

# **CITY OF CHEBOYGAN**

## **Amended Downtown Development Authority Plan**

Adopted by City Council  
September 11, 2018

**&**

## **Amended Tax Increment Financing Plan**

Adopted by City Council  
September 12, 2017

**CITY OF CHEBOYGAN**  
**AMENDED DOWNTOWN DEVELOPMENT**  
**AUTHORITY PLAN 2018**  
**Adopted by the City Council: September 11, 2018**

**INTRODUCTION**

The Downtown Development Authority (DDA) Plan for the City of Cheboygan follows the format of Act 197 of Michigan Public Acts of 1975, as amended.

**BOUNDARIES AND EXISTING LAND USE**

The boundaries of the Downtown Development Authority (DDA) District are described as follows: Commencing at Reference Point No. 4 of the Mich. Dept of Natural Resources Environmental Area No. 5-9 Boundary Description in Cheboygan Township, T39N, R1W, Michigan, Sections 29 and 30; distant from POB at the ordinary high water line of Lake Huron where it intersects the NW right-of-way of Huron Street; th SW'ly along said right-of-way 560 ft; th N 56 deg W 360 ft; th S 20 deg E 160 ft; th S 64 deg W 225 ft; th S 44 deg W 470 ft; th N 82 deg W 170 ft; th N 4 deg W 200 ft; th N 72 deg W 500 ft; to said Reference Point No. 4; th from said point of commencement S 78 deg W 330 ft; th S 16 deg W 280 ft; th S 53 deg E 610 ft; th S 36 deg W to the northern right-of-way line of Lake St; th E'ly along said right-of-way to centerline of Cass Street; th S'ly along said centerline to S'ly right-of-way First St; th E'ly along said right-of-way to centerline of Clinton St; th S'ly along said centerline to N'ly right-of-way of Mackinaw Ave; th W'ly along said right-of-way 199 ft more or less to centerline of May St extended; th S'ly along said extended center line to S'ly terminus of May St; th W'ly 24 ft more or less to W'ly right-of-way of May St; th S'ly along W'ly right-of-way of May St extended 168 ft more or less to centerline of Backus St; th E'ly along centerline of Backus St to centerline of Huron St; th S'ly along centerline of Huron St 151 ft; th W'ly at right angles to centerline of Huron St 231 ft more or less to W'ly line of alley; th S'ly along said W'ly line of alley to S'ly right-of-way of Division St; th W'ly along said right-of-way to E'ly right-of-way of Dresser St; th S'ly along said right-of-way to the S'ly right-of-way of Elm St.; th E'ly to the E'ly right-of-way of Huron St. th S'ly along E'ly right-of-way of Huron St to a point which is 122 ft S'ly of the intersection of S'ly right-of-way of Locust St and E'ly right-of-way of Huron St; th E'ly at right angles to said E'ly right-of-way 99 ft; th S'ly parallel to E'ly right-of-way of Huron St to centerline of Nelson St; th E'ly along said centerline, across the Cheboygan River, to centerline of "A" St extended; th N'ly along said extended centerline to centerline of State St; th E'ly along centerline of State St to centerline of Coast Guard Drive; th N'ly along said centerline to intersection with the ordinary high water line of Lake Huron; th W'ly along said ordinary high water line, across the Cheboygan River to the point of commencement.

The existing use of the land within the DDA District is shown on a map included on page 17 of this report.

**LAND USE PLAN**

The DDA Plan has as its goal the improvement of the functional quality as well as the aesthetics of Cheboygan's downtown area while preserving its character where warranted. A detailed listing of projects and programs, as well as recommendations, follow.

**NOTE:** Proposed projects and programs are listed by number to provide reference in other sections of this Plan. No priority is designated. Priorities as they relate to the DDA Plan will be established by the DDA Board of Directors and recommended to the Mayor and City Council.

