

**CITY OF GLADSTONE  
DEVELOPMENT AND  
TAX INCREMENT FINANCING PLAN**

**CITY OF GLADSTONE  
DOWNTOWN DEVELOPMENT AUTHORITY  
DECEMBER, 1992**

CITY OF GLADSTONE DOWNTOWN DEVELOPMENT AUTHORITY

Development  
and  
Tax Increment Financing Plan

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## INTRODUCTION

In order to take an active role in economic revitalization and facilitate downtown development and opportunities associated with vacant or underutilized commercial and industrial areas, the City of Gladstone established a Downtown Development Authority (DDA). DDA's are authorized by the State of Michigan (P.A. 197 of 1975) to plan and implement revitalization and improvement programs.

The City of Gladstone Downtown Development Authority has prepared this Development and Tax Increment Financing Plan in accordance with Public Act 197 of 1975. The purpose of this Plan is to establish and finance a development program for the improvement and economic development of commercial and industrial areas in the City of Gladstone.

## DEVELOPMENT PLAN

### A. Development Area Boundaries

The development area encompasses the entire DDA District. A boundary map and legal description is included in the Appendix.

### B. Existing Land Use

The development area includes a mix of land uses, including downtown and highway commercial, and industrial. A Land Use Map is included in the Appendix.

### C. Improvement Program

This section of the Development Plan provides a general improvements program. The program focuses upon upgrading public infrastructure that will encourage private development, investment, and the creation of jobs.

The Improvement Program is outlined below:

### DOWNTOWN

Downtown Gladstone was at one time a prosperous and busy commercial district. Changes in economic base, the decline of the residential population, shopping habits, and increased competition from regional discount chain stores, has contributed to the decline of business in Gladstone. The result is numerous vacant retail spaces, blighted buildings, and the poor condition of public infrastructure, such as streets, curbs, and sidewalks.

A key to the revitalization of Downtown Gladstone is to focus upon new markets by creating a positive and new image to attract numbers of people and new retail and service businesses. Upgrading public infrastructure, encouraging building renovations, and taking an active role in the redevelopment of blighted and vacant properties, are key elements in the Improvement Program.

Specific projects are outlined below:

Streetscape/Beautification:

New sidewalks, lighting, signage and trees will improve downtown's image, public appeal and safety. Delta Avenue and downtown side streets are proposed for improvement.

Parking:

Off-street parking lots are needed throughout downtown. Land will be acquired as it becomes available and parking lots constructed.

Storefront Improvement Program:

An incentive program should be initiated to encourage appropriate design of storefront facade improvements, guided by an overall theme plan.

Signage System:

An overall community signage system needs to be planned and developed to provide attractive and functional direction for visitors.

Delta Avenue Turn Lane:

To enhance the downtown entry from US-2/41, a turn lane is proposed.

Waterfront Linkage:

Street, sidewalk, lighting and landscape improvements are proposed for 9th Street, in order to provide a visual and functional linkage with Gladstone's waterfront.

Community Library:

A public library is of great benefit to the City and a downtown. There is community support for locating such a facility in downtown Gladstone. The DDA can assist with the development of a public library in downtown Gladstone.

WATERFRONT

The City's location on Little Bay de Noc provides a number of opportunities for economic development and improving the quality of life in the City. Proposed improvements are outlined below:

Marina Expansion:

Extending the breakwall at the City marina would provide room for expansion.

Waterfront Park Improvements:

Proposed Van Cleve Park improvements include parking near the kids kingdom play area and waterfront development.

Campground Expansion:

Growth of the sport fishing industry in Gladstone has created a demand for more RV campsites. The existing camping facility should be expanded to accommodate this growth.

Waterfront Trail:

A non motorized trail should be developed to provide a continuous pathway around the City on the waterfront.

Industrial Site Development:

The existing coal dock facility should be improved to enhance this location for marine-oriented industrial development.

Waterfront Development Site:

A large vacant developable site exists along the waterfront on the northeast side of the City. This site should be planned and marketed for mixed-use development to include waterfront-oriented commercial and residential development. Access, utility, and shoreline improvements will need to be carried out by the City and DDA to enhance this development site.

