

CITY OF AU GRES
TAX INCREMENT FINANCE AUTHORITY

2015 AMENDED
DEVELOPMENT AND TAX INCREMENT FINANCING PLAN

Prepared By:

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Dated:

July 29, 2015

Approved by City Council

Oct 6, 2015

LIST OF OFFICIALS

TAX INCREMENT FINANCE AUTHORITY BOARD

1. Ron Christie, Chairman
2. Dennis Nixon, Vice Chairman
3. Eathel Davis, Secretary
4. La Vern Dittenber
5. Tim Kelley
6. Tom Ennes
7. Marvin Ittner
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2. Keith Edmonds, Mayor Pro Tem
3. Robert Proulx
4. Linda Martin
5. Danny Pockrandt

*Original Members

DEVELOPMENT PLAN AS AMENDED IN 2015

a. Designation of the Boundaries of the Development Area in Relation to the Boundaries of the Authority District

Unchanged, this was set forth on page 3 of the Tax Increment Development Plan and Financing Plan adopted by the City Council on December 17, 1985. A new, updated copy is attached as Appendix A.

b. Designation of the Boundaries of the Development Area in Relation to Highways, Streets, or Otherwise

Unchanged, this is set forth in the Tax Increment Development Plan and Financing Plan adopted by the City Council on December 17, 1985. A new, updated copy is attached as Appendix B.

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

Unchanged. This is set forth in the Tax Increment Development Plan and Financing Plan adopted by the City Council on December 17, 1985. A new, updated copy is attached as Appendix C.

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

1. Court Street - Storm and Sanitary Sewer; Street and Sidewalk Improvements

South of Michigan Avenue, Court Street improvements will extend approximately 1300 feet. New construction will include storm sewer, catch basins, curb and gutter, asphalt road and sidewalks. A portion of storm water runoff will be discharged into the Michigan Avenue storm sewer. The Southerly area drainage within the Court Street road improvement project will discharge Easterly into an existing storm drainage line leading to the Au Gres River. Approximately 2500 feet of new gravity flow sanitary sewer will be constructed along Court Street between the school property and South Street. At approximately half the distance there will be a separation between collection line ends; half of the wastewater collected will be routed Northerly into an existing

collection manhole; the other half will be routed Southerly to a new collection line within South Street. Existing ditches will be eliminated by constructing a storm sewer and enclosing the ditch as part of road reconstruction

Total Estimated Cost	\$380,000
Time for Completion:	6 Years

2. Main Street

North of US 23, Main Street improvements include storm sewer, curb and gutter, park entrances and sidewalks. Approximately 1200 feet of storm sewer, and 3000 feet of curb and gutter will replace an existing open ditch surface water drainage pattern. Runoff collected within a Main Street storm sewer will be routed Westerly, into the Au Gres River. Approximately 3000 feet of sidewalk will be constructed along Main Street and into the City Park, in areas where currently there is no pedestrian walkways.

Estimated costs are as follows:

Main Street N. of US 23

Storm Sewer	\$ 35,000
Sidewalk	35,000
Curb & Gutter	60,000
Bike Path	-0-

Time for Completion:	6 years
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3. Yacht Club Midshipman Drive

Approximately 4000 lineal feet of new, five-foot wide concrete sidewalk will be constructed along one side of Midshipman Drive. This project will provide pedestrians a designated walkway location from the South Street area, Southeasterly into the Yacht Club development. Project cost is estimated to be approximately \$55,000.

Time for Completion:	3 years
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4. Industrial Park

Essentially this is the Industrial Park Project. To date the City has plotted the industrial park as a site condominium layout and constructed a partial entrance, Industrial Drive, with utilities that dead end (water, storm, sanitary and road).

To complete the Industrial Park this project will develop Industrial Drive throughout the park, looping back to Court Street. Each site condominium unit will be provided with complete utilities service, including road, storm sewer, water, fire protection, sanitary sewer, gas, electric, cable and phone. The total estimated cost for complete development of the Industrial Park is \$600,000.

Total Estimated Cost: \$600,000
Time for Completion: 3 years

5. US 23 Corridor Improvements

This project description should supersede the “Old” US 23 Corridor description because it includes US23, in the downtown area, but also expands the corridor improvements along lateral streets including Court Street, Saginaw Street, Luke Street and Water Street. The Corridor Improvement project implements the Michigan concept of “Complete Street.” Complete Street design incorporates promotion of healthy oriented layouts including bike paths, pedestrian and bike crossings. Other corridor improvements include tree plantings, off-street parking facilities, farm market and equipment for sidewalk maintenance and snow removal. The total estimates cost for complete development of the corridor project is \$600,000.

