Corrected, adopted copy

CITY OF SOUTHGATE

LAND USE DEVELOPMENT PLAN

AND

TAX INCREMENT FINANCE PLAN

DOCUMENT NO. 1

OCTOBER, 1985

LAND USE DEVELOPMENT PLAN

AND

TAX INCREMENT FINANCE PLAN

(Document No.1)

FOR:

THE TAX INCREMENT FINANCE AUTHORITY

CITY OF SOUTHGATE, MICHIGAN

BY:

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OCTOBER, 1985

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INTRODUCTION

The Southgate Tax Increment Finance Authority (hereafter referred to as the Authority) was officially established in accordance with the guidelines of Act 450 of the Public Acts of 1980, as amended on February 6, 1985 by the Southgate City Council. A copy of the resolution adopted by the City Council is provided in the Exhibits section of this document. The resolution is accompanied by a copy of Act 450.

The primary purpose for establishing the Authority was to create a body which would effectively administer an established Tax Increment Finance District (TIFD) with the intent of promoting orderly economic growth and development in one of the last major development areas in the City.

The intent and purpose of this endeavor is to also prevent the possible physical deterioration and resulting loss in property values of existing land use within and adjacent to the Authority District due to poor land use management.

The Authority consists of twelve members, and includes representatives from City government, the School District, business interests and residents of the City. The TIFD (Authority District) does not involve enough residents within the district to warrant establishment of a Development Area Citizens Council.

Act 450, sets forth standards and guidelines within which the Authority may develop a physical development plan and companion financing plan with which the Authority may administer the plan.

Among these standards are the following elements which are basic to administration of the Tax Increment Finance District.

The Authority is charged with the responsibility of developing a physical land use plan and a finance plan for a designated Tax Increment Finance District. This district in Act 450 is referred to as the:

<u>Authority District</u> and means the area within which the Authority exercices its powers and within which one or more development areas may exist.

<u>Development Area</u> is an area within the Authority District to which a development plan is applicable.

<u>Development Plan</u> is the documented information required by Act 450 which sets forth guidelines and procedures for carrying out the physical land use developments proposed for the development area.

<u>Development Program</u> is the means by which the development plan is to be effectuated.

When the Authority determines that it is to the benefit of the community it may implement a Tax Increment Finance program for the purposes of achieving that end.

To do so, the Authority must prepare and submit a tax increment finance plan as set forth in Act 450 to the Southgate City Council. The plan must be in compliance with the guidelines set forth in the Act and must include a development plan, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness, if any, to be incurred and the duration of the development program. The plan must also contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located.

What Act 450 empowers the Authority to do, is to capture the tax increments from one year to the next on all taxible land within the development area for the sole purpose of implementing the development plan within the development area. As set forth in Act 450 captured assessed value means:

> The amount in any one year by which the current assessed value of the development area, including the assessed value of property for which a commercial facilities exemption certificate has been issued pursuant to Act No. 225 of the Public Acts of 1978, as amended, and the assessed value of property for which an industrial facilities exemption certificate has been issued pursuant to Act 198 of the Public Acts of 1974, as amended, exceeds the initial assessed value.

The initial assessed value as defined in part in Act 450, means:

> The most recently assessed value as finally equalized by the State Board of Equalization of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment finance plan is approved.

The documented information and development guidelines for both the physical development plan, its corresponding tax increment finance plan and the development program have been prepared and reviewed by the Authority and are contained herein.

The Authority conducted a series of monthly public meetings in which it reviewed and prepared the various work elements of the work program as set forth in Act 450.

The Southgate Tax Increment Finance District (TIFD) defined in the preceding section as the Authority District, is the area within which the Authority may exercise its powers and within which one or more development areas may exist.

In the case of the Southgate TIFD the Authority District and the development area are coterminous. In other words, the development plan as it appears in this document represents a development area that extends throughout the Authority District.

The intent and purpose of this approach to development planning within the district is to permit and encourage development throughout the district as the private sector indicates its readiness to commence a particular project.

This approach has been taken in light of the fact that over one-half of the total land area within the Authority District consists of vacant land.

The Authority District, as presently configured, contains 336.95 acres of land and is located in the northwest portion of the City. Generally the district is bounded on the west by Allen Road, on the north by the Penn Central Railway, on the east by a line parallel with Devoe Avenue and Manchester/Westminster Drives and Walnut Street on the south. A map of the Authority District is provided in the Map Exhibits section of this document.

Prior to completion of this document, the initially constituted TIFD was expanded to incorporate an additional 19 acre area. This area is part of the mapped area pictured in the Exhibits section. The Authority District Map is accompanied with a generalized description of the Authority District.

Before a development plan could be prepared for the development area, it was necessary to review and analyze the various characteristics that make up the development area. These characteristics can be referred to as existing conditions and include the natural and man-made components of the development area.

The natural characteristics can include such things as topography, soil composition, ground cover and areas of environmental significance.

The man-made characteristics can include such things as buildings, parks, transportation facilities, i.e.; roads, rail, etc., and utilities. The following is a brief description of the natural and man-made characteristics of the development area.

Natural Characteristics

The entire land area within the authority district is essentially flat with only minor changes in topography. The land consists of mostly clay-like soils and before development commenced taking place within this area, much of the land was farmed. As a result, nearly all the land within the development area has been disturbed at one time or another and what tree cover that may have existed, has been removed. A natural drain course extends east, west through the northern third of the area. The area generally drains to the northeast.

Since most of the tree cover has been removed and the land's top soil disturbed over the years, there is very little if any remaining areas of natural significance, either in terms of wetlands or plant life. There does not appear to be any natural habitat areas within the authority districtl.

Man-Made Characteristics - Existing Land Use

There are five separate types of land use development that has taken place over the years within the development area. Yet, vacant undeveloped land remains the single largest form of land area within the district. Table 1, which follows, provides a breakdown of the principal land use types that exist within the development area as of May 1985.

TABLE 1

EXISTING LAND USE BY ACRES AND
BY PERCENT OF TOTAL AND DEVELOPED AREAS

Land Use	Acres	Percent Dev. Land	Percent Total Land
Single Family Res.	3.19	2.0%	1.0%
General Commercial	9.55	6.1%	2.8%
Light Industrial	47.29	30.0%	14.0%
Outdoor Storage	9.44	6.0%	2.8%
Rights-Of-Way	88.30	55.9%	26.2%
Developed Land	157.77	100.0%	46.8%
Vacant Land	179.18	--	53.2%
Total Land	336.95	--	100.0%

SOURCE: Vilican-Leman & Associates, Inc., October, 1985

As depicted in Table 1, public rights-of-way consumes most of the developed land use, 55.9 percent. Much of the public rights-of-way within the development area consists of the I-75 freeway corridor and its two partial interchanges with Northline Road and Allen Road.

The second largest developed land use within the development area consists of just over 47 acres of light industrial uses. These uses range from manufacturing to warehousing and are scattered over a broad area. However, the greatest concentration of this land use type is in the southern part of the development area.

Of particular interest with respect to the information provided in Table 1 is the extensive amount of vacant land that exists within the development area. Some 179 acres consist of vacant land. This amounts to just over 53 percent of the total land within the development area. Nearly all of the vacant land is condusive to development which is again the primary reason why the development area extends throughout the Authority District.

There is very little single family development within the Authority District as verified in Table 1. Only two percent of the developed lands contain residential dwellings. All dwellings are single family dwellings. The following list locates each dwelling by address and notes the number of residents that reside in each home.

•	12431	Reeck Road -	1	Residents
•	13554	Reeck Road -	2	Residents
•	16005	Northline Rd. -	2	Residents
•	18828	Northline Rd. -	3	Residents
		Total	8	Residents

There are only four single family homes within the Authority District with eight occupants as of September, 1985. A map of existing land use is provided in the Mapped Exhibits section of this report. This map also identifies the perimeters of the development area which is the same as the perimeters of the Authority District.

Existing Zoning

Table 2 below identifies the six zoning districts that extend throughout the development area. The table also depicts the number of acres each district contains and its percent share of the total land within the development area. A map of existing land use is provided in the Exhibits section of this report. There are six separate zoning districts of which one, the R-1B District is a residential zoning district. The other five are all nonresidential zoning districts.

TABLE 2

EXISTING ZONING BY ACRES AND
BY PERCENT OF TOTAL LAND AREA

Zoning District	Acres	Percent Total Land
R-1B Single Family	19.14	5.7%
C-1 Community Business	2.13	0.6%
C-2 General Business	7.09	2.1%
P-1 Vehicular Parking	7.51	2.2%
M-1 Light Industrial	70.37	20.9%
M-2 Medium Industrial	230.71	68.5%
Total Zoned Acres	336.95	100.0%

SOURCE: Vilican-Leman & Associates, Inc., October, 1985.