North-end Sewer Extension:

A sewer extension along the lakeshore towards Kipling is needed to solve existing wastewater problems and to allow growth in this resort-oriented area.

U.S. HIGHWAY 2/41

Gladstone's location on US Highway 2/41 gives the City excellent access and exposure. Development opportunities are very limited along the highway because of a lack of developable land. Instead, the community needs to encourage wise development of the available sites and use the highway corridor to create interest in the City.

Minneapolis Street Extension:

An extension of Minneapolis Street to US-2/41 will improve access to Gladstone and allow development of an adjacent vacant parcel of land for commercial land use.

Town Entrance/Focal Points:

Defining the entrances to the City and focal points increases awareness of and pride in the City. Entrances are suggested for the north and south side of the City on US-2/41.

Focal points should be established at the junctions of US-2/41 and Lake Street, Delta Avenue and Fourth Avenue North (M-35).

Landscaping and special signage are proposed for entrances and focal points.

Rest Stop and Information Center:

An information center with public restrooms on US Highway 2/41 could serve several purposes. It could provide travelers with rest facilities and information on the City and area attractions. It could also provide an attractive buffer between the rail yards and the highway. The logical location for the information center is at the existing steam railroad locomotive display.

**REDEVELOPMENT ACTIVITIES**

As opportunities present themselves, the DDA may actively pursue the development of key properties. Acquisition, site cost write-downs, site work, rehabilitation, leasing arrangements, etc., are allowed by P.A.197 of 1975 and are appropriate DDA activities.

D. Project Cost Data

Preliminary cost information for the improvement program has been compiled for planning purposes and is listed below:

<u>PROJECT</u>	<u>ESTIMATED COST</u>
<u>Downtown</u>	
Streetscape/Beautification	\$1,500,000
Parking	100,000
Storefront Improvement Program	100,000
Signage System	25,000
Delta Avenue Turn Lane	50,000
Waterfront Linkage	150,000
Community Library	500,000
Subtotal Downtown Projects:	<u>\$2,650,000</u>
<u>Waterfront</u>	
Marina Expansion	\$500,000
Park Improvements	200,000
Campground Expansion	50,000
Waterfront Trail	150,000
Industrial Site Development	250,000
Development Site	500,000
North-end Sewer Extension	150,000
Subtotal Waterfront Projects:	<u>\$1,800,000</u>
<u>US Highway 2/41</u>	
Minneapolis Street Extension	\$100,000
Town Entrance/Focal Points	50,000
Rest Stop/Information Center	250,000
Subtotal US 2/41 Projects:	<u>\$400,000</u>
TOTAL ALL PROJECTS:	\$4,850,000

- E. Project Schedule  
The projects will be implemented as funds become available. The TIF Plan will have a 30 year time frame.
- F. Open-Space  
The Development Plan provides for recreational development along Little Bay de Noc.
- G. Transactions Between City and DDA  
The DDA and City will work cooperatively on improvements and development of the City. No specific transactions are noted at this time.
- H. Zoning  
No zoning changes are proposed at this time in the Development Area.
- I. Project Financing  
Financing the projects included in this plan will be on a "pay as you go" basis. Projects will be constructed as funds are accumulated over time. TIF revenues may also be used to match Federal and State grants. Bonds may be sold with TIF revenues pledged for repayment, as provided by P.A. 197 of 1975.
- J. Residential/Business Displacement and Relocation  
No residential or business displacement is anticipated at this time.

#### TAX INCREMENT FINANCING PLAN

In order to finance the public improvements identified in the Development Plan, the Downtown Development Authority is proposing the use of Tax Increment Financing (TIF) as authorized by Public Act 197 of 1975. Simply stated, TIF allows the capture of tax dollars generated by new private development projects and improvements for financing necessary for public improvements.

In order to use TIF, a Downtown Development Authority must follow a public and legal process. A Development and TIF Plan must be prepared in accordance with Public Act 197 of 1975. A public hearing before the City Commission must be scheduled and public notices published, posted and mailed in accordance with the Act. A reasonable opportunity must be provided to the County Board of Commissioners and to members of the Board of Education for comment. The public hearing shall allow for public comment on the plan and all aspects of the plan shall be open for discussion.