Total Estimated Cost: \$600,000
Time for Completion: 6 years

6. Future Off Street Parking Improvements

It is felt that there will be a need for off street parking if improvements to US-23 are implemented and on street parking is prohibited.

Additional parking is needed in several locations including an off street lot near the Post Office. This new parking lot would consolidate the existing Post Office parking with the new parking to create a large landscaped lot accessible from US-23 and Saginaw Street.

Total Estimated Cost \$100,000
Time for Completion: 6 years

7. Visitor's Information Center

Several public features have been proposed to provide amenities and character that will make AU GRES a desirable setting for businesses. One feature includes a Visitor's Information Center. This improvement will contribute to an enhanced quality of life that is important in attracting and retaining business and visitors.

With the continued development of US 23 Heritage Route and Sunrise Coast promotion of US 23 from Arenac County to Mackinaw City, it is vital that Au Gres position itself as a destination for visitors. A Visitor's Information Center will assist attracting visitors off the freeway and invite them to visit the Au Gres Community.

Total Estimated Cost	\$ 75,000
Time for Completion:	3 years

8. City Park/And Recreation Improvements

Proposed improvements for the City Park located on Main Street north of US-23 include the following:

(a) Landscape Improvements

Landscape screening is proposed along the northern boundary of the park and between the park and Bobb-Busch property to the south.

Total Estimated Cost	\$ 20,000
Time for Completion:	2 years

(b) Sanitary Sewers

The addition of sanitary sewers in the campground to serve individual campsites will eliminate the current need for campers to use self-contained waste receptacles and dispose of those into a single on-site facility. This will make the campground more attractive, particularly to "long-term" campers. Sewer hookups will also help minimize any potential ground contamination problems from dumping or spillage of waste water.

Total Estimated Cost	\$200,000
Time for Completion:	2 years

9. City of Au Gres Parks & Recreation Master Plan Miscellaneous Items, listed and adopted Recreation Master Plan, 2007

- (a) Play equipment, improvements to ball fields, signage, seating & re-surface tennis courts.....\$80,000
- (b) Frisbee Golf Course Development.....\$50,000
- (c) Bike and walking paths (Parks).....\$30,000
- (d) Bandshell at Parks\$80,000
- (e) Blueway/Paddle Trail Au Gres River including signage \$35,000
- (f) Soccer Field Improvements, including seating, parking, lighting.....\$50,000
- (g) Parks & Recreation Master Plan Update.....\$12,500
- (h) Continue Development of pathway trails throughout Au Gres.....\$275,000
- (i) Kinderplatz Park Enhancements Bldg., restrooms, play equipment.....\$110,000
- (j) Riverfront Park Pavilion Development.....\$200,000

ADDITIONAL PROJECTS

10. PARKS

This project will upgrade existing and develop new park properties owned by the City of AuGres. Various upgrades and estimated costs include:

Christmas Decorations: Purchase Christmas decorations to be installed seasonally throughout the parks (\$25,000).

Tree Plantings: Purchase and install various types of decorative and evergreen trees throughout all parks (\$10,000).

Total Estimated Cost for Project 1 = \$35,000.

Time for Completion = 6 years.

11. STREETS/DOWNTOWN/ECONOMIC DEVELOPMENT

An overall goal of the City is to improve the downtown area and attract economic development. Several construction segments will be implemented:

Downtown Streetscape Improvements: Colored brick pavers (\$15,000).

Christmas decorations for streets (\$10,000).

Main Street: Two segments of Main Street have been previously resurfaced (intersection with Baum Road and intersection with US 23). Along the remaining portions of Main Street, this project will upgrade storm sewer and resurface all of Main Street with new HMA and pavements markings (\$608,800).

Of this amount, the City will apply for a potential 80% grant thru the MDOT local road programs.

If successful, the City would be responsible for 20% of estimated costs.

Industrial Park: This project is within Item d.1 of the existing Development Plan (No new cost).

US-23 Irrigation System: Along US 23 and other focal points, an underground irrigation system will be installed to water trees, seasonal plantings and landscaping (\$40,000).

Downtown Façade Grants: Several years ago, the City received a downtown façade grant thru MDOT. The project required business owners to pay for a portion of façade construction, which decreased interest from business owners. Just one business participated.

This project will pay for costs of the application, design and implementation of the program, reducing the business owner share, with the intent of increasing business owner interest (\$50,000).