The data provided in Table 2 clearly defines the extent of industrial zoning that exists within the development area. Nearly 302 acres of the total 336 acres are presently zoned for industrial use. This amounts to nearly 90 percent of the land within the development area. Just under 69 percent of it is zoned for medium industrial use.

With 56.73 acres occupied by industiral land use, only about 19 percent of the land zoned for such use is presently developed. Nearly 81 percent of all the land within the inventory of industrial zoned land is vacant. This figure is somewhat exagerated, however, since there are also several commercial land use types located on land presently zoned for industrial use. Large among such uses is the Presidential Inn Motor Hotel.

The 7.5 acre P-1 Vehicular parking District which exists as a long narrow zoning corridor along Walnut Avenue and Reeck Road, serves a two-fold purpose. The district provides for restricted single use parking with screen plantings for the industrial, office, research facilities to the north. It also serves as a zoning district of transition (buffer zone) between the industrial uses and the single family neighborhoods to the south and east beyond the development area.

In the following section, the development plan proposed for the development area is presented. Nearly all the land area within the plan is proposed for nonresidential development consisting of office, commercial, research and industrial development. It is anticipated at this time that major changes in zoning district type or district configurations will not be necessary to achieve the objectives of the development plan. A possible exception to this statement may be a reduction in the number of acres presently zoned for medium industrial use.

A map of existing zoning within the development area is provided in the Mapped Exhibits section.

Public Utilities

Public utilities that exist within the development area consist of water lines, sanitary sewer lines, storm sewer lines, gas lines, electric and telephone lines. The major public utility lines are depicted on the existing land use map.

Using generalized public utility data provided by t ÷ City, it is estimated that the following lineal feet of r c utilities exist within the Authority District to serve the .

- Water Lines - approximately 18,300 linea eet
- Sanitary Sewer - approximately 11,400 lineal feet
- Storm Sewer - approximately 8,000 lineal feet
- Gas Transmission Line - approximately 1,860 feet.

Water lines vary in size from 8 to 16 inch diameter service lines. Sanitary sewer lines vary in size from 12 to 36 inch diameter service lines. Storm sewer lines vary in size from 10 to 30 inch diameter service lines. The major gas transmission line in the area is a six inch diameter line.

To this point the preceding sections of this document have dealt with the establishment of the Authority District, the establishment of the development area and an overview of the existing conditions within the development area.

With this information in hand, coupled with the knowledge of some physical developments proposed to take place within the development area in the near future, with one such development underway at the time this report was being prepared, the Authority and its consultant prepared a development plan for the area.

The plan not only reflects the type of land use development projected to take place within the development area, it also maps the various locations in which land use types are envisioned to develop.

Again, these locations are based on:

- Existing land use "fixes" which have, by virtue of their existance, oriented a particular area or areas to certain land use types.

- Known development plans that are to be gotten underway within the near future.

- The desire to create compatability between land use types proposed for development within the plan area and to assure sound land use transitions between nonresidential development and residential development.

The overall intent and purpose of the development plan as noted previously, is to serve as a guideline for the orderly growth and development of the land within the development area and to promote quality development through a planning process that is represented in a well conceived development plan.

The intent of the development plan is also to introduce a diversification of land use types which will enhance the community's image, its appearance, expand its employment opportunities and bolster its tax base.

The following data presented in Table 3 provides a breakdown of the type of land use development proposed for the planning area and a general indication of the number of acres that is planned for the various uses within the development area.

TABLE 3

GENERALIZED LAND USE DEVELOPMENT
BY ACRES AND BY PERCENT OF TOTAL ACRES

Land Use	Acres	Percent Total Land
Single Family or Park	1	0.3%
Office	10	3.0%
Office/Research	62	18.4%
Select Commercial	73	21.6%
Light Industrial	101	30.0%
Rights-Of-Way	90	26.7%
Total Acres	337	100.0%

SOURCE: Vilican-Leman & Associates, Inc., October, 1985.

Since much of the land within the development area already possesses a strong industrial orientation, this orientation is to be continued in the development plan. However, the overall area devoted to industrial land use has been reduced from current industrial zoned acres. The plan is also geared to improving the industrial development standards of the community through a greater emphasis of architectural appearance, landscaping and somewhat more restricted industrial land use types.

The office, research uses envisioned for the development area would be larger complexes, possibly with multi-story buildings in which a variety of administrative, research and light manufacturing would take place.

Select commercial uses would, for the most part, be of the larger planned commercial uses. These uses could include motels, motor hotels, automobile dealerships, commercial centers, etc.

Office uses proposed in the development plan are intended to serve as land use transitions between the more intense uses proposed in the development area and the existing residential neighborhoods adjacent to the development area.

In order to properly and effectively implement the land use proposals of the development plan, public improvements will be required. These improvements range from new streets to major improvements to the Grams Drain. These improvements are identified on the Development Plan Map which is provided in the Mapped Exhibits section of this document.

Proposed public improvements include:

- 8,050 Lineal feet of new paved roads
- 8,850 lineal feet of new watermain
- 9,500 lineal feet of new storm sewer
- 7,072 lineal feet of new sanitary sewers

Other public improvements would include landscape maintenance within an improved Northline Road right-of-way.

At this time no public buildings are proposed and no buildings are to be demolished or relocated by the Authority. The purchase of land for the above listed public improvements is not anticipated either. Rights-of-way and easements would be dedicated to the City after which the improvements would be installed.

The Authority proposes to construct these improvements throughout the development area within the anticipated life of the TIFD using revenues generated by the Tax Increment Financing Plan. Other means of financing proposed improvements may also be used.

For instance, major public improvements, i.e., new roads, sewers and water lines are to be shortly installed within the development area as a part of an Economic Development Corporation (EDC) grant. While these improvements are depicted in the development plan, because they are a part of the plan, they will not be directly paid for as a part of the tax increment financing plan. A loan, given the City by private interests so the EDC grant could be obtained by the City, will be paid back through the tax increment financing plan.

A brief description of the public improvements proposed for the development area follows.

<u>Extension of ASC Drive-Reeck Road to Northline Road</u>
Exhibit E - 3

Estimated Project Cost	$616,650
Funding Source	TIFA Plan
Estimated Startup Date	1993
Estimated Preparation & Construction Time	1 season

Description of Project:

This improvement is intended to open up a large 18 plus acre area of vacant land so that the interior land areas can be properly developed in accordance with the land use patterns depicted on the Development Plan Map. A detailed breakdown of the proposed improvements projected construction costs is provided in the Exhibits section.

Frontage Road-Northside, Northline Road, East of I-75
Exhibit E - 4

Estimated Project Cost	$228,400
Funding Source	TIFA Plan
Estimated Startup Time	1995
Estimated Preparation & Construction Time	1 season

Description of Project:

The frontage road, or what is often referred to as a limited access service drive, is intended to limit the number of turning movements from Northline Road into the fronting properties along the north side of the road, east of I-75. Motor vehicles would turn onto the service drive from strategic access points and then into the properties from the service drive. The drive will permit more efficient and safer traffic flows on Northline Road.

If the four fronting parcels within the development area that would be served by the service drive are assembled into one large land package for development, this service drive may not be necessary. Access for the larger single parcel can be controlled through the City's site plan review process. A more detailed breakdown of the project improvement costs is provided in the Exhibits section.

Reeck Road-Northline Road Intersection Realignment West of I-75
Exhibit E - 5

Estimated Project Cost	$34,800
Funding Source	TIFA Plan
Estimated Startup Date	1995
Estimated Preparation & Construction Time	1 season

Description of Project:

The improvement_project is intended to realign the present Reeck Road intersection with Northline Road, west of I-75 so that the road can eventually be extended south of Northline Road to the west service drive of I-75.

In order to make the extension's connection with Northline Road a proper four-corner intersection, the present intersection will need to be moved approximately 20 to 25 feet to the east. The southward extension can then be developed, avoiding an existing industrial building, that would otherwise be too close to the intersection.

If at a later date the Authority determines that the connector road extension is not warranted, this project would not be necessary. A more detailed breakdown of the project costs is provided in the Exhibits section.

Connector Road, Northline to West Service Drive, West of I-75
Exhibit E - 6

Estimated Project Cost	$92,550
Funding Source	TIFA Plan
Estimated Startup Date	1995
Estimated Preparation & Construction Time	1 season

Description of Project:

The connector road, which in effect would be a southward extension of Reeck Road, west of I-75 is intended to connect with the west service drive of I-75. The extension would serve two purposes. One, it would provide for an alternative traffic movement for traffic seeking Reeck Road on Allen and Northline Road. Two, it would open up vacant interior land areas that are presently landlocked.

Should the landlocked parcels come under development as a part of an adjacent larger parcel with Allen Road frontage as a single parcel development, the connector road may not be necessary. A breakdown of project costs for this improvement is provided in the Exhibits section.