After the public hearing on the Development and Tax Increment Financing Plan, the City Commission shall determine whether the program constitutes a public purpose. If it determines that a public purpose is served, it shall then approve the plan by ordinance based upon the following considerations, as set for in Public Act 97 of 1975:

- a) The findings and recommendation of a development area citizens council, if a development area citizens council was formed.
- b) The plan meets the requirements set forth in Section 17(2) of Public Act 197 of 1975.

- c) The proposed method of financing the development is feasible and the Authority has the ability to arrange the financing.
- d) The development is reasonable and necessary to carry out the purposes of this Act.
- e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this Act in an efficient and economically satisfactory manner.
- f) The Development Plan is in reasonable accord with the Master Plan of the municipality.
- g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.
- h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

All amendments to an approved Development and Tax Increment Finance Plan must be submitted by the Downtown Development Authority to the City Commission for approval or rejection.

#### DETERMINATION OF TAX INCREMENT

In accordance with Public Act 197 of 1975 Section 14(1), the following definitions shall apply to this section of the plan:

- a) "Captured Assessed Value" means the amount in any one year, by which the current assessed value of the project area exceeds the initial assessed value.
- b) "Initial Assessed Value" means the most recently assessed value of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero.

The initial assessed value of all real and personal taxable property within the boundaries of the Development Area is \$7,658,900. Using construction cost estimates, it is possible to estimate the assessed valuation of new development projects proposed or under construction which will be added to the Development Area assessed valuation, resulting in a 1993 assessed value that is greater than the initial assessed value (+ \$1,302,900). This difference is called the captured assessed value. The tax increment amount is that portion of the tax levy of all taxing bodies paid each year on real or personal property in the Development Area on the captured assessed value. This tax increment is to be transmitted by the City and County Treasurers to the Downtown Development Authority for the development program in accordance with the tax increment financing plan. The estimated tax increment is determined as follows:



Initial Assessed Valuation:	\$7,658,900
(+) (Private Projects)	<u>+1,352,550</u>
New District Assessed Valuation:	\$9,011,450
(-) Initial A.V.	<u>-7,658,900</u>
Capture Assessed Value:	\$1,352,550
Tax Increment: \$1,352,550 (CAV) x 64.52* (LEVY) = \$87,266 (to be used for public improvements program)	

NOTE: The Gladstone DDA is not proposing to use millage pledged for school debt retirement for the calculation of tax increment revenues.

#### ESTIMATE OF IMPACT ON OTHER JURISDICTIONS

Based upon the assumptions above, the estimate of the 1992 impact on other taxing jurisdictions is as follows:

