Agenda Item Summary

Meeting of: April 17, 2017

Agenda Item Title: SECOND READING: Ordinance No.179 Downtown Development Authority Amendment to Development and Tax Increment Finance Plan

Submitted by: John P. Hanifan, City Manager

Approved for submittal:

City Manager

Explanation of Agenda Item: Adoption of the attached Ordinance is required to amend the DDA development and Tax Increment Finance Plan.

The attached ordinance is the Second reading. First reading was held and adopted on March 20, 2017. The Second Reading incorporates the required "front end" language and the 2017 Project Amendment Text and TIF Tables.

1) **City Manager Recommended Form of Motion:** City Council should conduct SECOND Reading of the Attached Ordinance NO.179

   AND

   Approve (or not) Ordinance No. 179 (*with any adopted revisions)*.

Names and addresses of those to be notified:

Tom Colis, Miller Canfield

Chelsea DDA

Attachments:

1) Ordinance No.179 Downtown Development Authority Amendment to Development and Tax Increment Finance Plan

2) 2017 Project Amendment Text and TIF Tables

3) Draft Maintenance Plan

All Agenda Item Summaries and any attachments are due in the City Clerk's Office by 5:00 p.m. on the Wednesday prior to the City Council meeting. If the Wednesday prior to the City Council meeting is a holiday, then the submission deadline is 5:00 p.m. on Tuesday.

04/2005

ORDINANCE NO. 179

AN ORDINANCE TO ADOPT AND APPROVE AN AMENDMENT TO THE TAX INCREMENT FINANCING AND DEVELOPMENT PLAN OF THE CITY OF CHELSEA DOWNTOWN DEVELOPMENT AUTHORITY PURSUANT TO THE PROVISIONS OF ACT 197, PUBLIC ACTS OF MICHIGAN OF 1975, AS AMENDED.

WHEREAS, pursuant to Ordinance No. 179 of the then Village Council of the then Village of Chelsea, County of Washtenaw, State of Michigan, predecessor to the City of Chelsea (the "City"), adopted on December 27,1987, the then Village Council, predecesser to the City Council of the City, approved the Tax Increment Financing and Deveiopment Plan (the "Original Plan") of the current City of Chelsea Downtown Development Authority (the "Authority"); and

WHEREAS, certain amendments to the Original Plan were approved in 1990, 2000, 2008 and 2009; and

WHEREAS, the Original Plan, as amended by the 1990, 2000, 2008 and 2009 amendments (hereinafter referred to as the "Plan"), is on file with the city clerk; and

WHEREAS, in accordance with the provisions of Act 197, Public Acts of Michigan, 1975, as amended ("Act 197"), the Authority has prepared and recommended for approval additional amendments to the Plan entitled "Amendment to Tax Increment Financing and Development Plan", which amendments have been presented to the City Council and are on file with the City Clerk (the "2017 Amendment"); and

WHEREAS, on March 20, 2017, the City Council held a public hearing on the 2017 Amendment pursuant to Act 191; and

WHEREAS, the City Council has given the taxing jurisdictions in which the Development Area of the Authority is located an opportunity to meet with the City Council and to express their views and recommendations regarding the 2017 Amendment, as required by Act 197; and

WHEREAS, after consideration of the 2017 Amendment, the City Council has determined to approve the 2017 Amendment to the plan.

NOW, THEREFORE, THE CITY OF CHELSEA ORDAINS:

1. Findings

   a) The Plan, as amended by the 2017 Amendment, meets the requirements set forth in Act 197.

   b) The proposed method of financing the development is feasible and the Authority has the ability to arrange the financing.

   c) The development is reasonable and necessary to carry out the purposes of the Act 197.

   d) The land included within the Development Area to be acquired, if any is reasonably necessary to carry out the purposes of Act 197 and the Plan, as amended by the 2017 Amendment, in an efficient and economically satisfactory manner.

   e) The Plan, as amended by the 2017 Amendment, is in reasonable accord with the master plan of the City.

   f) Public services, such as fire and police protection and utilities, are or will be adequate to service the Development Area.

g) Changes in zoning streets, street levels, intersections, and utilities, to the extent required by the 2017 Amendment, are reasonably necessary for the Plan, as amended by the 2017 Amendment, and for the City.

2. Public Purpose. The City Council hereby determines that the Plan, as amended by the 2017 Amendment, constitutes a public purpose.