Reeck Road Watermain Extension North of Northline, West of I-75
Exhibit E - 7

Estimated Project Cost	$71,800
Funding Source	TIFA Plan
Estimated Startup Date	1996
Estimated Preparation & Construction Time	1 season

Description of Project:

The wateriine extension is needed to extend water service into a projected development area, to boost water pressure in the area and to loop the system. A breakdown of project costs for this improvement is provided in the Exhibits section.

Carbidex Road, Reeck Road Intersection Relocation
Exhibit E - 8

Estimated Project Cost	$85,500
Funding Source	TIFA Plan
Estimated Startup Date	1996
Estimated Preparation & Construction Time:	1 season

Description of Project:

The existing intersection of Carbidex Road with Reeck Road is too close to the Penn Central railroad, Reeck Road crossing. This is a potentially dangerous situation, which would be eliminated by moving the intersection further south of the rail crossing. Carbidex Road is not a hardsurface road at this time. Paving the relocated intersection is included in the above estimate. A bredkdown of project costs for this improvement is provided in the Exhibits section.

Paving Carbidex Road, Reeck Road to I-75
Exhibit E - 9

Estimated Project Cost	$120,400
Funding Source	TIFA Plan
Estimated Startup Date	1997
Estimated Preparation & Construction Time	1 season

Description of Project:

From its improved intersection relocation project Carbidex Road would be paved to the west right-of-way line of I-75. The road is presently a gravel surface road. A breakdown of the estimated cost of this improvement is provided in the Exhibits section.

Industrial Road Installation, North of Carbidex Road
Exhibit E - 10

Estimated Project Cost	$423,100
Funding Source	TIFA Plan
Estimated Startup Date	1999
Estimated Preparation & Construction Time	1 season

Description of Project:

This improvement involves the construction of a new road that is depicted on the Development Plan Map extending north from Carbidex Road along the west side of I-75, cul-de-sacing at the railroad corridor. The important planning aspect of this road is its location along I-75. This is proposed to encourage industrial development to front the freeway thereby presenting a more attractive appearance to the freeway. A breakdown of project costs for this improvement is provided in the Exhibits section.

Industrial Road Installation, Carbidex Road to Reeck Road
Exhibit E - 11

Estimated Project Cost	$444,900
Funding Source	TIFA Plan
Estimated Startup Date	2000
Estimated Preparation & Construction Time	1 season

Description of Project:

The reasoning behind the construction of this road is the same as the one noted above in the north segment of a proposed industrial road system. An additional reason is also to open up land along the I-75 corridor north of Northline Road, to planned industrial development. A breakdown of project costs for this improvement is provided in the Exhibits section.

An additional project that may need to be considered before extensive future development could take place in the northern portion of the development area is the Grams Drain project. However, because of the substantial cost of this project, which is estimated to be 1.5 million dollars just within the development area, other funds will need to be acquired to undertake this project. Furthermore, before the drain could effectively serve the development area, the drain would need to be improved beyond the Authority District.

Should extensive land development take place within the development area, on what is now vacant land, the substantial tax increments that would be realized from such development could possibly allow for drain improvements within the development area.

<u>Residents In The Development Area</u>

Earlier in this report a brief list of residents living in the development area was provided. This survey was conducted by the City of Southgate to determine if the total number of residents exceeded 100 persons. If the total number of residents exceeded 100 persons, a Development Area Citizens Council would have to be established in accordance with the applicable guidelines set forth in Act 450.

Based on the numerical count submitted by the City, there are eight residents living in the development area as of September, 1985. Because there are less than 100 residents, a Development Area Citizens Council will not be required.

<u>Displacement and Relocation of Residents</u>

The development plan contained in the Exhibits section of this document does not result in the displacement of any residents due to any improvements within the development area that are to be carried out by the Authority. Therefore, no plan for the relocation of displaced residents is required.

If such displacement were to occur, compliance with the relocation provisions of Act 450 is required. At this time, no such program is needed or intended.

The development plan which was reviewed in the previous section is provided for the development area which, as noted previously, is the same in area as the Authority District (Tax Increment Finance District).

The Financing Procedure

The theory of tax increment financing is that public improvements in an area within a municipality will induce additional private development in the area, resulting in greater property tax revenues from the area than would otherwise accrue if no special public development were undertaken. Such increased tax revenues are, therefore, earmarked to pay the cost of such public development.

The amount of money available for tax increment financing is based on the concept of "captured assessed value," which means the increase in assessed valuation of the development area in any given year over the valuation of that area at the time the development plan was adopted. The Act effectively treats all increases in valuation resulting from a development plan, whether or not those increases in fact bear any relation to the development plan. Tax increment revenues for the Authority result from the application of the general tax rates of the incorporating municipality and all other political subdivisions levying taxes in that area, to the captured assessed value.

For example, if the sum total of tax rates levied on property in a project area for all units of government, i.e., City, County and School District, total X number of mills, the tax increment revenues will be those X number of mills applied to the captured assessed value of the development area.

As the City Treasurer collects the general property taxes for all of these units of government from tax payers in the development area, he will deduct that portion of the taxes produced by the captured assessed value and pay them over to the Authority for use on the public projects described in the development plan, or, for use in a debt retirement fund for tax increment bonds. The Act provides that the Authority may enter into agreements with the County Board of Commissioners, the School Board and the municipality to share a portion of the captured assessed value of the district.

There are a number of different types of public improvements which may be financed with incremental tax revenues. These can include; streets, plazas, pedestrian malls, street furniture, parking facilities, recreational facilities, utility lines and bridges. The Authority may only expend the tax increment received for the development program in accordance with the tax increment finance plan. Surplus funds must revert proportionally to the respective taxing bodies.

The Authority must submit an annual report to the governing body of the City of Southgate on the status of the tax increment financing accounts, which must be published in a newspaper of general circulation in the community.

Issuance of Revenue Bonds

Act 450 authorizes the issuance of bonds in anticipation of the collection of tax increment revenues as a means of financing a development plan in a development area. The amount of bonds may not exceed that amount which 80 percent of the estimated tax increment revenue will service with respect to annual principal and interest requirements. The Act provides for the issuance of two types of bonds, these include:

- General Obligation Bonds, issued by the City and secured by the full faith and credit of the City and by tax increment revenues.

- Tax Increment Bonds, issued directly by the Authority with no full faith and credit pledge by either the City or the Authority and which are secured solely by tax increment revenues.

Bonded Indebtedness To Be Incurred

The Tax Increment Finance Authority does not propose to issue any tax increment bonds or to request the issuance of any general obligation bonds at this time.

Duration of Tax Increment Financing Plan

The duration of this tax increment financing plan will be 20 years, or until the tax increment project improvements are completed, whichever is later.

Statement of the Estimated Impact of Tax Increment Financing on Assessed Values of Affected Taxing Jurisdictions

It is proposed that the Southgate City Council adopt this plan before December 31, 1985. The "initial assessed value," as defined in the Act, shall be the 1985 State Equalized Valuation (SEV) of the District, as finally determined by the State Tax Commission. The TIFA proposes that all of the taxes levied by all taxing units on the captured assessed value of real and personal property within the Authority District be used by the Authority for purposes of implementing the plan. The Authority does not intend at this time to enter into agreements with the County Board of Commissioners, the Southgate School Board, or the City to share any portion of the captured assessed value of the District.

The SEV of all real and personal property in the Authority District as of December 31, 1984 is set forth in Table 6, on page E-11 in the Exhibits section of this report. A projection of captured assessed value for the years 1985 through 2005 is also included in Table 6, on page E-11. The taxing units affected by the Tax Increment Financing Plan are listed below:

- The Southgate Public School District (1)
- The City of Southgate
- The County of Wayne
- The Wayne County Intermediate School District
- The Huron Clinton Metropolitan Authority
- Wayne County Community College

An exact measure of the relative impact on each taxing unit is difficult to provide because the perceived impact by each taxing unit's board is partly a subjective undertaking. The perceived impact depends in part on the view of each taxing unit as to whether, or to what extent, it would have received the taxes from increased SEV in the development area, if the development plan were not undertaken.

The impact of the net cost of the Tax Increment Financing Plan, which is recorded in the following Table 4 is estimated to be $2,258,100.

TABLE 4

ESTIMATED IMPROVEMENT COSTS BY PROJE[illegible]

Project - By Priority	Es[illegible]ed Cost
ASC Drive Extension	$ [illegible]650
Frontage Road	$ [illegible]400
Reeck Road Intersection Realignment	$ [illegible],800
Connector Road	$ 92,550
Reeck Road Water Main	$ 71,800
Carbidex Road Intersection Relocation	$ 85,500
Carbidex Road Paving	$ 120,400
Industrial Road Improvement (north)	$ 423,100
Industrial Road Improvement (south)	$ 444,900
TIFA Reimbursement Obligations	$ 140,000
Total Estimated Cost	$2,258,100

By proportioning this amount to each taxing unit's millage rate, a proportional share of the development costs can be estimated. This estimated share or impact of development costs on the taxing units is equivalent to receipts they each would have otherwise collected were the Plan not in effect. This impact is set forth in the following Table 5.