**PRIORITY PROJECTS**

**PROPOSED METHOD OF FINANCING**

	Total Cost	D.D.A.	City	Private Developers	Grants
<p><b>1. Goals, Objectives &amp; Priorities as recommended by the Cheboygan Downtown Blueprint</b>                      Pursuit and funding of the goals, objectives and priorities as recommended by the Cheboygan Downtown Blueprint 2004 document. The Cheboygan Downtown Blueprint 2004 document is therefore included in this Plan by reference.</p>					
<p><b>2. Riverfront Hotel</b>                      The development and construction of an approximate 100-room hotel, including restaurant and conference facilities, on the east bank of the Cheboygan River just north of State Street with Coast Guard Drive being the east boundary thereof.</p>	\$6,000,000	-0-	-0-	\$6,000,000	
<p><b>3. Recreation Vehicle Park and Water Park</b>                      The development and construction of a recreation vehicle park north of Lake Street behind the Department of Public Works yard, and the construction of a water park to the south of Lake Street behind Cheboygan Lumber Company property on the Triangular shaped piece of City-owned property.</p>	\$4,054,000	\$ 54,000	-0-	\$4,000,000	
<p><b>4. Riverfront Boardwalks</b>                      The construction of boardwalks on both sides of the Cheboygan River, where conditions permit, from the mouth of the River all the way up to the south boundary of the DDA District. The development of the boardwalk shall include viewing overlooks or areas and restrooms at convenient intervals.</p>	\$ 804,000	\$302,000	\$ 34,000	\$ 434,000	\$34,000 Coastal Management Program Grant
<p><b>5. Footbridge over River at Washington Park</b></p>	Completed.				
<p><b>6. Washington Park Improvement</b></p>	Completed				

**PRIORITY PROJECTS**

**PROPOSED METHOD OF FINANCING**

	Total Cost	D.D.A.	City	Private Developers	Grants
<b>7. Gordon Turner Park Pavilion</b>					
The construction of a 130' x 230' building for picnicking, recreation tennis, community events, senior citizens and ice-skating	\$ 350,000	-0-	-0-	-0-	\$175,000 Land & Water Conservation Fund Grant. \$175,000 Fund Raising Drive
<b>8. Traffic Signing</b>	Completed				
<b>9. Unightly Structures</b>					
Removal or restoration of unsightly property, after identification of such as being unsightly; within a reasonable period of time.	\$ 500,000	-0-	-0-	\$500,000	
<b>10. Main Street Mall</b>					
The development of the Main Street Project encompassing the two (2) block area between Main Street and Huron Street, and Division and State Streets. The Mall to include interior hallways and second story walkways, including an amphitheater common area, with the possibility of underground parking. Said Mall to eventually encompass Backus Street between Main and Huron Streets.	\$5,035,000	-0-	-0-	\$5,000,000	\$25,000 Start-Up Grant of Small Cities Program
<b>11. Downtown Parking Structure</b>					
The construction of a two (2) elevated story parking structure providing for approximately 140 parking spaces per floor. The proposed area would be at the northwest corner of Division and Huron Streets with relocation of existing residential dwellings at the site and relocation of the Citizens Bank Drive-In facility to the southeast corner of Division and Dresser Streets. In the event the Drive-In facility cannot be relocated, the parking facility will be constructed over the top of the Drive-In facility.	\$1,700,000	\$1,700,000	-0-	-0-	
<b>12. Municipal Marina</b>					
The development of a municipal boat marina, with approximately 85 slips, on the east side of the River across from the Main Street Moorings condo development.	\$5,000,000	-0-	-0-	-0-	State of Michigan Waterways

