College		3.0907
Operating	3.0907	
Total		29.7319

9. Plan Impact on Local Taxing Jurisdictions

The Authority recognizes that future development in the City's business district will not be likely in the absence of tax increment financing. The Authority also recognizes that enhancement of the value of nearby property will indirectly benefit all local governmental units included in this plan. It is expected

that the effected local taxing jurisdictions will not experience a gain in property tax revenues from the Development Area during the duration of the plan and should realize increased property tax revenues thereafter as a result of activities financed by the plan. Further, tax increment revenues captured from this plan will not be used to offset normal City operations.

Table 7
Captured Tax Increment Revenue by Municipality

Name of Municipality	Captured Amounts	Captured Percentages
City of Manistee	\$4,036,852.91	64%
County of Manistee	\$1,650,073.66	26%
West Shore Community College	\$659,751.96	10%
Totals	\$6,346,678.53	100%

10. Release of Captured Revenues

When the Development and Financing Plans have been accomplished, the captured revenue is released, and the local taxing jurisdictions receive all the taxes levied on it from that point on.

11. Assumptions of Tax Increment Financing Plan.

The following assumptions were considered in the formulation of the Tax Increment Financing Plan for the Manistee Downtown Development Authority:

- A. Property valuations are based on an annual growth rate of one quarter of one percent (1/4 of 1%).
- B. The Downtown Development Authority will not spend any funds outside of those annually approved through the budget process and shall not commit to any loans, leases, or purchases without enough evidence of adequate revenue source to support the proposal.
- C. Costs provided for the various DDA projects and programs enumerated in Table 2 are estimated costs in 2019 dollars. Final costs are determined after final design and the acceptance of bids at the time of construction. The effects of inflation may also have an undetermined amount of influence on these cost figures.

12. Operating Agreement between Downtown Development Authority and Local Unit of Government Regarding Use of Tax Increment Revenues.

The DDA may enter into an agreement or agreements with the City of Manistee Brownfield Redevelopment Authority to exclude from DDA TIF capture revenues generated by Brownfield redevelopment projects within the DDA Development Area.

13. Relationship of the Tax Increment Financing Plan with Other Funding Programs.

As discussed in the Development Plan, the revitalization of the downtown business district will include tax increment financing and other forms of intergovernmental financing such as grants, special assessments, and loans. It is strongly recommended that tax increment financing revenues be used to leverage public funds and private financing in order to implement the planned program.

14. Relationship to Community Master Plan

The Development Plan indicates the need to revitalize the business areas of the community, which is an integral component of the community's redevelopment program and master plan. If it is determined that any portions of the Development Plan conflict with the provisions of the Community Master Plan, then the Development Plan shall be adopted as a component of the Master Plan pursuant to Section 39 of Act 33 of 2008; the Michigan Planning Enabling Act.

15. Submission of an Annual Report to Governing Body and State Tax Commission.

Annually the Authority shall submit to the City of Manistee and the State Tax Commission a report on the status of the tax increment financing account. The report shall include those items enumerated in Part 9 of Public Act 57 of 2018. Further, the report shall be published in a newspaper of general circulation.