3. Best Interest of the Public. The City Council hereby determines that it is in the best interests of the public to proceed with the 2017 Amendment to the Plan in order to halt property value deterioration, to increase property tax valuation, to eliminate the causes of the deterioration in property values, and to promote growth in the Development Area.

4. Approval and Adoption of 2017 Amendment. The 2017 Amendment are hereby approved and adopted. A copy of the Plan and the 2017 Amendment shall be maintained on file in the City Clerk's office.

5. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of the Ordinance are to the extent of such conflict hereby repealed, and each section of the Ordinance and each subdivision of any section hereof is hereby declared to be independent, and the finding or holding of any section or subdivision hereof to be invalid or void shall not be deemed to affect the validity of any other section or subdivision of this Ordinance.

6. Paragraph Headings. The paragraph headings in this ordinance are furnished for convenience of reference only and shall not considered to be a part of this Ordinance.

7. Publication and Recordation. This ordinance shall be published in full promptly after its adoption in the *Sun Times News,* a newspaper of general circulation in the City qualified under State law to publish legal notices, and shall be recorded in the Ordinance Book of the City, which recording shall be authenticated by the signature of the Mayor and City Clerk.

8. Effective Date. The Ordinance is hereby determined by the City Council to be immediately necessary for the interests of the City and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the City Council of the City of Chelsea, County of Washtenaw, State of Michigan, on April 17, 2017.

AYES: Members:

ABSENT: Members:

NAYS: Members:

We hereby certify that the above Ordinance and was duly adopted by the City Council of the City of Chelsea on the 17th day of April, 2017.

_____

Mayor

_____

City Clerk

I hereby certify that the foregoing is a true and complete copy of Ordinance No. 179 adopted by the City Council of the City of Chelsea, County of Washtenaw, State of Michigan, at a regular meeting held on April 17, 2017, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

_____

City Clerk

CITY OF CHELSEA
DOWNTOWN DEVELOPMENT AUTHORITY

AMENDMENT
TO
TAX INCREMENT FINANCING AND DEVELOPMENT PLAN

Plan Approved December 27, 1987
Plan Amended November 27, 1990
Plan Amended May 23, 2000
Plan Amended September 18, 2008
Plan Amended March 10, 2009
Plan Amendment_____, 2017

INTRODUCTION

The Village of Chelsea Downtown Development Authority (the "Authority") and the Village Council of the Village of Chelsea (the "Village") approved and adopted the original Tax Increment Financing and Development Plan (the "Original Plan") in 1987. In 1990 the Authority and the Village Council of the Village approved and adopted an Amendment to Tax Increment Financing and Development Plan (the "1990 Amendment"; the Original Plan as amended by the 1990 Amendment sometimes referred to herein as the "1990 Amended Plan"). In 2000 the Authority and the Village Council of the Village approved and adopted an Amendment to Tax Increment Financing and Development Plan (the "2000 Amendment; the 1990 Amended Plan as amended by the 2000 Amendment sometimes referred to herein as the "2000 Amended Plan"). In 2004 the Village became the City of Chelsea (the "City") and the Authority began operating as the City of Chelsea Downtown Development Authority. In September 2008 the Authority and the City Council of the City approved and adopted an Amendment (the "2008 Amendment") to the 2000 Amended Plan (the 2000 Amended Plan as amended by the 2008 Amendment sometimes referred to herein as the "2008 Amended Plan). In 2009 the Authority and the City Council of the City approved and adopted an Amendment (the "2009 Amendment") to the 2008 Amended Plan (the 2008 Amended Plan as amended by the 2009 Amendment sometimes referred to herein as the "2009 Amended Plan").

Since 1987 the Authority has contemplated and undertaken parking improvements in the downtown area of the City. The Original Plan and all subsequent versions including the 2009 Amended Plan have identified a number of specific parking improvements that the Authority in cooperation with the City have completed. The Authority and the City have identified several parking improvements that they intend to undertake as soon as possible. To accomplish these parking improvements the Authority will be requesting the assistance of the City including the issuance of bonds by the City payable from tax increment revenues pledged by the Authority to pay debt service on these bonds. To enable the Authority and the City to carry out the proposed projects and the financing thereof the 2009 Amended Plan will be amended to increase the maximum bonded indebtedness for which the Authority is obligated and to provide cost estimates for parking improvements not specifically identified in the 2009 Amended Plan.