**PRIORITY PROJECTS**

	PROPOSED METHOD OF FINANCING			
	Total Cost	D.D.A.	City	Private Developers Grants
<b>13. Opera House Sidewalk Canopy</b> The construction of a canopy over the north sidewalk of the Opera House/City Hall building property.	\$ 25,000	\$ 25,000	-0-	-0-
<b>14. Existing Parking Lot Improvement</b> Restoration, resurfacing and improving from a practical and aesthetic standpoint The current city parking lots within the DDA District, those being listed as follows: (a) State Street west of Water Street (b) City Hall parking lot (c) Southwest corner of Division and Huron Streets (d) Water Street parking lot	\$ 20,000	-0-	\$ 20,000	-0-
<b>15. Sidewalk Improvement</b> The construction, improvement and reconditioning of all sidewalks within the DDA District.	\$1,500,000	-0-	-0-	\$1,500,000
<b>16. Riverfront Hotel</b> The construction of a 75-room hotel, with provision for additional 75 rooms, at the mouth of the Cheboygan River, on that property immediately adjacent to and south of the lighthouse on the west side of the River.	\$3,000,000	-0-	-0-	\$3,000,000
<b>17. Nature Trail</b> The development of a nature trail on the east side of the River in the area of the current sawdust pile and within the boundaries of the DDA District.	\$ 3,000	-0-	\$ 3,000	-0-
<b>18. Farmers' and Artisans' Market</b> The acquisition of the Cheboygan County Road Commission Garage and property and the use of that property as a farmers' and artisans' market.	\$ 50,000	\$ 50,000	-0-	-0-

**PRIORITY PROJECTS**

	PROPOSED METHOD OF FINANCING				
	Total Cost	D.D.A.	City	Private Developers	Grants
<b>19. Town Square and Fountain</b> The removal of the Car Wash on the northwest corner of Main and State Streets and the development of a town square with a park and fountain area.	\$ 100,000	\$ 100,000	-0-	-0-	
<b>20. Gas Storage Tank Removal</b> Removal of the large gas storage tanks on the east side of the River and the development of those properties into condominium or multi-dwelling residential areas.	\$1,000,000	-0-	-0-	\$1,000,000	
<b>21. Main Street Canopies/Awnings</b> Recommendation and deployment of attractive canopies/awnings along Main Street on business building fronts.	\$ 20,000	-0-	-0-	\$ 20,000	
<b>22. Waterway Interpretive Plan</b> Implementation of the Inland Waterway Interpretive Plan, as drafted by Michigan State University, within the DDA District.	\$ 5,000	\$ 5,000	-0-	-0-	
<b>23. Footbridge over River at Nelson Street</b> The construction of a pedestrian footbridge across the Cheboygan River from Nelson Street extended across the River. The bridge shall have a minimum of 21 feet clearance above the normal high water mark.	\$ 185,000	\$ 165,000	-0-	-0-	\$20,000 (1/3 of) Krammer Land Trust Fund Grant
<b>24. Yacht Club and Slip Ownership</b> The establishment of a yacht club with ownership of boat slips at the present Lund Marina property on the east side of the River.	\$1,000,000	-0-	-0-	\$1,000,000	
<b>25. Riverfront Hotel</b> The development and construction of a 150-room hotel immediately south of the proposed County Marina on the west side of the River with River frontage and adjacent boat slips, currently identified as Durocher Dock & Dredge property.	\$7,500,000	-0-	-0-	\$7,500,000	

**PRIORITY PROJECTS**

**PROPOSED METHOD OF FINANCING**

	Total Cost	D.D.A.	City	Private Developers	Grants
<b>26. Zoological Park</b> Defer for future consideration the establishment of a zoological park in the sawdust pile area on the east side of the River within the DDA District, to be connected with similar type park to be developed in the same area next to the boundaries of the DDA District.	\$ 110,000	\$ 10,000	\$ 50,000	\$ 50,000	
<b>27. Botanical Park</b> Defer for future consideration the establishment of a botanical park near the footbridge connecting Washington Park with the Major City Park on the east side of the River.	\$ 30,000	\$ 10,000	\$ 10,000	\$ 10,000	
<b>28. Festival Square</b> The former Woolworth Building having been removed with funds partially provided by a MEDC Community Development Block Grant, the Downtown Development Authority and City plan to erect an open air pavilion and create traffic circulation to the north and south.	\$ 759,000	\$ 345,000	\$ 115,000	\$ 299,000	
<b>29. Port of Cheboygan</b> DDA is ready, willing and able to facilitate, encourage, and help any manufacturer that wants to use the Port of Cheboygan.					
<b>30. Riverfront Improvements</b> Improve riverfront properties owned by the City with the installation of kayak launches, upgrades to seawalls and electrical, and development of raingardens, landscaping and greenspace.	\$2,000,000	\$500,000	\$500,000	-0-	\$1,000,000
<b>31. RV Park Development on the east side of the Cheboygan River</b> Possible development in Major City Park of 50-70 units.	\$900,000	\$100,000	\$100,000	\$700,000	\$700,000
<b>32. Any Improvements to Festival Square</b> Create a grand entrance and improve aesthetics on Main Street to accommodate event attendees as well as provide a sense of place.	\$100,000	\$50,000	-0-	-0-	\$50,000