(1) Within the TIFA, is known as the Heintze School District.

TABLE 5
ESTIMATE OF IMPACT OF DEVELOPMENT PROGRAM ON TAXING ENTITIES

Taxing Unit	1985 Tax Rate	Percent of Tot. Millage	Estimated Share of Dev. Cost From Captured Taxes
Southgate Public Schools (1)	38.05	55.3%	$1,248,730
County of Wayne	7.07	10.3%	$ 232,584
Wayne County Intermediate Schools	1.10	1.6%	$ 36,130
Huron Clinton Metropolitan Authority	0.25	0.3%	$ 6,774
Wayne County Community College	1.02	1.5%	$ 33.871
City of Southgate	21.30	31.0%	$ 700,011
Total	68.79	100.0%	$2,258,100

(1) Within the TIFA District, is known as the Heintze Public Schools.

In considering the above figures, the following points should be kept in mind:

1. The impact of the TIFA Plan on each taxing unit is only to the extent of their lack of ability- to THEMSELVES gain benefit of future SEV growth in the Authority District for the duration of the Plan. Annually, each will continue to receive receipts collected on the District's SEV as of 1985 until the termination of the Plan, at which time full benefit of all growth since 1985 will be realizable.

2. The percentages shown above represent shares of the development plan costs over the projected 20 year life of the TIFD,. and not the relative impact of each taxing unit's annual budget.

3. If the Southgate School District grows, the impact of the captured assessed value (CAV) as a percentage of total school tax base will steadily decline over the 20 year life of the program.

4. In addition to the contributions from captured assessed value, the City assumes the potential risk of financing any shortages in revenues that may take place during the program. Thus, the estimated shares presented above for each taxing unit are maximums reached only if the CAV is realized as projected. If shortages occur, the City's share would become larger and the shares of the other taxing units would become proportionally smaller.

5. Most important possibly, it should be remembered that these shares do not represent taxes which the taxing units could have expected to be available for other uses, but rather taxes generated by the stimulus of the development plan being implemented, that may not have been realized otherwise.

Also, while it was indicated previously that the TIFA does not intend to share the CAV with any of the other taxing units, it is possible, that if several major developments do take place as have been considered, within the development plan, the CAV would be higher than projected in Table 7 on page E-12. These windfall revenues could be proportioned back to the various taxing units by the Authority as set forth in Act 450. An alternate approach with increased CAV could be to step up the time schedule for making the projected public improvements thereby reducing the life of the TIFA.

All of these potentials, of course, must be weighed as the pace and potential of the plan is implemented. The plan, as previously noted, can be amended to reflect such changes as it is being administered.

The development program as defined in Act 450 means the program for implementing the development plan. In other words, the order in which those improvements proposed in the development plan are to be made and how they are to be financed based on the revenues projected in the CAV. It also sets forth how, and for what, the annual projected CAV revenues collected throughout the anticipated life of the program will be dispersed.

First, the various public improvements and other known financial payback obligations must be prioritized and their estimated costs assessed against the projected CAV revenues depicted in Table 6, on page E-11.

In the previous section, a list of public improvements, their anticipated startup time and estimated costs are provided. They are contained there in the order of anticipated priority need. Again, the manner in which their cost estimates were developed is provided in the Exhibits section of this report.

Before any actual physical improvements can be made within the development plan, a $130,000 payback obligation to the ASC Company must be satisfied. This money was loaned to the Southgate Economic Development Corporation (EDC) so that the EDC could obtain a substantial federal Community Development Block Grant (CDBG) to install public improvements in a portion of the development plan area before it became a part of the Tax Increment Finance District.

A second payback obligation of the TIFA is to the City of Southgate for reimbursement of monies expended by the City for the Authority to pay for the professional consulting services retained by the Authority to develop the plan ($10,000).

Table 7 provided in the Exhibits section (page E-13) of this document, presents a graphic portrayal of the time periods within the 20 year life of the TIFA that the various payback obligations and proposed public improvements will be scheduled and payment made, based on the projected CAV.

As noted in footnote (c) of Table 7 beyond the year 2000, accumulated revenues to the termination year 2005, of $1,941,367 could be realized. The Authority could, as noted earlier, either terminate the program in the year 2000, five years ahead of schedule, or it could use these monies to install the estimated 1.5 million dollar Grams Drain improvements through the Development Area.

EXHIBITS

City of Southgate
EXECUTIVE OFFICE

JAMES A. KANDREVAS
MAYOR

March 5, 1985

Mr. Richard Austin
Secretary of State
Treasury Building
Lansing, Michigan 48909

RE: Resolution Creating Tax Increment Financing Authority

Dear Mr. Austin:

Attached is a copy of a resolution adopted by City Council on February 6, 1985, which establishes a Tax Increment Financing Authority and designates the boundaries within which this Authority will exercise its power.

This resolution is being forwarded in compliance with Section 3 (3) of Public Act No. 450, 1980. Should you have questions regarding this matter, please contact Terrence Jarvis, City Administrator, at (313) 246-1305.

Sincerely,

James A. Kandrevas
Mayor

cc: City Clerk
City Council (7)
City Treasurer

Attachment

14400 DIX-TOLEDO ROAD • SOUTHGATE, MICHIGAN 48195 • (313) 246-1305

RESOLUTION

NO. 28-8

At a regular meeting of the Southgate City Council called to order by Norma Wurmlinger on February 6, 1985 at 8:00 P.M. the following resolution was offered:.

Moved by Fleming Supported by Torres

RESOLVED, that Council hereby establishes a Tax Increment Financing Authority pursuant to PA 450 of 1980 and designates the boundary of the Authority district within which the Authority shall exercise its power as follows: commencing south at Walnut, easterly to Reeck, northerly to Northline, easterly to Devoe, northerly to railroad tracks, southwesterly to Allen and easterly to Walnut.

Yeas: Nays:

Absent: Motion carried unanimously

I, Robert M. Alexander, Clerk of the City of Southgate, do hereby certify that the foregoing is a true, correct and complete copy of a resolution passed by the Southgate City Council at a regular meeting held on February 6, 1985.

cc: Mayor, Adm., Clerk, Atty., Fin., Bldg., Eng., Treas., Assessor, Treadwel
files

Robert M. Alexander
City Clerk

sr

GENERAL DESCRIPTION OF AUTHORITY DISTRICT

Commencing at a point in the N.E. 1/4 of Section 26 T. 3 S. - R. 10 E., in the City of Southgate, Wayne County, Michigan, being the intersecting point of the south right-of-way line of Walnut Street and the east right-of-way line of Reeck Road; thence north along the east right-of-way line of Reeck Road to the north lot line of lot 188 of Waverly Subdivision No. 2; thence east along the north lot line of lots 188 through 194 of Waverly Subdivision No. 2 to the northeast corner of lot 194; thence south along the east line of lot 194 to the north right-of-way line of Waverly Drive; thence east along the north right-of-way line of Waverly Drive to the west lot line of lot 28 of Waverly Subdivision No. 1; thence north along the west lot lines of lots 28 through 45 of Waverly Subdivision No. 1, to the north lot line of said lot 45; thence east along the north line of said lot 45 to the west right-of-way line of Westminster Road; thence north along the west right-of-way line of Westminster Road to the south right-of-way line of Northline Road; thence east along the south right-of-way line of Northline Road to a point 221 feet west of the west right-of-way line of Devoe Street in the S.E. fractional Section 23 T. 3 S. - R. 10 E.; thence north along the west line of lot 46b and lots 46a through 84 and lot 94 of Schlangers Little Farms Subdivision to a point in a part of P.C.'s 169,121, 179 and 112 and of Fractional Section 23 - T. 3 S. - R. 10 E.; where said north, south line intersects the south right-of-way line of the Penn Central Railroad; thence southwest along the south right-of-way line of said railroad to a point in the N.W. 1/4 of Section 26 T. 3 S. - R. 10 E. where said railroad right-of-way line intersects the centerline of Allen Road; thence south along the centerline of Allen Road to a point where the centerline of Allen Road would intersect the south right-of-way line of an extended Walnut Street; thence east along the south right-of-way line of Walnut Street to the point of beginning.

URBAN ENGINEERING COMPANY

CIVIL ENGINEERING — LAND SURVEYING

6748 ALLEN ROAD
ALLEN PARK, MICH. 48101
Telephone (313) 383-5155

August 23, 1985

1985 CAPITAL COST ESTIMATE FOR PUBLIC IMPROVEMENTS IN SOUTHGATE TIFA DISTRICT

NOTE:

1. Capital Cost does not include ROW land acquisition, street lighting or demolition costs.
2. Paving & Storm Sewer costs are for a 27' B/B - 9" reinforced concrete pavement with enclosed drainage.
3. Water Main costs are for a 12" Ductile Iron water main including valves and hydrants.
4. Sanitary Sewer costs are for a 10" sewer including manholes and leads to property.