2017 Amendment Supplements 2009 Amended Plan

The provisions of this amendment (hereafter the "2017 Amendment") is an addition to the 2009 Amended Plan and must be read in concert with the 2009 Amended Plan. The 2017 Amendment refers to sections of the 2009 Amended Plan but does not repeal or abrogate any provision of the 2009 Amended Plan unless expressly stated. (The 2009 Amended Plan as amended by the 2017 Amendment is referred to herein as the "2017 Amended Plan.")

AMENDMENT TO DEVELOPMENT PLAN

The Location, Extent, Character and Estimated Cost of Improvements and Estimated Time for Completion.

Palmer Improvement Project. The Authority proposes to assist the City in the acquisition of property and the construction of parking in the 1.25 acre site on Main Street, across from the Chelsea City Hall. Site preparation, restroom building, covered stage area, brick pavers, landscaping, lighting and improvements are estimated to cost $1,500,000.

Along with an open space area that is approximately 10,000 sq. ft. (100 ft. x 100 ft.), the site specifically shall include:

A. Multi-purpose structure that includes restrooms and storage.

B. A gateway to the site that incorporates the general look and scale of downtown Chelsea.

C. Enhance the lighting of the site with sensitivity to the adjacent residential areas.

E. Provide an elevated performance stage integrated into the building or structure.

F. Commercially scaled utilities – enhance electric service.

G. Site amenities including drinking fountain, water bottle filling station, solar charging station.

H. Storage for Market and other activities.

I. When feasible, utilization of grass pavers or other permeable pavers.

J. Utilization of green technologies: Solar, rain gardens, etc

K. Ensuring that the buffers between the site and the residential properties are not only in compliance with zoning, but are visual enhancements to the project.

Intended uses include but are not limited to: General public gathering space, Farmer's Market, Sounds and Sights Events, four season downtown event space, Stage/Pavilion area rentals for weddings, graduation parties, Library Events, School Events.

The Authority expects to request the City to issue bonds to pay part or all of these costs. The City may pay part of the costs form its funds.

The acquisition and construction of these parking improvements is expected to be completed by 2017.

Park and East Street Parking Lot. The Authority proposes to assist the City in the construction of parking improvements in the Parking Lot at Park East Street.

Site preparation and improvements for parking are estimated to cost $250,000.

The Authority may request the City to issue bonds to pay part or all of these costs or pay with annual TIF capture.. The City may pay part of the costs form its funds.

The acquisition and construction of these parking improvements is expected to be completed by 2019.

Estimate of Cost of Development, Statement of Proposed Method of Financing the Development and the Ability of the Authority to Arrange the Financing.

The estimated cost of the parking improvements described in this 2017 Amendment (including the costs of issuance of bonds) is $[1,500,000]. The City at the request of the Authority will issue bonds in two or more series in an aggregate principal amount not to exceed $[1,500,000] payable from tax increment revenues to pay the costs of the parking improvements. The bonds will be limited tax general obligations of the City and will be repaid from tax increment revenues pledged by the Authority for this purpose.

Act 197, Public Acts of Michigan, 1975, as amended ("Act 197"), requires each development plan to show the proposed method of financing proposed developments (improvements) and the ability of the Authority to arrange the financing. Appendix A to this 2017 Amendment indicates the estimated tax increment revenues available to the Authority to pay the debt service requirements on the proposed issue(s) of bonds. The projected tax increment revenues and the debt service requirements are only estimates and the Authority intends to capture and retain sufficient tax increment revenues to the extent permitted by Act 197 to pay actual debt service on the bonds.

The Authority also intends to capture and retain additional tax increment revenues to pay the costs of other projects and improvements outlined in the 2017 Amended Plan to the extent permitted by Act 197. The Authority intends to continue the capture and to retain tax increment revenues and the levy a millage as permitted by Act 197 to pay administrative costs.

[If the DDA has agreed not to capture debt millage of any entity or for that matter any millage from any tax levying entity, this is the place to say so.]

AMENDMENT TO TAX INCREMENT FINANCING PLAN

Maximum Indebtedness and Duration of 2017 Amended Plan

The maximum amount of bonded indebtedness to be incurred in the future under the 2017 Amended Plan is $[1,500,000].

The 2017 Amended Plan will terminate upon the collection of the last taxes levied for the year 2038.