**PRIORITY PROJECTS**

**PROPOSED METHOD OF FINANCING**

	Total Cost	D.D.A.	City	Private Developers	Grants
33. Michigan Main Street Apply to Michigan Main Street Select Level for certification. Follow recommendations from Michigan Main Street upon certification.	\$70,000	\$50,000	\$20,000	-0-	
34. Installation of Wi-Fi throughout the downtown area Create a Wi-Fi umbrella along Main Street.	\$10,000	\$10,000	-0-	-0-	

**NOTE:** Cost estimates are derived from various sources and are not to be construed as offers. All cost estimates are subject to negotiation or bid.



## **OTHER DEVELOPMENT PLAN PROGRAMS**

In addition to those projects listed above, this DDA Plan includes as further goals those items set forth below. The goals set forth below are proposed to be accomplished through public investment or through cooperation between the DDA and/or other service related organizations and the City of Cheboygan.

1. Continued remodeling and restoration of store fronts – prefer to restore them to the City’s architectural style and appearance.
2. Renovation of rear building facades and creation of rear entrances which are attractive and convenient to shoppers using the improved rear pedestrian walks or parking areas.
3. Self-policing employee parking plan.
4. Street loading restrictions.
5. Develop bike parking locations.
6. Continued beautification.
7. Planting and continued maintenance of flowers along entrance highways to Cheboygan.
8. Stricter enforcement of existing zoning and signing laws.
9. Marketing and promotion activities.

## **DEMOLITION PLANS**

1. In order to construct Project 2, the Riverfront Hotel, it will be necessary for private developers to demolish four (4) residential buildings and three (3) commercial buildings. It is not proposed that these buildings be acquired by public condemnation to accelerate this redevelopment effort.
2. In order to construct Project 10, Main Street Mall, it will be necessary for private developers to demolish one (1) gas station building. It is not proposed that this building be acquired by public condemnation to accelerate this redevelopment effort.
3. In order to construct Project 11, Downtown Parking Structure, it will be necessary for the public to demolish three (3) residential buildings, and relocate the Citizens Bank Drive-In office across Division Street. It is not proposed that these buildings be acquired by public condemnation to accelerate the redevelopment of this public area.
4. In order to construct Project 19, Town Square and Fountain, it will be necessary for the public to demolish one (1) car-wash building. It is not proposed that this building be acquired by public condemnation to accelerate the redevelopment of this public area.
5. In order to accomplish Project 20, Gas Storage Tank Removal, it will be necessary for the current owners, or future owners to demolish the tank-farms. It is not proposed that these sites be acquired by public condemnation to accelerate this redevelopment effort.
6. In order to accomplish Project 25, Riverfront Hotel, it will be necessary for private developers to demolish two (2) shop buildings. It is not proposed that these buildings be acquired by public condemnation to accelerate this redevelopment effort.

## **SCHEDULE**

The project schedule set forth below is based on a "pay-as-you-go" approach relative to the early funding of development projects, with possible utilization of a bond issue at such place in time when the amount of revenue being realized under a tax increment financing plan is sufficient to support such an issue. Each project will employ standard design, bid and construction practices. Based on the projected revenues set forth in Table 1 on page 3 of the Tax Increment Finance Plan, the estimated schedule of completion being as follows:

Goals, objectives and priorities as recommended in the Cheboygan Downtown Blueprint to be completed by 2009; other projects by 2022.