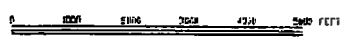
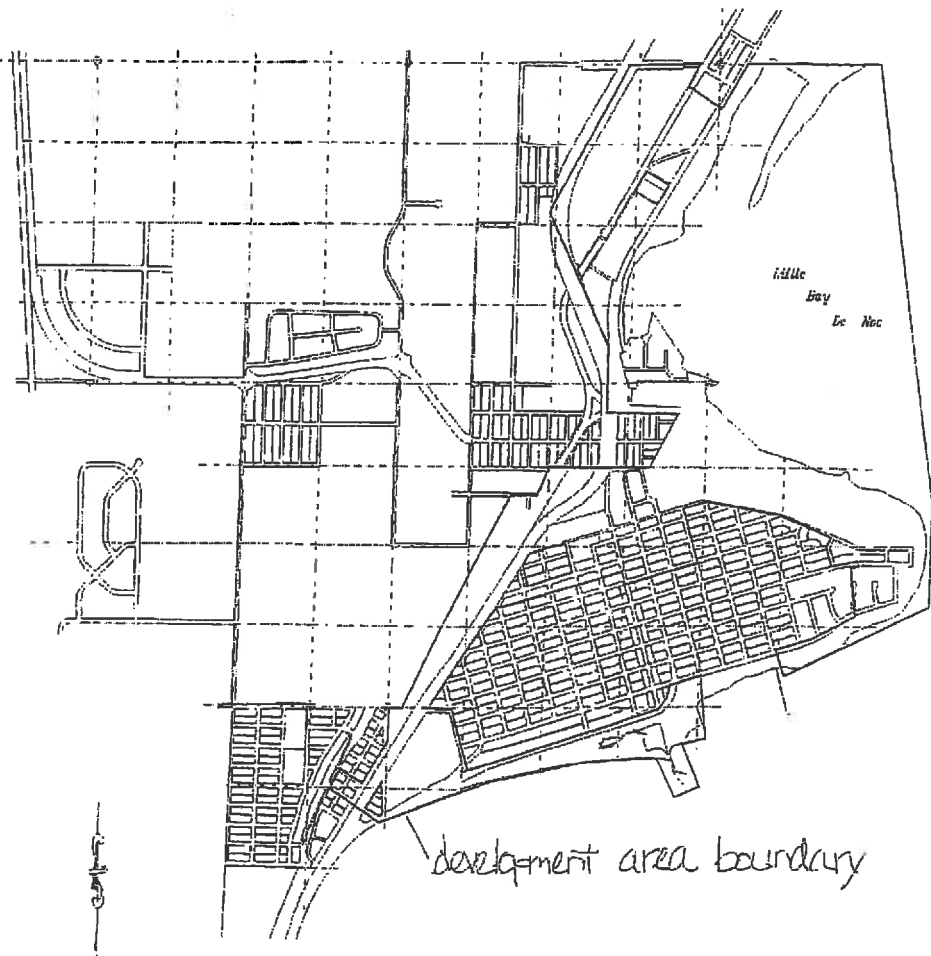
<u>Jurisdiction</u>	<u>Mill Levy</u>	<u>Tax Increment</u>
City of Gladstone	17	22,993
Gladstone Schools	35.27*	47,704
Intermediate School District	2.65	3,584
Delta County	5.45	7,371
Sheriff Patrol	.9	1,217
Senior Citizen Program	.6	811
Pinecrest Med. Care Facility	.15	202
Community College	1.5	3,381
	<u>64.52</u>	<u>87,263</u>

#### COMPARISON OF TAXING JURISDICTION AND DDA DISTRICT SEV

<u>Taxing Jurisdiction</u>	<u>1992 SEV</u>	<u>DDA District SEV</u>	<u>% in DDA District</u>
City of Gladstone	36,027,000	7,658,900	21.0%
Gladstone Schools	77,196,466	7,658,900	9.9%
ISD	544,526,513	7,658,900	1.4%
Delta County	438,680,767	7,658,900	1.7%