Street Trees: Throughout City streets, trees will be planted to enhance existing landscape (\$25,000).

Parking Lots: This planned improvement is included within Item d.6 of the existing Development Plan (No new costs).

Boulevard US 23: This planned improvement is included within Item d.5 of the existing Development Plan.

City Wide Signage: Replace and upgrade signage (street names, intersections, stop and yield, pedestrian crossings, speed, school zones) throughout City limits (\$5,000).

Waterfront Development/Acquisitions: The intention with this project is to acquire property for access to the AuGres River (and Lake Huron), as properties become available. Examples of existing sites where the City previously acquired waterfront access include the South end of Main Street and AuGres River Drive. These sites are

landscaped with decks and provide access for small watercraft such as canoes and kayaks (\$50,000).

Total Estimated Cost for Project 2 = \$803,800.

Time for Completion = 6 years.

12. INFRASTRUCTURE/MAINTENANCE/MISCELLANEOUS

Undeveloped areas within City limits do not have water and sewer service. Several properties have become foreclosed upon by lenders and are available for purchase or are vacant and for sale by property owners. This project involves extending utilities services to undeveloped areas and acquiring key properties to be used as economic development incentives:

Sewer and Water Main Extensions (\$150,000).

Property Acquisition (\$150,000).

Total Estimated Cost for Project 3 = \$300,000.

Time for Completion = 6 years.

13. CITY BUILDINGS

Municipal Buildings: Project 4 lumps together “repair and replacement” costs for all municipal buildings. Ongoing expenses include funds for replacement of roofs, windows, doors, driveways, parking lots, electrical, plumbing, flooring, HVAC systems, communication systems and other building infrastructure needs (\$200,000).

Total Estimated Cost for Project 4 = \$200,000.

Time for Completion = 10 years.

14. MISCELLANEOUS

Project 5 consists of City planning for eight (8) miscellaneous projects and purchases:

Clean out sewer ponds: Involves a DEQ permit, bid process for cleaning contractors, the removal of biosolids and injection into farmland, inspection of underlying liner (\$110,000).

Paint water tower: Includes preparation of details, specifications and bid documents, DEQ permit, competitive bid process for construction contract (\$150,000).

Purchase new digital reads for water/sewer meters: Replacement of existing meter heads with automatic read equipment (\$70,000).

Restore harbor facilities (\$20,000).

Herman Street resurface (\$45,000).

Total Estimated Cost for Project 5 = \$395,000.

Time for Completion = 6 years.

Total Estimated Cost: \$4,816,300

- 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**

See (d) above

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

See (d) above

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

Unchanged from original plan

- 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**

None

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

None

- 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**

See Tax Increment Financing Plan

- 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**

None

- 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**

Not Applicable

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

220 persons reside in the Development Area. None are to be displaced.

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

Not Applicable

- 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, 2 U.S.A.. 4601 to 4655**

Not Applicable

- 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**

Not Applicable

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

None

TAX INCREMENT FINANCING PLAN

- (a) **A statement of the reasons that the plan will result in the development of captured assessed value that could not otherwise be expected.**

The City of Au Gres Tax Increment Finance Authority has determined it is necessary to amend the development plan and tax increment financing plan, originally adopted by the City Council on December 17, 1985, amended on March 28, 1996, and Dec 6, 2011, to prevent a decline of growth which could lead to a general decline in property values. The various projects outlined in the development plan will encourage private investment in building improvements, expansion, and new construction.

- (b) **An estimate of the captured assessed value for each year of the plan.**

The actual captured assessed value for 2015 is \$295,850. The estimate of the future captured assessed value after 2015 (assuming an no increase in SEV over the remaining years of the Plan) is \$295,850.

- (c) **The estimated tax increment revenues for each year of the plan.**

The estimated tax increment revenues for the total remaining years of the Plan include no amounts to be captured from school taxes (as there are no eligible obligations issued prior to August of 1993). The only captured taxes are City taxes, County Taxes, Taxes from the Au Gres-Sims Whitney Fire Authority and Taxes from Iosco – Arenac Library and Iosco County Road Millage. These estimates are based on 2015 estimated capture (see Appendix D) and assume that there will be no annual increase.

**Estimates of Amounts
Necessary to Retire to Existing Obligations**

It is estimated that the amounts shown below will be needed to pay of the existing obligations of the Authority. The balance shown below will be available to use for the projects approved in the development plan either in cash or to be used to retire bonds issued for that purpose.