## **OPEN SPACE**

Project 10 proposes a Main Street Mall for the two (2) block long area from State Street to Division Street, between Main Street and Huron Street. This Mall will provide an all-weather focus for community activity. Enclosed access will be provided for all existing and proposed buildings in this two block area.

At the center of the Mall will be common areas, in which people can meet to talk, people-watch, or eat. The commons will include a mini-amphitheater for the staging of more formal activities, or to function as a play area for children. The Mall will also be utilized as a gallery for exhibitions of local history or culture, or to display works by regional artisans.

## **RELATIONSHIP WITH CITY GOVERNMENT**

The City Manager shall be appointed as the Director of the DDA until such time as a full-time director is employed. The DDA will require other services of the City. The DDA may provide financial contributions to the City in recognition of services provided. The City will pay start-up costs, or in some cases advance funds to cover operating costs until the DDA has funds to reimburse the City.

As is current Plan, zoning within the DDA District meets the needs of the DDA Plan.

The Backus Street right-of-way between Huron Street and Main Street, which was not designated as a street when it was originally platted, will be vacated for use as part of Main Street Mall; some public utilities will need relocation because of this street vacation.

## **ACQUISITION AND DISPOSITION**

The DDA Plan has already resulted in voluntary proposals being submitted to the City for real property acquisition. Where such voluntary proposals are not received or successfully negotiated, the Real Property Acquisition Policies Act of 1970, as amended, will be followed, and proper procedures adopted.

## **RESIDENTS IN THE DISTRICT**

Based on an estimate from a survey conducted by the City in November of 1985 which examined all structures in the DDA District, there are 131 residents within the District. This total includes the following:

1. Residents in exclusively residential structures	82
2. Residents in apartments within commercial structures	<u>49</u>
Total Residents	131

A ten (10) member Citizen's Advisory Council, which is required by statute if there are 100 or more residents, was appointed by the Mayor and City Council on November 12, 1985. The Citizen's Advisory Council held its first meeting in the City Hall on December 4, 1985.

## **DISPLACEMENT OF PERSONS**

The downtown development will not result in the involuntary displacement of any residents in the District. The seven (7) existing nonconforming residential structures to be demolished are not proposed to be acquired by public condemnation to accelerate redevelopment; neither are the 15 to 20 commercial buildings, two (2) of which house residents.

Therefore, no plan for provision of costs of relocating persons displaced by the development is required, although the necessity of compliance with relocation provisions in Act 197, P.A. of 1975 as amended (The Downtown Development Authority Act), if such displacement were to occur, is acknowledged, and costs would be provided from DDA funds if required.

## **RELOCATION ASSISTANCE ADVISORY SERVICES**

The DDA Director's Office shall perform the following relocation assistance advisory services for any displaced person which results from acquisition of real property pursuant to this DDA program:

1. Determine the needs of displaced persons for relocation assistance.
2. Assist owners of displaced businesses in obtaining and becoming established in comparable facilities.
3. Supply information on federal, state and local programs offering assistance to displaced persons.
4. Assist in minimizing hardships to displaced persons in adjusting to relocation.
5. Coordinate the relocation activities with other state or federal agencies which may affect the carrying out of the relocation program.
6. Assure that there will be available, within a reasonable time prior to displacement, decent, safe and sanitary dwellings in areas not less desirable with regard to public utilities and public and commercial facilities, within the City of Cheboygan, at rents or prices within the financial means of the families and individuals displaced, equal in number to the number of an available to the displaced persons requiring them and reasonable accessible to their places of employment, free from discrimination of any kind.