Estimated Impact on Taxing Jurisdictions

The impact of the 2017 Amended Plan on taxing jurisdictions is estimated in Appendix B. Since the impact is a function of various factors, including

- the tax rates that are established and levied by each taxing jurisdiction
- the appreciation or depreciation of properties within the Downtown Development District; and
- the amount of tax increment revenues retained annually by the Authority to pay debt service on bonds, other project costs and administrative costs.

Appendix B sets forth the assumptions on which the estimated impact is determined.

APPENDIX A

[Insert estimated tax increment revenues available to pay debt service requirements]

APPENDIX B

[Insert estimated impact on taxing jurisdictions]

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EXHIBIT A

ESTIMATED TAX REVENUES AVAILABLE TO PAY DEBT SERVICE

FISCAL YEAR ENDING	ESTIMATED ESTIMATED TAX INCREMENT REVENUE
2018	$441,338
2019	$445,752
2020	$450,209
2021	$454,711
2022	$459,259
2023	$463,851
2024	$468,490
2025	$473,175
2026	$477,906
2027	$482,685
2028	$487,512
2029	$492,387
2030	$497,311
2031	$502,284
2032	$507,307
2033	$512,380
2034	$517,504
2035	$522,679
2036	$527,906
2037	$533,185

APPENDIX B

[Insert estimated impact on taxing jurisdictions]

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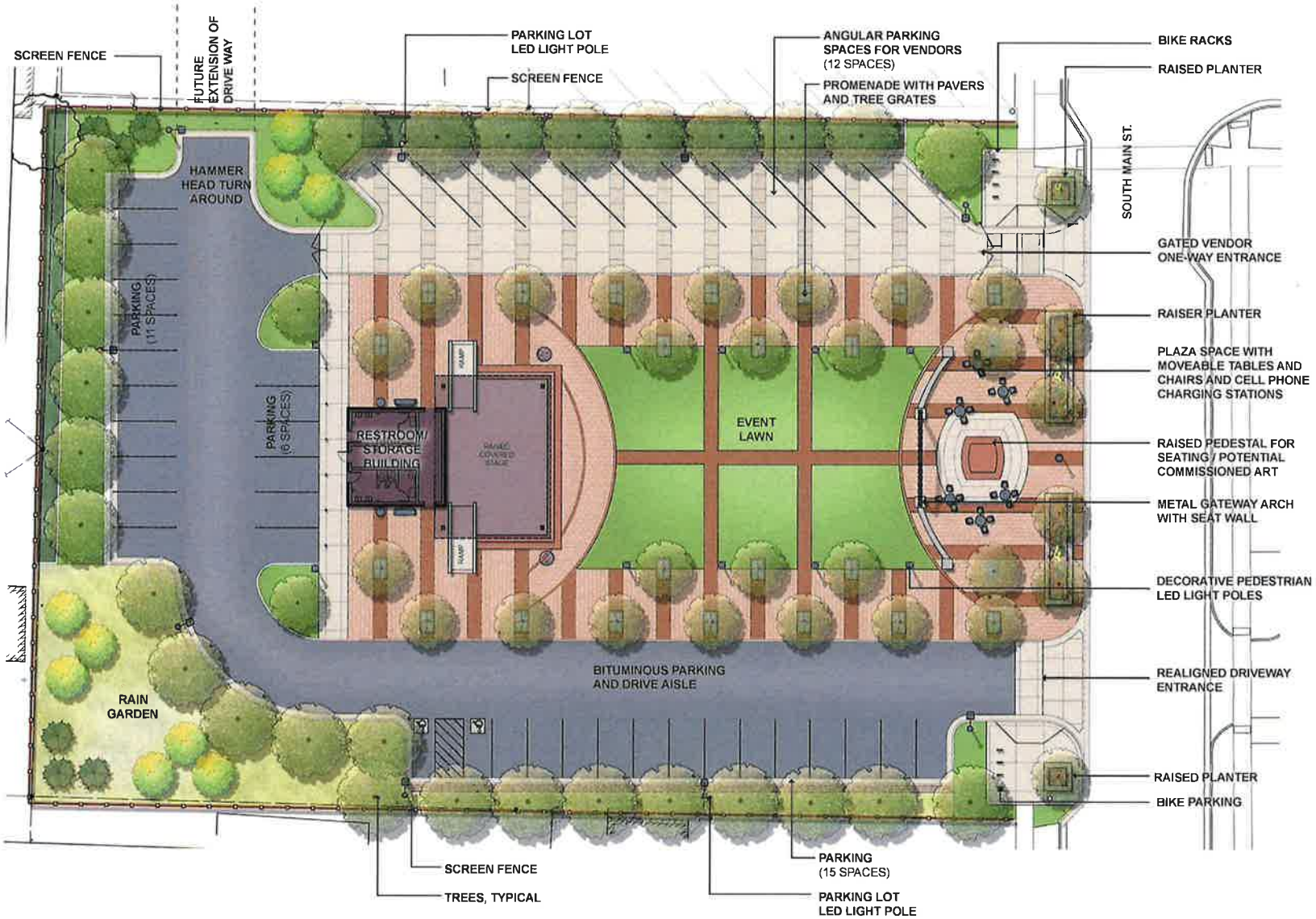
APPENDIX B