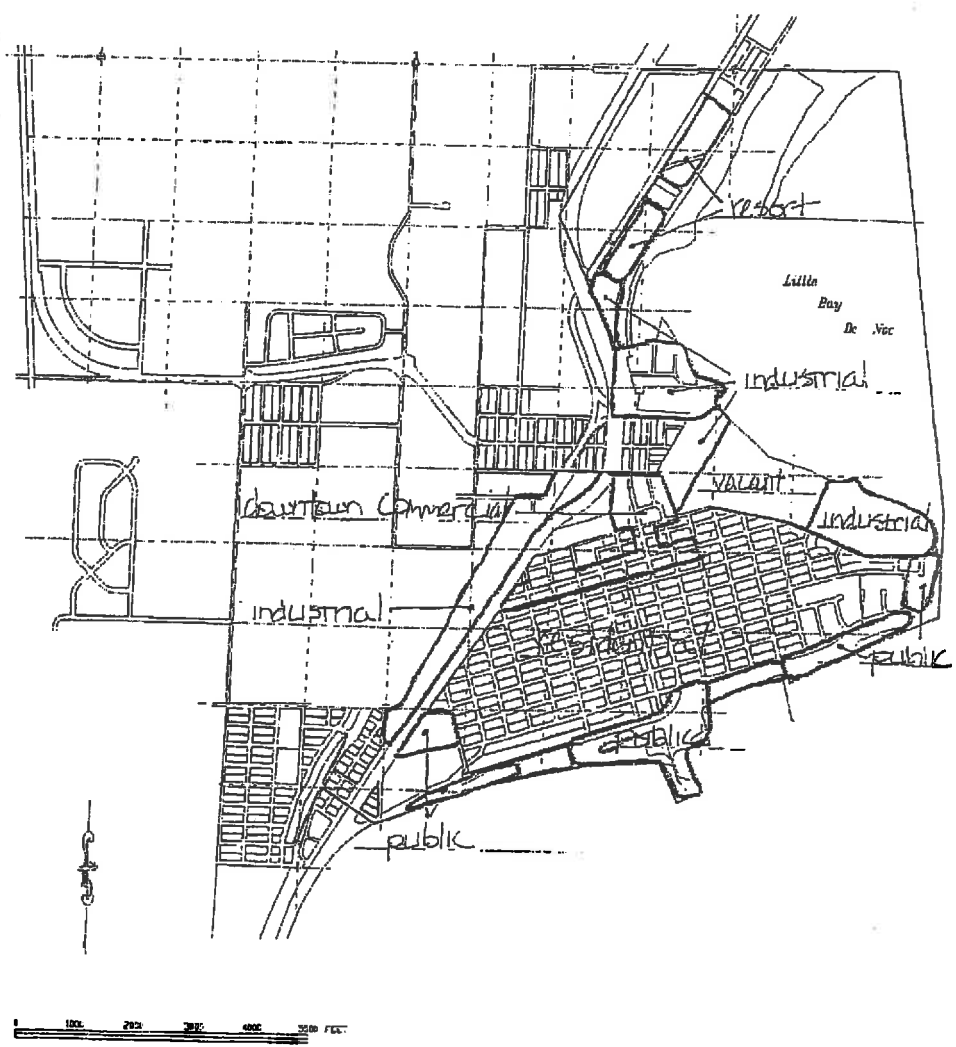
\*excludes voted school millage for debt retirement.

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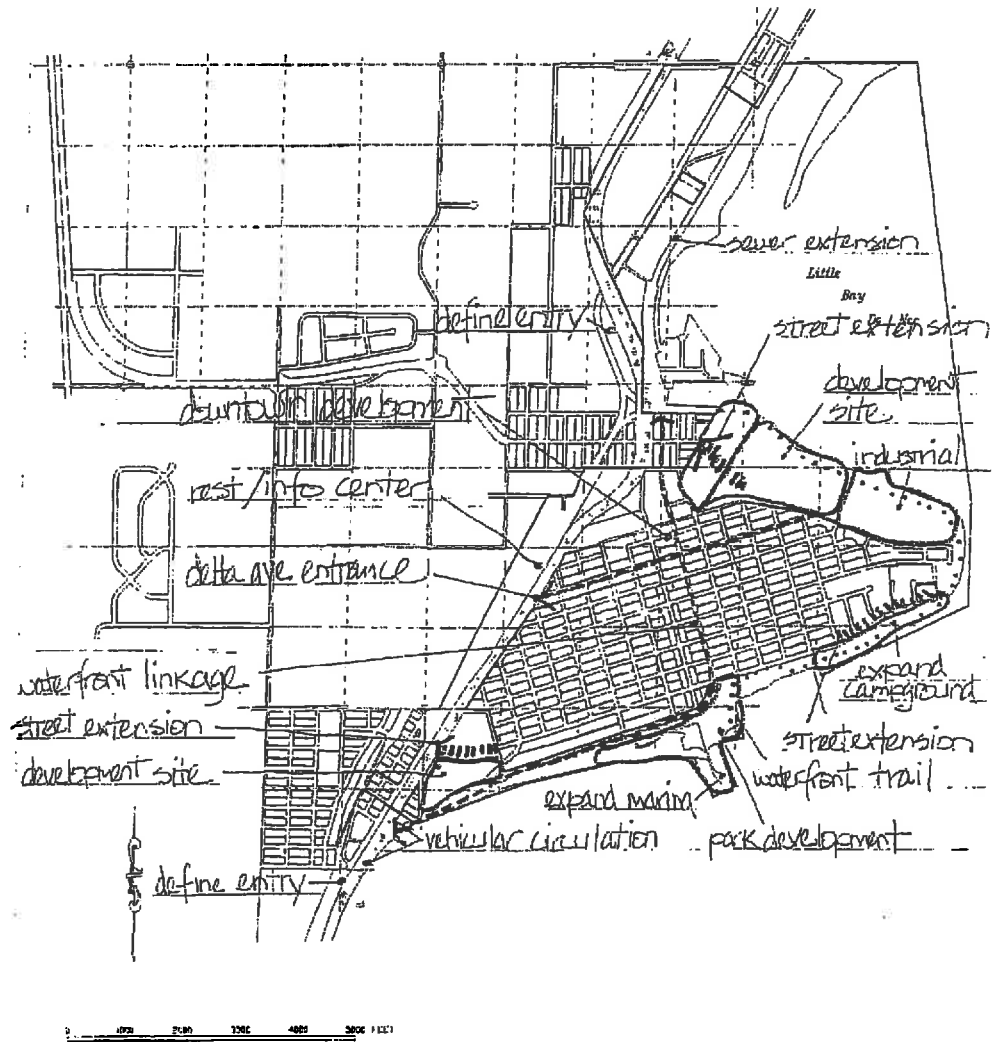