E-3 RELOCATED REECK, SOUTH OF NORTHLINE

Paving & Storm Sewer (Blvd.)	2200 L.F. @ $150/L.F.	$ 330,000
Water Main	1600 L.F. @ $34/L.F.	54,400
Sanitary Sewer	2200 L.F. @ $39/L.F.	85,800
Misc. Intersection Re-Work	350 L.F. @ $79/L.F.	27,650

1. 1985 Estimated Construction Cost	$ 497,850
2. Estimated Design & Construction Engineering	39,800
3. Estimated Stake-Out	9,300
4. Estimated Inspection	19,900
5. Contingency	49,800

1985 Estimated Capital Cost .... $ 616,650

E-4 FRONTAGE ROAD ALONG NORTHLINE, EAST OF I-75

Paving & Storm Sewer	1300 L.F. @ $105/L.F.	$ 136,500
Sanitary Sewer	700 L.F. @ $39/L.F.	27,300
Sanitary Sewer Bore	100 L.F. @ $175/L.F.	17,500

1. 1985 Estimated Construction Cost	$ 181,300
2. Estimated Design & Construction Engineering	18,300
3. Estimated Stake-Out	3,400
4. Estimated Inspection	7,300
5. Contingency	18,100
1985 Estimated Capital Cost	$ 228,400

E-5 RE-ALIGN REECK ROAD AT NORTHLINE

Paving & Drainage	250 L.F. @ $110/L.F.	$ 27,500

1. 1985 Estimated Construction Cost	$ 27,500
2. Estimated Design & Construction Engineering	3,000
3. Estimated Stake-Out	600
4. Estimated Inspection	1,000
5. Contingency	2,700
1985 Estimated Capital Cost	$ 34,800

E-6 CONNECTOR ROAD FROM NORTHLINE TO WEST FRONTAGE ROAD

Paving & Storm Sewer	550 L.F. @ $105/L.F.	$ 57,750
Storm Sewer Bore	72 L.F. @ $200/L.F.	14,400

1. 1985 Estimated Construction Cost	$ 72,150
2. Estimated Design & Construction Engineering	8,900
3. Estimated Stake-Out	1,400
4. Estimated Inspection	2,900
5. Contingency	7,200
1985 Estimated Capital Cost	$ 92,550

E·7 REECK ROAD WATER MAIN, NORTHLINE TO END OF EXISTING WATER MAIN IN REECK NORTH OF NORTHLINE

Water Main	1650 L.F. @ $34/L.F.	$ 56,100

1. 1985 Estimated Construction Cost	$ 56,100
2. Estimated Design & Construction Engineering	7,100
3. Estimated Stake-Out	800
4. Estimated Inspection	2,200
5. Contingency	5,600
1985 Estimated Capital Cost..................................	$ 71,800

E·8 RELOCATE CARBIDEX ROAD

NOTE: Grams Drain improvement will locate enclosed Grams Drain within relocated Carbidex.

Paving & Storm Sewer	400 L.F. @ $79/L.F.	$ 31,600
Water Main Relocation (16")	400 L.F. @ $44/L.F.	17,600
Sanitary Sewer Relocation (12")	400 L.F. @ $44/L.F.	17,600

1. 1985 Estimated Construction Cost	$ 66,800
2. Estimated Design & Construction Engineering	8,300
3. Estimated Stake-Out	1,000
4. Estimated Inspection	2,700
5. Contingency	6,700
1985 Estimated Capital Cost..................................	$ 85,500

E·9 PAVE EXISTING CARBIDEX ROAD

NOTE: Grams Drain improvement will locate enclosed Grams Drain within Carbidex.

Paving & Storm Sewer	1200 L.F. @ $79/L.F.	$ 94,800

1. 1985 Estimated Construction Cost	94,800
2. Estimated Design & Construction Engineering	10,900
3. Estimated Stake-Out	1,400
4. Estimated Inspection	3,800
5. Contingency	9,500
1985 Estimated Capital Cost..................................	$ 120,400

E-10 INDUSTRIAL ROAD, NORTH OF CARBIDEX ROAD

Paving & Storm Sewer	1600 L.F. @ $105/L.F.	$ 168,000
Water Main	3200 L.F. @ $34/L.F.	108,800
Sanitary Sewer	1600 L.F. @ $39/L.F.	62,400

1. 1985 Estimated Construction Cost	$ 339,200
2. Estimated Design & Construction Engineering	30,500
3. Estimated Stake-Out	6,000
4. Estimated Inspection	13,500
5. Contingency	33,900
1985 Estimated Capital Cost..................................	$ 423,100

E-11 INDUSTRIAL ROAD, CARBIDEX ROAD TO REECK ROAD

Paving & Storm Sewer	2000 L.F. @ $105/L.F.	$ 210,000
Water Main	2000 L.F. @ $34/L.F.	68,000
Sanitary Sewer	2000 L.F. @ $39/L.F.	78,000

1. 1985 Estimated Construction Cost	$ 356,000
2. Estimated Design & Construction Engineering	32,700
3. Estimated Stake-Out	6,400
4. Estimated Inspection	14,200
5. Contingency	35,600
1985 Estimated Capital Cost..................................	$ 444,900

GRAMS DRAIN IMPROVEMENTS

1. 1985 Estimated Construction Cost	$ 2,963,000
2. Estimated Engineering (Construction & Updating)	34,400
3. Estimated Stake-Out	44,400
4. Estimated Inspection	118,500
5. Contingency	296,300
1985 Estimated Capital Cost..................................	$ 3,456,600

TABLE 6

PROJECTED CAPTURED ASSESSED VALUE AND TAX RECEIPTS
SOUTHGATE HERITAGE CENTER TAX INCREMENT DISTRICT 1986-2005

	Total Real Property SEV	New Hard	New Soft	Total New	Total CAV	Potential Tax Revenues @ 68.79 Mills(2) Annual Collection	Potential Tax Revenues @ 68.79 Mills(2) Cumulative Collection	Uncommitted Cumulative Collections(4)
1985-Base Year	$ 6,940,407(1)							
1986	$ 7,723,145	$643,929	$138,809	$ 782,738	$ 782,738	$ 53,845	$ 53,845	-
1987	$ 8,032,607	$155,000	$154,463	$ 309,462	$1,092,200	$ 75,132	$ 128,977	-
1988	$ 8,193,259	-	$160,652	$ 160,652	$1,252,852	$ 86,183	$ 215,160	$ 75,160
1989	$ 8,357,124	-	$163,865	$ 163,865	$1,416,717	$ 97,456	$ 312,616	-
1990	$ 8,524,266	-	$167,142	$ 167,142	$1,583,859	$108,953	$ 421,569	-
1991	$ 8,694,751	-	$170,485	$ 170,485	$1,754,344	$120,681	$ 542,250	-
1992	$ 8,868,646	-	$173,895	$ 173,895	$1,928,239	$132,643	$ 674,893	-
1993	$ 9,046,019	-	$177,373	$ 177,373	$2,105,612	$144,845	$ 819,738	$ 63,088
1994	$ 9,226,939	-	$180,920	$ 180,920	$2,286,532	$157,290	$ 977,028	-
1995	$ 9,411,478	-	$184,539	$ 184,539	$2,471,071	$169,985	$1,147,013	$ 34,613
1996	$ 9,599,708	-	$188,230	$ 188,230	$2,659,301	$182,933	$1,329,946	$ 60,246
1997	$ 9,791,702	-	$191,994	$ 191,994	$2,851,295	$196,140	$1,526,086	$ 135,986
1998	$10,996,917	$798,929(3)	$406,286(3)	$1,205,215	$4,056,510	$279,047	$1,805,133	-
1999	$11,216,855	-	$219,938	$ 219,938	$4,276,448	$294,177	$2,099,310	$ 286,110
2000	$11,441,192	-	$224,337	$ 224,337	$4,500,785	$309,609	$2,408,919	$ 150,819
2001	$11,670,015	-	$228,823	$ 228,823	$4,729,608	$325,350	$2,734,269	$ 476,169
2002	$11,903,415	-	$233,400	$ 233,400	$4,963,008	$341,405	$3,075,674	$ 817,574
2003	$12,141,483	-	$238,068	$ 238,068	$5,201,076	$357,782	$3,433,456	$1,175,356
2004	$12,384,313	-	$242,830	$ 242,830	$5,443,906	$374,486	$3,807,942	$1,549,842
2005	$12,631,999	-	$247,686	$ 247,686	$5,691,592	$391,525	$4,199,467	$1,941,367

(See following page for footnotes)