City of Chelsea Downtown Development Authority
County of Washtenaw, State of Michigan

Schedule of Projected Tax Increment Revenues
2017 Plan As Amended

TAX YEAR	FISCAL YEAR END	TOTAL CAPTURED VALUE*	Chelsea Schools mills 7.925	Non-Homestead mills 18.000	Washtenaw County mills 5.643	WCC mills 3.458	WISD mills 3.975	State Ed mills 6.000	General Fund mills 11.200	Streets mills 1.220	Solid Waste mills 0.736	DDA mills 1.673	CAFA mills 1.788	Library mills 1.952	ANNUAL TIF CAPTURE
1	2018	$16,900,000	$0	$0	$95,370	$60,434	$0	$0	$189,280	$20,618	$12,430	$0	$30,217	$32,989	$441,338
2	2019	$17,069,000	$0	$0	$96,324	$61,039	$0	$0	$191,173	$20,824	$12,554	$0	$30,519	$33,319	$445,752
3	2020	$17,239,690	$0	$0	$97,287	$61,649	$0	$0	$193,085	$21,032	$12,680	$0	$30,825	$33,652	$450,209
4	2021	$17,412,087	$0	$0	$98,260	$62,266	$0	$0	$195,015	$21,243	$12,807	$0	$31,133	$33,988	$454,711
5	2022	$17,586,208	$0	$0	$99,242	$62,888	$0	$0	$196,966	$21,455	$12,935	$0	$31,444	$34,328	$459,259
6	2023	$17,762,070	$0	$0	$100,235	$63,517	$0	$0	$198,935	$21,670	$13,064	$0	$31,759	$34,672	$463,851
7	2024	$17,939,691	$0	$0	$101,237	$64,152	$0	$0	$200,925	$21,886	$13,195	$0	$32,076	$35,018	$468,490
8	2025	$18,119,087	$0	$0	$102,250	$64,794	$0	$0	$202,934	$22,105	$13,327	$0	$32,397	$35,368	$473,175
9	2026	$18,300,278	$0	$0	$103,272	$65,442	$0	$0	$204,963	$22,326	$13,460	$0	$32,721	$35,722	$477,906
10	2027	$18,483,281	$0	$0	$104,305	$66,096	$0	$0	$207,013	$22,550	$13,594	$0	$33,048	$36,079	$482,685
11	2028	$18,668,114	$0	$0	$105,348	$66,757	$0	$0	$209,083	$22,775	$13,730	$0	$33,379	$36,440	$487,512
12	2029	$18,854,795	$0	$0	$106,401	$67,425	$0	$0	$211,174	$23,003	$13,868	$0	$33,712	$36,805	$492,387
13	2030	$19,043,343	$0	$0	$107,465	$68,099	$0	$0	$213,285	$23,233	$14,006	$0	$34,049	$37,173	$497,311
14	2031	$19,233,776	$0	$0	$108,540	$68,780	$0	$0	$215,418	$23,465	$14,146	$0	$34,390	$37,544	$502,284
15	2032	$19,426,114	$0	$0	$109,625	$69,468	$0	$0	$217,572	$23,700	$14,288	$0	$34,734	$37,920	$507,307
16	2033	$19,620,375	$0	$0	$110,722	$70,162	$0	$0	$219,748	$23,937	$14,431	$0	$35,081	$38,299	$512,380
17	2034	$19,816,579	$0	$0	$111,829	$70,864	$0	$0	$221,946	$24,176	$14,575	$0	$35,432	$38,682	$517,504
18	2035	$20,014,745	$0	$0	$112,947	$71,573	$0	$0	$224,165	$24,418	$14,721	$0	$35,786	$39,069	$522,679
19	2036	$20,214,892	$0	$0	$114,077	$72,288	$0	$0	$226,407	$24,662	$14,868	$0	$36,144	$39,459	$527,906
20	2037	$20,417,041	$0	$0	$115,217	$73,011	$0	$0	$228,671	$24,909	$15,017	$0	$36,506	$39,854	$533,185
		SUB-TOTAL	$0	$0	$2,099,954	$1,330,705	$0	$0	$4,187,757	$453,988	$273,695	$0	$665,353	$726,361	$9,717,833
														TIF TOTAL CAPTURE 2018-2038	$9,717,833