**DESCRIPTION OF HOUSING SUPPLY (Updated February 2012)**

Private Units in existence		1883
Private Units under construction		0
Public Units in existence		186
Public Units under construction		0
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Owner occupied units		1259
Renter occupied units		624
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Condition of units in existence	Very good -	10%
	Good -	20%
	Fair -	50%
	Poor -	20%
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Annual turnover rates	Owner occupied units -	2.5%
	Renter occupied units -	30%
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Sale price ranges:		
Single Family Homes		\$15,000 to \$300,000
Rental (per unit)		\$10,000 to \$ 20,000
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Rental rate range (monthly)		\$400 to \$1,000
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Housing demand indicators:		
Vacant Units		10.5%
Homes for sale - 6%	Annual Single Family Home Sales-	2.5%
Residential S.E.V. Increase		-3.5%

Based on this information, it is apparent that supply exceed demand in the Single Family Housing Market.

Annual home sales are exceeded by vacancies five times, and by homes for sale nearly two times. The 3% increase in State Equalized Value is the only indicator that suggests a rise in housing demand. These facts further illustrate the availability of housing to those families and individuals who may be displaced by implementation of the DDA Plan and program.

## DDA DISTRICT RESIDENTIAL SURVEY

Pursuant to Act 197 of PA 1975, Section (17) (1), a survey of residential occupancy within the DDA District was conducted by the DDA during November 1985. Possible displaced persons are included in this survey.

STREET ADDRESS	NUMBER OF PERSONS RESIDING	INCOME	PROPOSED FOR DEMOLITION
219 Coast Guard Drive	4	Soc. Sec.	X
209 Coast Guard Drive	3	Soc. Sec.	X
119 Coast Guard Drive	2	Soc. Sec.	X
115 E. State Street	3	ADC	X
117.5 E. State Street	6	ADC	
206 W. State Street	3	ADC	X
209 W. State Street	4	11,000	X
417 W. State Street	4	14,500	
421 W. State Street	2	Soc. Sec.	
435 W. State Street	2	Soc. Sec.	
101 May Street	2	20,000	
105 May Street	2		
238 Backus Street (unit 1)	4		
238 Backus Street (unit 2)	3		
238 Backus Street (unit 3)	1		
234 Backus Street	2		
230 Backus Street	2		
220 Backus Street	7	25,000	
216 Backus Street (unit 1)	1		
216 Backus Street (unit 2)	1	8,000	
216 Backus Street (unit 3)	3		
415 N. Main Street (4 units)	3		
302 N. Main Street (6 units)	10	SS/ADC	
232.5 N. Main Street	1		
218 S. Main Street	1	Soc. Sec.	
201 S. Main Street	2		
757 N. Main Street	2		
753 N. Main Street	2		
707 N. Main Street	3		
124 N. Huron Street (2 units)	3		
319 N. Huron Street (6 units)	8		X
325 N. Huron Street (4 units)	5		X
90 Lake Street	4	ADC	
400 W. First Street	2		
417 W. First Street	4	ADC	
412 Mackinaw Avenue	2		
337 Water Street	5		
340 Water Street (6 units)	2		
100.5 S. Main Street (unit 1)	3		
100.5 S. Main Street (unit 2)	2		
100.5 S. Main Street (unit 3)	3		
208.5 S. Main Street	1	9,000	
210 S. Main Street	2		
<b>TOTALS</b>	<b>131</b>	<b>N.A</b>	<b>8</b>

**CITY OF CHEBOYGAN**  
**AMENDED TAX INCREMENT FINANCING PLAN**  
**Adopted by the City Council: September 12, 2017**

**INTRODUCTION AND BACKGROUND**

Act 197 of Michigan Public Acts of 1975, as amended, authorizes several potential sources for the public financing of the DDA development activities. These potential sources of funds include:

1. Donations to the DDA from individuals and corporations, including philanthropic foundations, for the performance of its functions.
2. Revenues from any property, building, or facility owned, leased, licensed or operated by the DDA or under its control.
3. Money borrowed, with the approval of the City Council, by the issuance of DDA revenue, bonds or notes.
4. Proceeds of a tax of not more than two (2) mills levied, with the approval of the City Council, on property located within the DDA District.
5. Proceeds from a special assessment district created as provided by law.
6. Proceeds of a tax increment financing plan established under law and approved by the City Council.
7. Money obtained from other sources approved by the City Council, including various government grant programs.