TABLE 7

PRIORITY PAYBACK/PROJECT EXPENDITURES
SOUTHGATE TAX INCREMENT FINANCE AUTHORITY 1986-2005

Year	CAV	PRIORITY (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1986 -	53,845											
1987 -	75,132	(a)										
1988 -	86,183	130,000	10,000									
1989 -	97,456	85,160	75,160									
1990 -	108,953	(b)										
1991 -	120,681											
1992 -	132,643											
1993 -	144,845			616,650								
1994 -	157,290			63,088								
1995 -	169,985				228,400	34,800	92,550					
1996 -	182,933				161,963	127,163	34,613	71,800	85,500			
1997 -	196,140							145,746	60,246	120,400		
1998 -	279,047									135,986		
1999 -	294,177										423,100	
2000 -	309,609										286,110	444,900
2001 -	325,350											150,819
2002 -	341,405											
2003 -	357,782											
2004 -	374,486											
2005 -	391,525											(c) 1,941,367

NOTES:

(a) Estimated Project Cost
(b) Estimated Balance after construction costs
(c) Accumulated balance in year 2005

Act No. 450
Public Acts of 1980
Approved by Governor
JAN 15 1981

STATE OF MICHIGAN
80TH LEGISLATURE
REGULAR SESSION OF 1980

Introduced by Senators DeMaso, Kelly and Scott

ENROLLED SENATE BILL No. 1216

AN ACT to prevent urban deterioration and encourage economic development and activity and to encourage neighborhood revitalization and historic preservation; to provide for the establishment of tax increment finance authorities and to prescribe their powers and duties; to authorize the acquisition and disposal of interests in real and personal property; to provide for the creation and implementation of development plans; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to permit the issuance of bonds and other evidences of indebtedness by an authority; and to permit the use of tax increment financing.

The People of the State of Michigan enact:

Sec. 1. As used in this act:

(a) "Authority" means a tax increment finance authority created pursuant to this act.

(b) "Authority district" means that area within which an authority shall exercise its powers and within which 1 or more development areas may exist.

(c) "Board" means the governing body of an authority.

(d) "Chief executive officer" means the mayor or city manager of a city, the president of a village, or the supervisor of a township.

(e) "Development area" means that area to which a development plan is applicable.

(f) "Development area citizens council" or "council" means that advisory body established pursuant to section 20.

(g) "Development plan" means that information and those requirements for a development set forth in section 16.

(h) "Development program" means the implementation of the development plan.

(i) "Governing body" means the elected body of a municipality having legislative powers.

(j) "Municipality" means a city.

(k) "Public facility" means 1 or more of the following:

(*i*) A street, plaza, or pedestrian mall, and any improvements to a street, plaza, boulevard, alley, or pedestrian mall, including street furniture and beautification, park, parking facility, recreation facility,

(157)*

playground, school, library, public institution or administration building, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipeline, and other similar facilities and necessary easements of these facilities designed and dedicated to use by the public generally or used by a public agency.

(*ii*) The acquisition and disposal of real and personal property or interests therein, demolition of structures, site preparation, relocation costs, building rehabilitation, and all administrative costs related to the above, including, but not limited to, architect's, engineer's, legal, and accounting fees as contained in the resolution establishing the district's development plan.

(*l*) "Tax increment district" or "district" means that area to which the tax increment finance plan pertains.

(m) "Tax increment financing plan" means that information and those requirements set forth in sections 13 to 15.

Sec. 1a. This act shall be known and may be cited as "the tax increment finance authority act".

Sec. 2. (1) A municipality may establish not more than 1 authority. An authority shall exercise its powers in all development areas designated pursuant to this act.

(2) The authority shall be a public body corporate which may sue and be sued in any court of this state. The authority possesses all the powers necessary to carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of the authority. The powers granted in this act to an authority may be exercised notwithstanding that bonds are not issued by the authority.

Sec. 3. (1) When the governing body of a municipality determines that it is in the best interests of the public to halt a decline in property values, increase property tax valuation, eliminate the causes of the decline in property values, and to promote growth in an area in the municipality, the governing body of that municipality may declare by resolution its intention to create and provide for the operation of an authority.

(2) In the resolution of intent, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed resolution creating the authority and designating the boundaries of the authority district. Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not less than 20 nor more than 40 days before the date of the hearing. Notice shall also be mailed to the property taxpayers of record in the proposed authority district not less than 20 days before the hearing. Failure to receive the notice shall not invalidate these proceedings. The notice shall state the date, time, and place of the hearing, and shall describe the boundaries of the proposed authority district. At that hearing, a citizen, taxpayer, or property owner of the municipality has the right to be heard in regard to the establishment of the authority and the boundaries of the proposed authority district. The governing body of the municipality shall not incorporate land into the authority district not included in the description contained in the notice of public hearing, but it may eliminate described lands from the authority district in the final determination of the boundaries.

(3) After the public hearing, if the governing body intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members, a resolution establishing the authority and designating the boundaries of the authority district within which the authority shall exercise its powers. The adoption of the resolution is subject to any applicable statutory or charter provisions with respect to the approval or disapproval by the chief executive or other officer of the municipality and the adoption of a resolution over his or her veto. This resolution shall be filed with the secretary of state promptly after its adoption and shall be published at least once in a newspaper of general circulation in the municipality.

(4) The governing body may alter or amend the boundaries of the authority district to include or exclude lands from the district in accordance with the same requirements prescribed for adopting the resolution creating the authority.

Sec. 4. (1) The authority shall be under the supervision and control of a board chosen by the governing body which may by majority vote designate any 1 of the following to constitute the board:

(a) The board of directors of the economic development corporation of the municipality established pursuant to Act No. 338 of the Public Acts of 1974, as amended, being sections 125.1601 to 125.1636 of the Michigan Compiled Laws.

(b) The trustees of the board of a downtown development authority established pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1680 of the Michigan Compiled Laws.

(c) The trustees of the board of an urban redevelopment corporation established pursuant to Act No.

250 of the Public Acts of 1941, as amended, being sections 125.901 to 125.922 of the Michigan Compiled Laws.

(d) The members of the commission established pursuant to Act No. 344 of the Public Acts of 1945, being sections 125.71 to 125.84 of the Michigan Compiled Laws.

(e) Not less than 7 nor more than 13 persons appointed by the chief executive officer of the municipality subject to the approval of the governing body. Of the members appointed, an equal number, as near as practicable, shall be appointed for 1 year, 2 years, 3 years, and 4 years. A member shall hold office until the member's successor is appointed. Thereafter, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses.

(2) The chairperson of the board shall be elected by the board.

(3) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

(4) The board shall adopt rules governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held when called in the manner provided in the rules of the board. Meetings of the board shall be open to the public, in accordance with Act No. 267 of the Public Acts of 1976, as amended, being sections 15.261 to 15.275 of the Michigan Compiled Laws.

(5) Pursuant to notice and an opportunity to be heard, a member of the board appointed pursuant to subsection (1)(e) may be removed before the expiration of his or her term for cause by the governing body. Removal of a member is subject to the review by the circuit court.

(6) All expense items of the authority shall be publicized annually and the financial records shall be open to the public pursuant to Act No. 442 of the Public Acts of 1976, as amended, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

Sec. 5. (1) The board may employ and fix the compensation of a director, subject to the approval of the governing body. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of the office, the director shall take and subscribe to the constitutional oath and furnish bond by posting a bond in the penal sum determined in the resolution establishing the authority, payable to the authority for use and benefit of the authority, approved by the board, and filed with the clerk of the municipality. The premium on the bond shall be considered an operating expense of the authority, payable from funds available to the authority for expenses of operation. The director shall be the chief executive office of the authority. Subject to the approval of the board, the director shall supervise and be responsible for the preparation of plans and the performance of the functions of the authority in the manner authorized by this act. The director shall attend the meetings of the board and shall render to the board and to the governing body a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering upon the duties of the office, the acting director shall take and subscribe to the constitutional oath and furnish bond as required of the director. The director shall furnish the board with information or reports governing the operation of the authority as the board requires.

(2) The board may appoint or employ and fix the compensation of a treasurer who shall keep the financial records of the authority, and who, together with the director, if a director is appointed, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform such other duties as may be delegated by the board and shall furnish bond in an amount as prescribed by the board.

(3) The board may appoint or employ and fix the compensation of a secretary, who shall maintain custody of the official seal and of records, books, documents, or other papers not required to be maintained by the treasurer. The secretary shall attend meetings of the board and keep a record of its proceedings and shall perform such other duties as may be delegated by the board.

(4) The board may retain legal counsel to advise the board in the proper performance of its duties. The legal counsel shall represent the authority in actions brought by or against the authority.

(5) The board may employ other personnel considered necessary by the board.

(6) The employees of an authority may be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees on the same basis as civil service employees.

Sec. 7. The board may:

(a) Prepare an analysis of economic changes taking place in the municipality and its environs as those changes relate to urban deterioration in the development areas.

(b) Study and analyze the impact of growth upon development areas.

(c) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, an existing building, or a multiple family dwelling unit which may be necessary or appropriate to the execution of a plan which, in the opinion of the board, aids in the revitalization and growth of the development area.