*Assumes 1% annual growth



SITE DESIGN PLAN

PALMER LOT EVENT SPACE

CITY OF CHELSEA, MICHIGAN

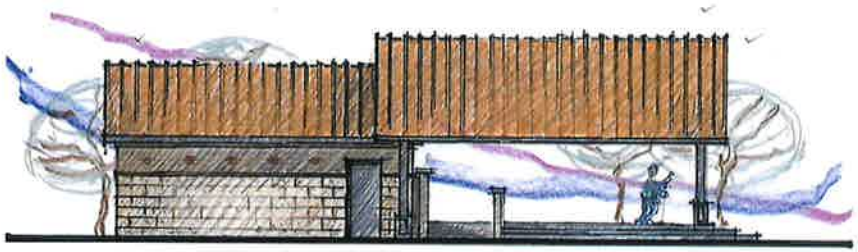
NORTH

SCALE: 0' 10' 20' 30'

DATE 2.22.2017

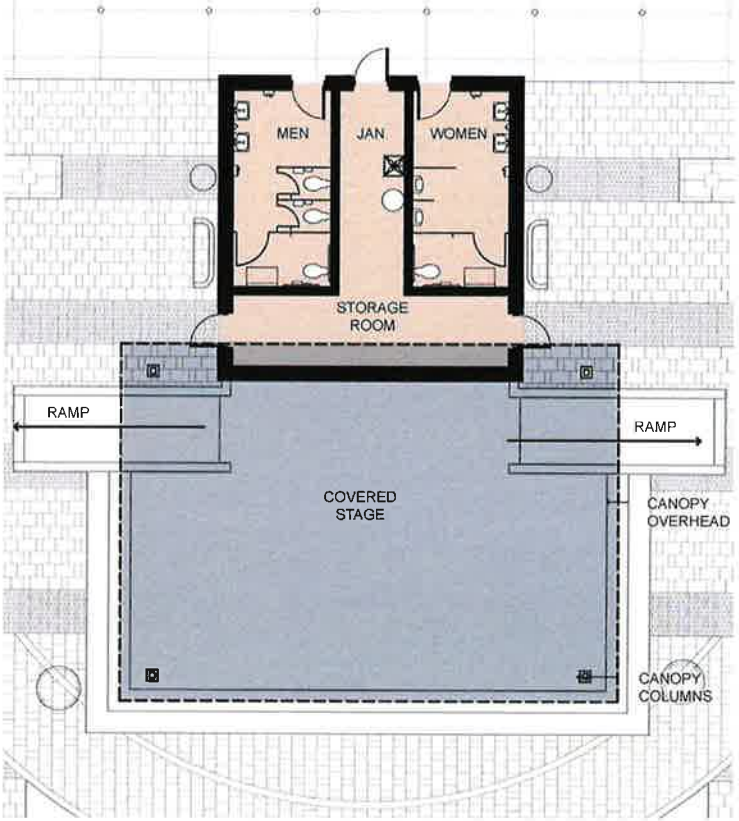
PROJECT NO. 2011

M.C. SMITH ASSOCIATES AND ARCHITECTURAL GROUP, INC.



SIDE ELEVATION

FRONT ELEVATION



BUILDING PLAN

ARCHITECTURAL PLANS

PALMER LOT EVENT SPACE

CITY OF CHELSEA, MICHIGAN

NORTH

SCALE: 0' 5' 10' 15'

DATE 2.22.2017

PROJECT NO. 2011

M.C. SMITH ASSOCIATES AND ARCHITECTURAL GROUP, INC.