Donations from individuals or corporations and revenues from property owned or under the control of the DDA have very limited potential as sources of funds. As for the borrowing of funds by the issuance of bonds or notes, the ability to do so is conditioned upon the DDA having revenue sources available with which to pay the principal and interest on such bonds or notes. The levy of a tax or the creation of a special assessment district are, for reasons both practical and political, the least desirable means of obtaining DDA funds and their implementation, though permitted, is doubtful. The application for funds under government grant programs is a highly competitive and time-consuming process and such grant programs are therefore not the most feasible source of funds. Thus, the tax increment financing plan becomes a major factor in the DDA Plan, both because it is the most practical source of funds for the public financing of development activities and because it enables all affected taxing units to share in the public investment, from which they will all eventually receive a proportionate benefit.

The use of a Tax Increment Financing (TIF) Plan is relatively new to Michigan law, having first been introduced under Act 197 of PA 1975, as amended, and repeated under the Tax Increment Finance Authority Act (Act 450 of PA 1980, as amended). The process set forth in these acts is virtually identical; the major difference being that PA 197 limits the Tax Increment Financing (TIF) District to the boundaries of the DDA District, while PA 450 allows the TIF District to encompass any and all property located within a City.

Under a TIF Plan, the amount of tax revenues available to the DDA is that portion of the tax levy of all taxing units paid each year on the captured assessed value of all property located within the TIF District. The captured assessed value is the amount in any one year by which the current assessed value of all taxable property located within the TIF District exceeds the initial assessed value.

The initial assessment value is the most recently assessed value of all taxable property located within the TIF District at the time the ordinance establishing the TIF Plan is approved. The TIF Plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the DDA is clearly stated in the plan. The tax revenues may be used to fund development projects on a "pay-as-you-go" basis, i.e., with projects being developed as revenues become available, or development projects may be financed by the issuance and sale of tax increment bonds and the tax revenues, subject to certain limitations set forth in the law, being pledged for the payment of principal and interest on the bonds. The sale of a bond issue would facilitate the implementation of necessary public improvements, but this method of financing is not practical during the initial stages of development because of the anticipated tax revenues that would be available for payment of principal and interest on the bonds.

When the purposes for which the TIF Plan as established have been accomplished and the principal and interest on any bonds issued under the plan have been paid, or funds sufficient to make such payments have been segregated, the plan is dissolved and the captured assessed value is released and thereafter will inure to the various taxing units. Any excess tax revenues on hand at the time of dissolution will revert proportionately to the respective taxing units and from that point on all taxes levied on the increased assessed values (captured assessed value) will be received by the taxing units. In the meantime, the taxing units will continue to receive all taxes levied on the initial assessed value as it existed at the time the TIF Plan was established.

The justification for the TIF Plan is based on the principal that all or a portion of the captured assessed value resulting from implementation of the development plan would not have occurred were it not for the stimulation provided by the investment of tax revenues on public improvements carried out under the plan. Thus, the relatively short term investment made by the taxing units in temporarily foregoing tax revenues is more than offset by the long term benefit of a permanent increase in assessed value greater than what would have otherwise been realized in the normal course of events. Furthermore, growth within the DDA District will also promote growth in the surrounding areas, which will result in immediate increased assessed values to the benefit of all taxing units.

### **TAX INCREMENT FINANCING PLAN**

Pursuant to Act 197 of PA 1975, which provides for amendments to an approved development plan or tax increment financing (TIF) plan provided such amendments are submitted by the Downtown Development Authority Board of Directors to the governing body for approval subject to the same notice and public hearing provisions that are necessary for approval or rejection of the original plan provisions which include the holding of a duly noticed public hearing and the subsequent adoption of the plan by the City Council, the TIF Plan of the DDA shall be as follows:

**PURPOSE:** The purpose of the TIF Plan is to provide the DDA with a means of producing the funds necessary to achieve the public improvements and investments provided for in the DDA Plan.

**TIF DISTRICT:** The TIF District shall be limited to the boundaries of the DDA District.

**INITIAL ASSESSED VALUE:** The initial assessed value of the TIF District is \$6,317,775, which represents the 1985 assessed value, as finally equalized by the state board of equalization, of all taxable property located within the boundaries of the TIF District.