DEVELOPMENT AREA  
Development and TIF Plan

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LAND USE  
Development and TIF Plan  
CITY OF ...



DEVELOPMENT PLAN  
 Development and TIF Plan  
 City of Gladstone, OR

## **City of Gladstone 2009 Amendments to DDA Plan**

### **I. INTRODUCTION**

The City of Gladstone Downtown Development Authority (the “Authority”) and the City Commission of Gladstone (the “City”) approved and adopted the original Development Plan and Tax Increment Financing Plan (the “Original Plan”) of the Authority in 1992. The Authority and the City wish to continue projects outlined in the Original Plan and to proceed with new projects in the downtown development district.

The primary purpose of this 2009 Amendment is to extend the life of the Original Plan to 2029 and to amend the Improvement Program in the Original Plan. This 2009 Amendment is an update and addition to the Original Plan and must be read in concert with the Original Plan. (The Original Plan as amended by the 2009 Amendment is referred to herein as the “2009 Amended Plan.”)

### **II. DEVELOPMENT PLAN**

#### **A. Area Boundaries**

The development area encompasses the entire DDA District. A boundary map and legal description is included in Appendix A.

#### **B. Existing Land Uses**

The development area includes a mix of land uses, including residential, downtown and highway commercial and industrial. A land use map is included in Appendix B.

### **III. AMENDMENT TO DEVELOPMENT PLAN**

The list of specific projects outlined under the Improvement Program in the Original Plan is amended as follows. The proposed projects are being implemented to halt property value deterioration and to encourage economic growth in the downtown development district.

Way Finding Signs: Directional and location signs will be installed along Delta Avenue and Lakeshore Drive, in the downtown development district.

Harbor Improvements and Expansion: The long-range plan is to enlarge the harbor and improve the park area identified in [Appendix] to encourage economic growth in the harbor area.

Campground Improvements and Expansion: Additional camping sites will be added to the City-owned campground.

Waterfront Development Site: A large, vacant, developable site exists along the waterfront on the northeast side of the downtown area. This is the area referred to as the North Shore. The city owns a few small portions of this property. In the event the owner

wants to develop it, the city plans to be in a position to install infrastructure and assist in planning. Plans include a mixed-use, commercial and residential, development. The beach area will be protected and maintained for public access and use. The proposed development also includes a new path and trail system. This would greatly enhance the economic growth in the downtown.

North Entrance: An improved entrance to the downtown business district is proposed to be developed. The improved entrance will be located where one enters the city on US-2&41 from the north.

Rest Stop and Information Center: Will contain information about the DDA district and encourage tourism in the district.

Delta Avenue Streetscape: A new streetscape, with a landscaped boulevard in the middle of it, and new lighting is proposed for Delta Avenue from Eleventh Street, west to the highway.

Beautification of the Highway Corridor: US 2 & 41 and M-35 runs through the center of the city, dividing the city into two defined areas. The area will be enhanced with improved signage and landscaping. This project would include the entire length of the highway from the north city limits to the south city limits. Along with making the highway more attractive, signage would direct travelers into the downtown area and increase the economical development.