(d) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the decline of property values and to promote the growth of the development area, and take such steps as may be necessary to implement the plans to the fullest extent possible.

(e) Implement any plan of development in a development area necessary to achieve the purposes of this act, in accordance with the powers of the authority as granted by this act.

(f) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.

(g) Acquire by purchase or otherwise, on terms and conditions and in a manner the authority considers proper, own, convey, demolish, relocate, rehabilitate, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect thereto.

(h) Improve land, prepare sites for buildings, including the demolition of existing structures and construct, reconstruct, rehabilitate, restore, and preserve, equip, improve, maintain, repair, and operate any building, including any type of housing, and any necessary or desirable appurtenances thereto, within the development area for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.

(i) Fix, charge, and collect fees, rents, and charges for the use of any building or property or any part of a building or property under its control, or a facility in the building or on the property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.

(j) Lease any building or property or part of a building or property under its control.

(k) Accept grants and donations of property, labor, or other things of value from a public or private source.

(*l*) Acquire and construct public facilities.

(m) Incur costs in connection with the performance of its authorized functions, including but not limited to, administrative costs, and architects, engineers, legal, and accounting fees.

Sec. 9. The authority shall be considered an instrumentality of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

Sec. 10. A municipality may take private property under Act No. 87 of the Public Acts of 1980, being sections 213.51 to 213.77 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use as authorized in the development program, on terms and conditions it considers appropriate. The taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

Sec. 11. The activities of the authority shall be financed from 1 or more of the following sources:

(a) Contributions to the authority for the performance of its functions.

(b) Revenues from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements.

(c) Tax increments received pursuant to a tax increment financing plan established under sections 13 to 15.

(d) Proceeds of tax increment bonds issued pursuant to section 15.

(e) Proceeds of revenue bonds issued pursuant to section 12.

(f) Money obtained from any other sources approved by the governing body of the municipality.

Sec. 12. (1) The authority may borrow money and issue its negotiable revenue bonds pursuant to Act No. 94 of the Public Acts of 1933, as amended, being section 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the authority shall not, except as hereinafter provided, be considered a debt of the municipality or of the state.

(2) The municipality by majority vote of the members of its governing body may pledge its full faith and credit limited tax to support the authority's revenue bonds.

Sec. 13. (1) As used in this section and sections 14 and 15:

(a) "Captured assessed value" means the amount in any 1 year by which the current assessed value of the development area, including the assessed value of property for which a commercial facilities exemption certificate has been issued pursuant to Act No. 255 of the Public Acts of 1978, as amended, being sections 207.651 to 207.668 of the Michigan Compiled Laws, and the assessed value of property for which an industrial facilities exemption certificate has been issued pursuant to Act No. 198 of the Public Acts of 1974, as amended, being sections 207.551 to 207.571 of the Michigan Compiled Laws, exceeds the initial assessed value.

(b) "Initial assessed value" means the most recently assessed value, as finally equalized by the state board of equalization, 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. 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 commercial facilities exemption certificate or property for which an industrial facilities exemption certificate is in effect shall not be considered property which is exempt from taxation.

(2) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body. The plan shall be in compliance with section 14, shall include a development plan as provided in section 16, and shall contain a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness, if any, to be incurred, and the duration of the development program. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan.

(3) Approval of the tax increment financing plan shall be in accordance with the notice, hearing, and disclosure provisions of section 17. When the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the members of the county board of commissioners of a county in which any portion of the development area is located and to the members of the school board of any school district in which any portion of the development area is located to meet with the governing body. The authority shall fully inform members of the county boards of commissioners and of the school boards of the fiscal and economic implications of the proposed tax increment financing plan. The members of the county boards of commissioners and of the school boards may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the county board of commissioners, the school boards, and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearing and agreement as required for approval of the original plan.

Sec. 14. (1) The amount of tax increment to be transmitted to the authority by the municipal and county treasurers shall be that portion of the tax levy of all taxing bodies paid each year on real and personal property in the development area on the captured assessed value. For the purposes of this section, that portion of a commercial facilities tax levied pursuant to section 12 of Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, or that portion of an industrial facilities tax levied pursuant to section 11 of Act No. 198 of the Public Acts of 1974, as amended, being section 207.561 of the Michigan Compiled Laws, which is attributable to the captured assessed value of the facility shall be included as a part of the tax increment to be transmitted to the authority.

(2) The authority shall expend the tax increments received for the development program only in accordance with the tax increment financing plan. Surplus funds may be retained by the authority for the payment of the principal of and interest on outstanding tax increment bonds or for other purposes, that by resolution of the board, are determined to further the development program. Any surplus funds not so used shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing property tax laws or a local charter which provides a maximum authorized rate for levy of property taxes. The governing body may abolish the tax increment financing plan when it finds that the purposes for which the plan was established are accomplished. However, the tax increment finance plan may not be

abolished until the principal of and interest on bonds issued pursuant to section 15 have been paid or funds sufficient to make such payment have been segregated.

(3) The authority shall submit annually to the governing body a financial report on the status of the tax increment financing plan. The report shall include: the amount and source of tax increments received; the amount in any bond reserve account; the amount and purpose of expenditures of tax increment revenues; the amount of principal and interest on any outstanding bonded indebtedness; the initial assessed value of the development area; the captured assessed value retained by the authority; and any additional information the governing body considers necessary. The report shall be published in a newspaper of general circulation in the municipality.

Sec. 15. (1) By resolution of its board, the authority may authorize, issue, and sell its tax increment bonds, subject to the limitations set forth in this section, to finance a development program. The bonds shall mature in not more than 30 years and shall be subject to Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Michigan Compiled Laws. The authority may pledge for annual debt service requirements in any 1 year not more than 80% of the estimated tax increment revenue to be received from a development area for that year, and the total aggregate amount of borrowing shall not exceed an amount which the 80% of the estimated tax increment revenue will service as to annual principal and interest requirements. The bonds issued under this section shall be considered a single series for the purposes of section 4 of chapter V of Act No. 202 of the Public Acts of 1943, as amended, being section 135.4 of the Michigan Compiled Laws.

(2) The municipality by majority vote of the members of its governing body may pledge its full faith and credit for the payment of the principal of and interest on the authority's tax increment bonds.

Sec. 16. (1) When a board decides to finance a project in a development area pursuant to this act, it shall prepare a development plan.

(2) To the extent necessary to accomplish the proposed development program the development plan shall contain:

(a) The designation of boundaries of the development area in relation to the boundaries of the authority district and any other development areas within the authority district.

(b) The designation of boundaries of the development area in relation to highways, streets, or otherwise.

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

(d) A description of improvements to be made in the development area, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements.

(e) 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.

(f) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

(g) A description of any parts of the development area to be left as open space and the use contemplated for the space.

(h) A description of any portions of the development area which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

(i) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

(j) An estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing.

(k) 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 and for whose benefit the project is being undertaken, if that information is available to the authority.

(l) 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 express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed to those persons.

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

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

(o) 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, 42 U.S.C. 4601 to 4655.

(p) 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.

(q) Other material which the authority, local public agency, or governing body considers pertinent.

(3) It shall not be necessary for the board to prepare a development plan pursuant to this section where a development plan that adequately provides for accomplishing the proposed development program has already been prepared by any of the organizations described in section 4(1)(a) to (d) and where the development plan has been approved by the board and governing body pursuant to sections 17 and 18.

Sec. 17. (1) The governing body, before adoption of a resolution approving a development plan or tax increment financing plan, shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall not be less than 20 days before the date set for the hearing. Notice shall also be mailed to all property taxpayers of record in the development area not less than 20 days before the hearing.

(2) Notice of the time and place of hearing on a development plan shall contain the following:

(a) A description of the proposed development area in relation to highways, streets, streams, or otherwise.

(b) A statement that maps, plats, and a description of the development plan, including the method of relocating families and individuals who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the public hearing.

(c) Other information that the governing body considers appropriate.

(3) At the time set for hearing, the governing body shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference thereto. The hearing shall provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary evidence pertinent to the development plan. The governing body shall make and preserve a record ~~of the public hearing,~~ including all data presented at that time.

Sec. 18. (1) The governing body, after a public hearing on the development plan or the tax increment financing plan, or both, with notice given pursuant to section 17, shall determine whether the development plan or tax increment financing plan constitutes a public purpose. If it determines that the development plan or tax increment financing plan constitutes a public purpose, it shall then approve or reject the plan, or approve it with modification, by resolution based on the following considerations:

(a) The findings and recommendations of a development area citizens council, if a development area citizens council was formed.

(b) Whether the plan meets the requirements set forth in section 16(2).

(c) Whether the proposed method of financing the development is feasible and the authority has the ability to arrange the financing.

(d) Whether the development is reasonable and necessary to carry out the purposes of this act.