**ADDITIONAL ASSESSED VALUE:** The additional assessed value of the TIF District is \$101,400, which represents the 2017 assessed value of the additional real property added to the District by amendment, as finally equalized by the state board of equalization. Total Base Value of the TIF District as of 2018 is \$6,419,175.

**PORTRION OF CAPTURED ASSESSED VALUE TO BE USED:** The DDA intends to use all of the captured assessed value in pursuance of the development plan.

**BONDED INDEBTEDNESS:** The DDA intends to initially fund development projects as tax revenues become available and without the issuance and sale of bonds. However, the DDA reserves the right to seek authority for a bond issue at some future date should circumstances warrant such action, with the provision that any such bond issue would be for a term not longer than that permitted by law and that the aggregate amount of such bonded indebtedness not exceed an amount which eighty percent (80%) of anticipated tax revenues will service as to annual principal and interest requirements.

**DURATION OF THE PROGRAM:** The program of tax increment financing shall continue for a period of thirty-seven (37) years or until the development projects called for in the DDA Plan are accomplished, whichever occurs first.

**PROJECTION OF CAPTURED ASSESSED VALUE AND REVENUES FOR FISCAL YEAR ENDING 2008 THROUGH THE FISCAL YEAR ENDING 2018:** Revenues to the Downtown Development Authority as a result of Tax Increment Financing Plan originally adopted have totaled \$3,146,379 through the City of Cheboygan fiscal year ending 2010. Based on the projection of revenues as presented in Amended Table 1, a total of \$5,862,949 over the 37-year life of the Tax Increment Financing Programming is based on the following assumptions:

1. It is assumed that the total tax rate of 26.5 mills currently being assessed by the taxing units eligible for tax capture will remain unchanged over the life of the program. Any increase in the millage by one or more of the taxing units would result in a corresponding increase in revenues to the DDA.
2. 0% growth for the years 2012 through 2014; 1.5% growth for the years 2015 through 2022.

**TABLE 1**  
**PROJECTION OF CAPTURED ASSESSED VALUE AND REVENUES**

YEAR	C.A.V.	C.A.V. GROWTH	TOTAL C.A.V. 12/31	REVENUE
2011	8,866,000	-712,000	8,154,000	212,400
2012	8,154,000	0	8,154,000	212,400
2013	8,154,000	0	8,154,000	212,400
2014	8,154,000	0	8,154,000	212,400
2015	8,154,000	122,310	8,276,310	219,400
2016	8,276,310	124,145	8,400,454	222,612
2017	8,400,454	126,007	8,526,461	225,951
2018	8,654,358	127,899	8,782,257	232,730
2019	8,782,257	131,733	8,913,990	236,221
2020	8,913,990	133,710	9,047,700	239,764



2021	9,047,700	124,145	9,183,415	243,360
2022	9,183,415	311,100	9,321,166	<u>247,010</u>
				2,716,570

### **IMPACT ON TAXING UNITS**

The taxing units affected by the amended tax increment financing program, listed in order of estimated degree of relative impact, are as follows;

- City of Cheboygan
- County of Cheboygan
- Senior Citizens

The same assumptions and basis of projections as used to establish the captured assessed value revenues can be applied based on current millage rates used by each jurisdiction relative to this Amended Plan, which extends the tax increment financing an additional five (5) years from the Plan as first amended. This calculation with regard to the remaining life of the Tax Increment Finance Plan including the five (5) year extension by the most recent amendment is illustrated by Table 2.

**TABLE 2  
FINANCIAL IMPACT ON TAXING UNITS**

	<b>2018 Millage</b>	<b>% of Total</b>	<b>Theoretical Revenues Forgone</b>
City of Cheboygan	20.7	76	2,132,700
Cheboygan County	5.7284	22	590,417
Senior Citizens	.49930	2	<u>55,231</u>
Total	26.9277	100%	2,778,348

# Cheboygan DDA