Pedestrian Overpass or Underpass: A pedestrian overpass or underpass will be constructed across US 2 & 41 at M-35. This pedestrian walkway will make better access to the DDA district.

Ninth Street Enhancement: A new streetscape will be done for the entire length of the street. This is one of the main streets in the DDA district with many businesses located on it.

Development of the Nature Preserve: On the north edge of the city a large marsh area exists. This area is defined in the Master Plan to be developed into an educational facility that will be used by the local schools. The plan is to install walking trails and boardwalks will be throughout the marsh connecting with the citywide trail system in the DDA district. This will halt deterioration in that area and promote economic development in the DDA district.

Old Power Plant: On the east end of the downtown area there is the old electric power plant that has not been used for many years. There is been some interest in developing the old plant into a training center for a pipe fitters union. An alternative plan would be to demolish the building, clean up and beautify the area.

Façade Grant Program: The DDA has had in place a grant program for commercial buildings in the DDA district. An applying business owner can receive up \$7500.00 or

75 % of the project cost with a 25% match requirement to improve the front or street side of his business building. This program contributes to economic development in the district. This program will continue as long as interest remains for these activities. This grant program has greatly improved the appearance of the business district and will attract new business in the DDA district.

Alley and Parking Lot Maintenance in Downtown: The alleys in the downtown area on either side of Delta are in need of being repaved, including those alleys used to access public parking lots and the backs of businesses. Alleys and parking lots will be improved and maintained.

North Fifteenth Street: North Fifteenth Street would be rebuilt and resurfaced.

Extension of Water Lines: The plan is to extend the City water lines on North Fifteenth Street.

GIS Mapping: A Geographic Information System (GIS) will provide better monitoring capabilities of downtown infrastructure.

Storm Water Runoff System: At the present time the storm water runoff in the downtown goes directly in a lagoon near the harbor. Catch basins will be installed to capture some of the debris and contaminants before they are deposited in the lagoon and eventually get into the Great Lakes.

Downtown Ambassadors: The DDA supports a program that hires two individuals to walk in the downtown area, weather permitting, to promote the downtown development district.

Farmers Market: A parcel of property with a building located on it was obtained by the city on South 9th Street. The plan for this property is to develop a Farmers Market. This location is right across the street from where the Farmer's Market is presently held in a park pavilion.

Street Clock: A street clock would be installed at the corner of Ninth Street and Delta Avenue. This would enhance the appearance of one of the main intersections in the DDA district.

#### REDEVELOPMENT ACTIVITIES

Redevelopment activities expressed in the Original Plan are amended as follows.

The Authority may acquire, sell or lease properties from the City or private owners within the Development Plan as opportunities arise in furtherance of the goals of the Authority.

III. The Project Cost Data in the Original Plan is amended as follows.

Downtown

Way Finding Signs	\$4500.00
Delta Avenue Streetscape (Matching funds)	\$250,000.00
Ninth Street Enhancement	\$350,000.00
Development of the Nature Preserve	\$100,000.00
Old Power Plant	\$150,000.00
Façade Grant Program	\$450,000.00
Alley and Parking Lot Maintenance	\$150,000.00
North Fifteenth Street	\$180,000.00
Extension of Water Lines	\$2,275,000.00
GIS Mapping	\$75,000.00
Storm Water Runoff	\$466,500.00
Downtown Personnel	\$114,240.00
Farmers Market	\$30,000.00
Street Clock	\$28,000.00
Administration Costs	<u>\$300,000.00</u>
TOTAL DOWNTOWN	\$4,923,240.00

Waterfront

Harbor Improvements and Expansion	\$2,000,000.00
Campground Improvements and Expansion	\$8,000.00
Waterfront Trail	\$400,000.00
Waterfront Development Site	<u>\$940,000.00</u>
TOTAL WATERFRONT	\$3,348,000.00

US 2 & 41 Corridor

North Entrance	\$22,000.00
Rest Stop and Information Center	\$50,000.00
Beautification of the Highway Corridor	\$55,000.00
Pedestrian Overpass or Underpass	<u>\$3,000,000.00</u>
TOTAL US 2 & 41 CORRIDOR	\$3,127,000.00

TOTAL PROJECT COSTS \$11,398,240.00

- IV. The Project Schedule is amended as follows: Projects will be completed as matching grants and other funds become available between the present time and 2024.
- V. Future zoning changes may be necessary as specific development plans are submitted for review such as mixed-use development.
- VII. If land acquisition is proposed for a redevelopment project, assistance will be provided for relocating displaced persons in accordance with State and Federal laws.