**Estimated Revenues from Captured Taxes
Available to be Used for New Projects**

The unallocated Fund cash balance on June 30, 2015 was \$ 200,275. This is available for expenditure on the Development Plan.

In addition, the following amounts are estimated to be available for expenditures on the Development Plan in future years.

Year Ending June 30	Total Estimated Revenues	Due on Prior Obligations	Balance Available for Expenditure on Plan
2016	\$295,850.00	\$ 45,252.50	\$250,597.50
2017	\$295,850.00	\$ 38,910.00	\$256,940.00
2018	\$295,850.00	\$ 42,520.00	\$253,330.00
2019	\$295,850.00	\$ 41,015.00	\$254,835.00
2020	\$295,850.00	\$ 39,501.25	\$256,348.75
2021	\$295,850.00	\$ 42,860.00	\$252,990.00
2022	\$295,850.00	\$ 45,990.00	\$249,860.00
2023	\$295,850.00	\$ 0	\$295,850.00
2024	\$295,850.00	\$ 0	\$295,850.00
2025	\$295,850.00	\$ 0	\$295,850.00
2026	\$295,850.00	\$ 0	\$295,850.00
2027	\$295,850.00	\$ 0	\$295,850.00
2028	\$295,850.00	\$ 0	\$295,850.00
2029	\$295,850.00	\$ 0	\$295,850.00
2030	\$295,850.00	\$ 0	\$295,850.00
2031	\$295,850.00	\$ 0	\$295,850.00
2032	\$295,850.00	\$ 0	\$295,850.00
2033	\$295,850.00	\$ 0	\$295,850.00
2034	\$295,850.00	\$ 0	\$295,850.00
2035	\$295,850.00	\$ 0	\$295,850.00
2036	\$295,850.00	\$ 0	\$295,850.00
2037	\$295,850.00	\$ 0	\$295,850.00
2038	\$295,850.00	\$ 0	\$295,850.00
2039	\$295,850.00	\$ 0	\$295,850.00
2040	\$295,850.00	\$ 0	\$295,850.00

(d) A detailed explanation of the tax increment procedure.

Tax increment financing permits the Authority to capture tax increment revenues attributable to increases in the value of real and personal property resulting from the acquisition and construction of property as defined in Act 450. Property value increases may or may not be directly attributable to the construction of the public facilities.

At the time the original tax increment financing plan was approved by the City Council the value of the eligible property to which the plan pertains (the "Initial Assessed Value") was established. The Initial Assessed Value is the State Equalized Value of the eligible property on that date.

In each subsequent year for the duration of the tax increment financing plan the "Current Assessed Value" of the eligible property will be determined. The Current Assessed Value for each year is the State Equalized Value of the eligible property for that year.

The amount by which the Current Assessed Value exceeds the Initial Assessed Value in any one year is the "Captured Assessed Value". For the duration of the tax increment financing plan the local taxing jurisdictions will continue to receive tax revenues based upon the Initial Assessed Value. The Authority, however, receives that portion of the tax levy of all taxing jurisdictions paid each year on the Captured Assessed Value of the eligible property included in the tax increment financing plan.

For example, in year one (1985) a tax increment financing plan relating to eligible property having a state equalized value of \$1,000,000 has been established. The Initial Assessed Value was \$1,000,000. Assume that the tax rate applicable to the eligible property is 21.27 mills. In year one no taxes on the eligible property will be paid to the Authority. In year two, because of the construction of eligible property, the state equalized valuation of the eligible property is \$2,000,000. The Current Assessed Value in year 1985 is \$2,000,000 and the captured Assessed Value of \$1,000,000 (\$2,000,000 less than the Initial Assessed Value of \$1,000,000). The Authority would receive tax increments of \$21,270 (21.27 mills times \$1,000,000). The jurisdictions would receive \$21,270 (21.27 mills times \$1,000,000 which represents the Initial Assessed Value. In each subsequent year for the duration of the tax increment financing plan a similar computation would be made.

(e) The maximum amount of bonded indebtedness to be incurred.

The Authority and the City may issue bonds to finance some or all of the costs of any of the various projects described in the Development Plan. The actual amount of bonds to be issued will not exceed the total amount of bonds which can be repaid from the net TIF revenues to be collected in years ending June 30, 2016 through June 30, 2040 after the payment of prior obligations. The actual total principal amount of bonds which can be issued will depend upon the actual revenues in future years and the prevailing interest rates at the time the bonds are issued. At this time, it is not possible to specify a minimum or maximum amount except by reference to the estimated revenues to be collected. A pro forma bond issue using all of the estimated captured revenues and assuming an interest rate of _____% per annum is set forth on Appendix F. There may be several bond issues at various points and the capital interest rate on the issue or issue may be lower to higher than _____% per annum. If it is lower, more bonds could be issued than are shown.