(e) Whether the land to be acquired within the development area is reasonably necessary to carry out the purposes of the plan and the purposes of this act.

(f) Whether the development plan is in reasonable accord with the approved master plan of the municipality, if an approved master plan exists.

(g) Whether public services, such as fire and police protection and utilities, are or will be adequate to service the development area.

(h) Whether changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

(2) Amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.

Sec. 19. A person to be relocated under this act shall be given not less than 90 days' written notice to vacate unless modified by court order for good cause.

Sec. 20. (1) A development area citizens council shall be established if the proposed development area has 100 or more persons residing within it and a change in zoning or a taking of property by eminent domain is necessary to accomplish the proposed development program. The council shall act as an advisory body to the authority and the governing body in the adoption of the development plan or tax increment financing plan.

(2) If a development area citizens council is required, the council shall be appointed by the governing body, and shall consist of not less than 9 members. Each member shall be at least 18 years of age and reside in the development area. The council shall be established at least 60 days before the public hearing on the development plan or the tax increment financing plan, or both.

(3) If a development area citizens council is required pursuant to subsection (1) and if the authority was established pursuant to section 4(1)(a), (b), (c), or (d), a council established in conjunction with any of those boards or commissions, may serve in an advisory capacity to the authority, if the authority determines it is representative of the development area.

Sec. 21. Periodically a representative of the authority responsible for preparation of a development or tax increment financing plan within the development area shall consult with and advise the development area citizens council regarding the aspects of a development plan, including the development of new housing for relocation purposes located either inside or outside of the development area. The consultation shall begin before any final decisions by the authority and the governing body regarding a development or tax increment financing plan. The consultation shall continue throughout the preparation and implementation of the development or tax increment financing plan.

Sec. 22. (1) Meetings of the council shall be open to the public. Notice of the time and place of the meetings shall be posted in at least 10 conspicuous places in the development area accessible to the public not less than 5 days before the dates set for meetings of the council. A person present at those meetings shall have reasonable opportunity to be heard.

(2) A record of the meetings of a council, including information and data presented, shall be maintained by the council.

(3) A council may request of and receive from the authority information and technical assistance relevant to the preparation of the development plan for the development area.

(4) Failure of a council to organize or to consult with and be advised by the authority, or failure to advise the governing body, as provided in this act, shall not preclude the adoption of a development plan by a municipality if the municipality complies with the other provisions of this act.

Sec. 23. Within 20 days after the public hearing on a development or tax increment financing plan, the council, if established, shall notify the governing body, in writing, of its findings and recommendations concerning a proposed development plan.

Sec. 24. A development area citizens council may not be required and, if formed, may be dissolved in any of the following situations:

(a) On petition of not less than 20% of the adult resident population of the development area by the last federal decennial or municipal census, a governing body, after public hearing with notice given in accordance with section 17 and by a 2/3 vote, may adopt a resolution eliminating the necessity of a council for the development area.

(b) If there are less than 18 residents located in the development area eligible to serve on the council.

(c) Upon termination of the authority by resolution of the governing body.

Sec. 25. (1) The director of the authority shall prepare and submit for the approval of the board a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the board, it shall be approved by the governing body. Funds of the municipality shall not be included in the budget of the authority except those funds authorized in this act or by the governing body.

(2) The governing body may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed for designated purposes, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.

Sec. 26. (1) A public facility, building, or structure which is determined by the municipality to have significant historical interests shall be preserved in a manner as considered necessary by the municipality in accordance with laws relative to the preservation of historical sites.

(2) An authority shall refer all proposed changes to the exterior of sites listed on the state register of historic sites and the national register of historic places to the applicable historic district commission created under Act No. 169 of the Public Acts of 1970, as amended, being sections 399.201 to 399.212 of the Michigan Compiled Laws, or the secretary of state for review.

Sec. 27. An authority which has completed the purposes for which it was organized shall be dissolved by resolution of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority shall belong to the municipality.

This act is ordered to take immediate effect.

Willm C. Kandler

Secretary of the Senate.

T. Thos. Thatcher

Clerk of the House of Representatives.

Approved ....

....

Governor.

TAX INCREMENT FINANCE AUTHORITY
(Act 450 Of The Public Acts of 1980, as amended)

ADMINISTRATIVE FLOW CHART

13-Member Board (Authority)
No compensation, all residents of City. All 18 years of age or older.

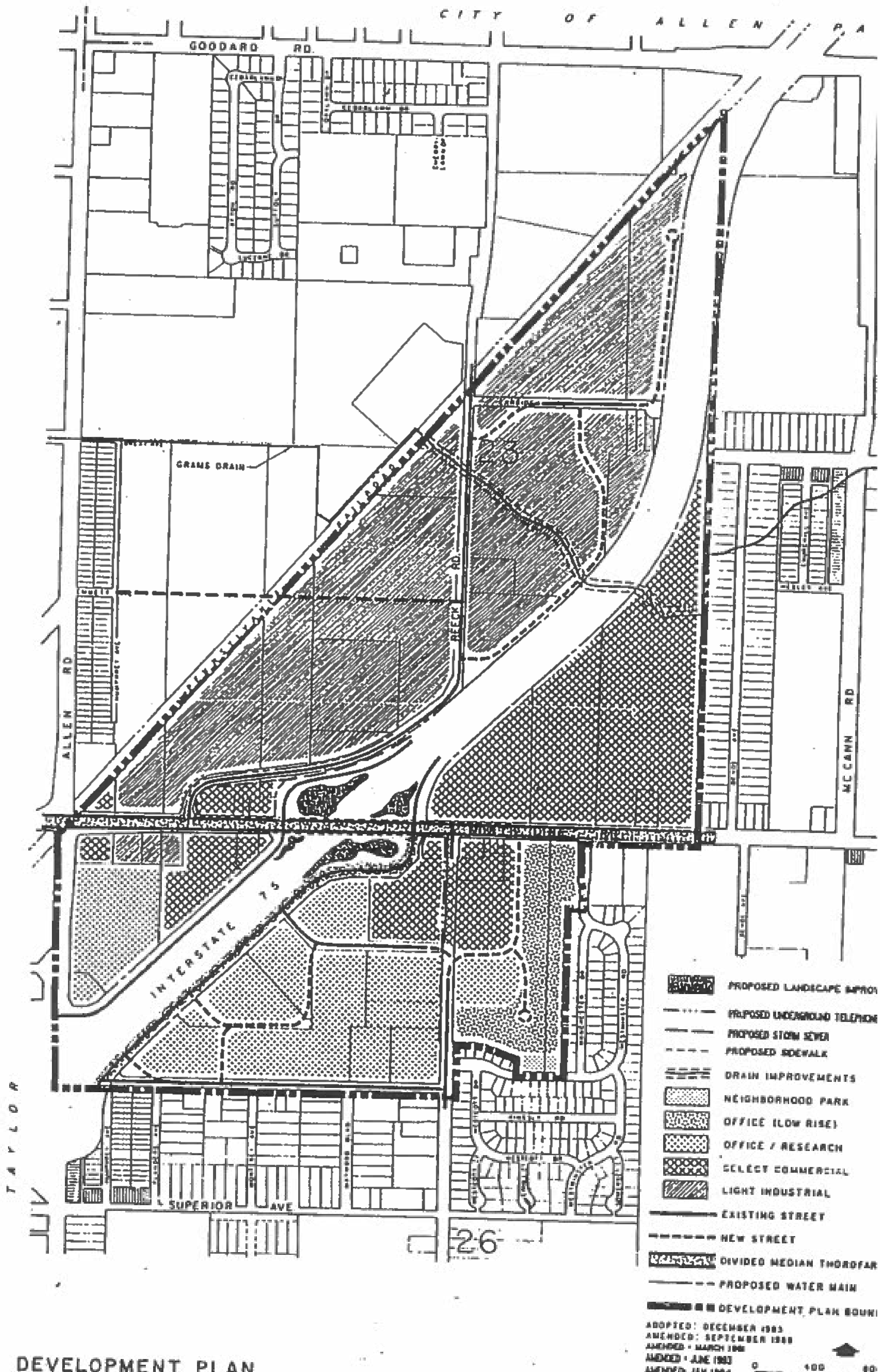
Officers
Compensated - Director
Treasurer, Secretary
Legal Counsel and/or
Consultants as needed

Powers Of Authority

Assemble and analyze data on District Plan and propose changes. Pruchase, convey, lease land or personal property, improve, construct and rehabilitate for public and/or private benefit.
Condemn property (indirectly).

Sources of Funds

Donations
Direct property tax (only used for-operations of Authority)
Monies borrowed
Revenues
Tax Increment Finance System
Others



DEVELOPMENT PLAN
TAX INCREMENT FINANCE AUTHORITY · · · DEVELOPMENT AREA
CITY OF SOUTHGATE, MICHIGAN VILICAN · LEMAN & ASSOCIATES · PLANNING CONSULTANTS