

**CITY OF CHELSEA
NOTICE OF ORDINANCE ADOPTION
ORDINANCE NO. 179**

AN ORDINANCE WAS ADOPTED BY CITY COUNCIL ON APRIL 17, 2017 TO AMEND THE TAX INCREMENT FINANCING AND DEVELOPMENT PLAN OF THE CITY OF CHELSEA DOWNTOWN DEVELOPMENT AUTHORITY.

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, predecessor to the City Council of the City, approved the Tax Increment Financing and Development 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: Albertson, Feeney, Johnson, Lindauer, Pacheco, White
ABSENT: Members: Hammer
NAYS: Members: None

FIRST READING: 03/20/2017
SECOND READING: 04/17/2017
PUBLISHED: 04/26/2017
EFFECTIVE: 05/16/2017

A copy of the Ordinance may be inspected at the City of Chelsea Offices, 305 South Main Street, Suite 100, Chelsea, Michigan 48118, during regular business hours, 8:00 a.m. to 4:00 p.m., Monday through Friday, except for legal holidays.

Laura Kaiser, Clerk
CITY OF CHELSEA
305 South Main Street, Suite 100
Chelsea, Michigan 48118

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 April 17, 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 from its funds.

The acquisition and construction of these improvements are 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 from 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.

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

ESTIMATED TAX REVENUES AVAILABLE TO PAY DEBT SERVICE

<u>FISCAL YEAR ENDING</u>	<u>ESTIMATED ESTIMATED TAX INCREMENT REVENUE</u>
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

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

**Schedule of Projected Tax Incremental Revenues
2017 Plan As Amended**

TAX YEAR	FISCAL YEAR	TOTAL CAPTURED VALUE*	Chelsea		Washtenaw			WISD	State Ed	General Fund	Streets	Solid Waste	DDA	CAFA	Library	ANNUAL TIF CAPTURE
			Schools mills 7.925	Non-Homestead mills 18.000	County mills 5.643	WCC mills 3.458	County mills 5.643									
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	\$4,167,757	\$453,988	\$273,695	\$0	\$665,353	\$726,381	\$9,717,833	
															TIF	
															TOTAL	
															CAPTURE	
															2018-2038	
															\$9,717,833	

*Assumes 1% annual growth