(f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, the amount of advances by others to be repaid from tax increment revenues.

These amounts are not yet established. The City may issue bonds to be paid in part from TIF revenues and, if so, these will be included in the maximum amount of bonded indebtedness.

(g) The costs of the plan anticipated to be paid from tax increment revenues as received.

This amount will vary depending upon the actual amount of bonds to be issued.

(h) The duration of the development plan and the tax increment financing plan.

The original development plan and tax increment plan adopted December 17, 1985 provided for capturing assessed value through June 30, 2004. The 2011 amended development plan and tax increment financing plan extended to June 30, 2035.

(i) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the development area is located.

The Amended Tax Increment Financing Plan will impact the City and County tax revenues by continuing to capture such revenues between the years 2011 and 2040. This will have the effect of reducing those tax revenues. However, the improvements made under the Development Plan may result in further future valuation increases for years after 2035, which will make up for the lost revenue. The impact of this continued capture is estimated in Appendix F. The amounts shown there will, assuming the increases projected, be lost revenues to the City, County and other taxing jurisdictions where taxes are captured.

APPENDIX D

CITY OF AU GRES

2016 Capture TV - \$11, 400,000

ESTIMATED TIF COLLECTION

Unit	Millage Amount	Capture	Total Collection
City of AuGres	16.7558	\$ 11,400,000	\$ 191,000
Iosco Arenac Library	.4912	\$ 11,400,000	\$ 5,600
County of Arenac	6.7056	\$ 11,400,000	\$ 76,450
Fire Authority	1.0	\$ 11,400,000	\$ 11,400
County Road	1.0	\$ 11,400,000	\$ 11,400

Total Capture \$ 295,850

Estimated figures based on estimates from 2015 tax values and 2015 tax rates.



\$995,000
CITY OF AU GRES
CAPITAL IMPROVEMENT BONDS, SERIES 2015

ESTIMATED DEBT SERVICE SCHEDULE

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Total</u>
05/01/16	\$55,000.00	2.00%	\$14,300.00	\$69,300.00	\$69,300.00
11/01/16			13,750.00	13,750.00	
05/01/17	55,000.00	2.00%	13,750.00	68,750.00	82,500.00
11/01/17			13,200.00	13,200.00	
05/01/18	60,000.00	2.00%	13,200.00	73,200.00	86,400.00
11/01/18			12,600.00	12,600.00	
05/01/19	60,000.00	2.50%	12,600.00	72,600.00	85,200.00
11/01/19			11,850.00	11,850.00	
05/01/20	60,000.00	2.50%	11,850.00	71,850.00	83,700.00
11/01/20			11,100.00	11,100.00	
05/01/21	60,000.00	2.50%	11,100.00	71,100.00	82,200.00
11/01/21			10,350.00	10,350.00	
05/01/22	65,000.00	3.00%	10,350.00	75,350.00	85,700.00
11/01/22			9,375.00	9,375.00	
05/01/23	65,000.00	3.00%	9,375.00	74,375.00	83,750.00
11/01/23			8,400.00	8,400.00	
05/01/24	65,000.00	3.00%	8,400.00	73,400.00	81,800.00
11/01/24			7,425.00	7,425.00	
05/01/25	70,000.00	3.00%	7,425.00	77,425.00	84,850.00
11/01/25			6,375.00	6,375.00	
05/01/26	70,000.00	3.25%	6,375.00	76,375.00	82,750.00
11/01/26			5,237.50	5,237.50	
05/01/27	75,000.00	3.25%	5,237.50	80,237.50	85,475.00
11/01/27			4,018.75	4,018.75	
05/01/28	75,000.00	3.25%	4,018.75	79,018.75	83,037.50
11/01/28			2,800.00	2,800.00	
05/01/29	80,000.00	3.50%	2,800.00	82,800.00	85,600.00
11/01/29			1,400.00	1,400.00	
05/01/30	80,000.00	3.50%	1,400.00	81,400.00	82,800.00
	<u>\$995,000.00</u>		<u>\$250,062.50</u>	<u>\$1,245,062.50</u>	<u>\$1,245,062.50</u>

Interest Start Date (Dated Date): 11/01/15