City of Chelsea

Department of Public Works

Palmer Lot

Maintenance Plan Draft

1. Facility user safety

Safety is central to all maintenance operations, and is the single most important maintenance concern. Items for consideration include scheduling and documentation of inspections, the condition of surfaces, proper and adequate signage, removal of debris, and coordination with contracted vendors (restroom cleaning) associated with maintenance.

2. Facility inspection

Inspections are integral to all Facility maintenance operations. Inspections will occur on a regularly scheduled basis, the frequency of which will depend on the amount of use, age, and the type of construction. All inspections are to be documented.

3. Trash removal

Trash removal is important from both a safety and an aesthetic viewpoint and includes removing ground debris and emptying trash containers. Trash removal will take place on a regularly scheduled basis, the frequency of which will depend on use and event schedule.

4. Tree and shrub pruning

Tree and shrub pruning will be performed for the safety of Facility users. Pruning will be performed to established specifications on a scheduled and as needed basis, the frequency of which will be fairly low.

5. Mowing of vegetation

Maintenance personnel will mow vegetation in the open area on a scheduled basis.

6. Scheduling maintenance tasks

Inspections, maintenance, and repair of Facility-related concerns will be regularly scheduled. Cleaning of restrooms will be a high priority and the schedule will include multiple cleanings during high use months – May through September. Inspection and repair priorities should be dictated by use, location, and design.

Maintenance to be performed on an irregular or as needed basis:

1. Facility Repair

Repair of asphalt or concrete will be closely tied to the inspection schedule. Prioritization of repairs is part of the process. The time between observation and repair of a Facility will depend on whether the needed repair is deemed a hazard, to what degree the needed repair will affect the safety of the Facility user, and whether the needed repair can be performed by the maintenance crew or if it is so extensive that it needs to be repaired by outside entities.

2. Facility Replacement

The decision to replace a Facility and the type of replacement depends on many factors. These factors include the age of the Facility, and the money available for replacement. Replacement involves either completely overlaying and asphalt Facility with a new asphalt surface, or replacement of an asphalt Facility with a concrete Facility.

3. Snow and ice removal

The assigned maintenance crew will remove snow from as soon as possible after a snowfall. Ice control and removal of ice build-up in a continual factor due to the freeze-thaw cycle. Ice can be removed or gravel/ice melt applied.

4. Weed control

Weed control along will be limited to areas in which certain weeds create a hazard to users. Environmentally safe weed removal methods should be used, especially along waterways.

5. Facility drainage control

In places where low spots on the Facility catch water, Facility surfaces should be raised or drains built to carry away water. Some Facility drainage control can be achieved through the proper edging..

6. Facility signage

Facility signs fall into two categories: safety and information. Facility users should be informed where they are, where they are going, and how to use Facility safely. Signs related to safety are most important and should be considered first. Information signage can enhance the Facility users experience. A citywide system of Facility information signage should be a goal.

7. Revegetation

Green and vegetative areas that have been disturbed for any reason should be revegetated to minimize erosion.

8. Irrigation Start up/Winterization

Annual start up including replacement of any broken sprinkler heads. Winterization including system "blow out" for excess water in lines.

9. Public awareness

Creating an understanding among Facility users of the purpose of and their proper use is a goal of public awareness. Basic concepts of Facility use include resolution of user conflicts, rental scheduling, using receptacles, parking in designated areas, etc.

10. Records

Good record-keeping techniques are essential to an organized program. Accurate logs should be kept on items such as daily activities, hazards found and action taken, maintenance needed and performed, etc. Records can also include surveys of the types and frequency of use of certain Facility sections. This information can be used to prioritize Facility management needs.

11. Graffiti control

The key to graffiti control is prompt observation and removal. During scheduled Facility inspections any graffiti should be noted and the supervisor (s) promptly notified.

12. Law enforcement

A greater law-enforcement effort might be made toward the goal of a safer Facility system. Law enforcement agencies should be aware about the location, and the types and levels of use they receive. Sections of Facility corridors being used by transients is an ongoing problem that is not easily solved. Increased law enforcement awareness will be addressed on an as needed basis.

13. Proper training of employees

Properly training maintenance employees is essential to the efficient operation of the maintenance program. All employees should be thoroughly trained to understand and be aware of all of the above-mentioned aspects of Facility maintenance. Safety, a good work ethic, and proper care of equipment and tools will always be the backbone of a good training program. Employees must also be aware of the need for positive public contact. Proper positive attitude towards public questions and concerns is important, as is the conveyance of this information to their supervisor (s).