## VII. TAX INCREMENT FINANCING PLAN

In order to finance the public improvements identified in the Development Plan, the Downtown Development authority is proposing the use of Tax Increment Financing (TIF) as authorized by Public Act 197 of 1975. Simply stated, TIF allows the capture of tax dollars generated by new private development projects and improvements for financing necessary for public improvements.

In order to use TIF, a Downtown Development Authority must follow a public and legal process. A development and TIF Plan must be prepared in accordance with Public Act 197 of 1975. A public hearing before the City Commission must be scheduled and public notices published, posted and mailed in accordance with the Act. A reasonable opportunity must be provided to the County Board of Commissioner and to members of the Board of Education for comment. The public hearing shall allow for public comment on the plan and all aspects of the plan shall be open for discussion.

After the public hearing on the Development and Tax Increment Financing Plan, the City Commission shall determine whether the program constitutes a public purpose. If it determines that a public purpose is served, it shall then approve the plan by ordinance based upon the following considerations, as set for in Public Act 97 of 1975:

- a) The finding and recommendation of a development area citizen council, if a development area citizen's council was formed.
- b) The plan meets the requirements set forth in section 17(2) of Public Act 197 of 1975.
- c) The proposed method of financing the development is feasible and the Authority has the ability to arrange the financing.
- d) The development is reasonable and necessary to carry out the purposed of this Act.
- e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this Act in an efficient and economically satisfactorily manner.
- f) The development Plan is in reasonable accord with the Master Plan of the municipality.
- g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.
- h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

The Downtown Development Authority to the City Commission for approval or rejection must submit all amendments to an approved Development and Tax Increment Finance Plan.

## DETERMINATION OF TAX INCREMENT

In accordance with Public Act 197 of 1975 Section 14(1), the following definitions shall apply to this section of the plan:

- a) "Captured Assessed Value," means the amount in any one-year, by which the current assessed value of the project area exceeds the initial assessed value.
- b) "Initial Assessed Value" means the most recently assessed value of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero.

The initial assessed value of all real and personal taxable property within the boundaries of the Development Area is \$8,610,939.00. Using construction cost estimates and rate of inflation, it is possible to estimate the assessed valuation of new development projects proposed or under construction which will be added to the Development Area assessed valuation, resulting in a 2009 assessed value that is greater than the initial assessed value \$172,219.00. This difference is called the captured assessed value. The tax increment amount is that portion of the tax levy of all taxing bodies paid each year on real or personal property in the Development Area on the captured assessed value. This tax increment is to be transmitted by the City and County Treasures to the Downtown Development Authority for the development program in accordance with the tax increment-financing plan. The estimated tax increment is determined as follows:

**DDA TIF Estimates**

2009 Initial Assessed Value:	\$ 8,610,939
(+) Rate of Inflation 2%	<u>172,219</u>
New District Assessed Valuation:	\$ 8,783,158
(-) Initial Value	<u>- 8,610,939</u>
Captured Assessed Value:	\$ 172,219

Tax increment: \$172,219 (CTV) X 26.6067 (LEVY) = \$4,582 (to be used for public improvement program)

**ESTIMATE OF IMPACT ON OTHER JURISDICTIONS:**

Based upon the assumptions above, the estimate of the 2009 impact on other taxing jurisdictions is as follows:

<u>Jurisdiction</u>	<u>Mill Levy</u>	<u>Tax Increment</u>
City of Gladstone	15.5021	2,670
Gladstone Schools	0	0
Intermediate School District	0	0
Delta County	5.0317	867
Road Patrol	0.8749	151
Community Action	0.5831	100
Community College	3.5149	605
911	0.5	86
DATA	<u>0.6</u>	<u>103</u>
	26.6067	4,582