



Subject: Ordinance Amendment to Downtown Development Plan #6, Water Street TIF
Reviewed By: City Manager: Richard M. Finn Deputy City Manager/City Clerk: Dana L. Muscott
Prepared By: Economic Development Marketing Manager: Patti Stowell Downtown Development Authority Director: Candace Bales

PERTINENT FACTS:

The purpose of this recommendation is to request the attached ordinance approving amendments to the Tax Increment Financing Plan and Development Plan No. 6 of the City of Bay City Downtown Development Authority be received for the first reading and referred to the next city commission meeting for a second reading and possible adoption.

The amendment extends the life of the plan to 15 additional years or to the year 2032. The current plan is set to expire August 17, 2017. Based on the reduction in property values within the plan district since 2008, a portion of the Proposed Public Improvements listed in the current plan has not been completed. The purpose of the additional years is to accrue the funds that will allow for the plan to be completed as intended.

In 1987, the Downtown Development Authority (DDA) through City Commission approval, adopted the TIF Plan #6 for the Water Street area in Downtown Bay City. In 1989, 1993, 1997, 2004, 2009, and 2013 amendments were made to the plan allowing for additional downtown improvements including streetscape enhancements, the addition of a flat surface parking lot, parking study, and significant enhancements to Wenonah Park.

On October 8, 2014, the DDA Board of Directors unanimously approved a resolution to request the City Commission's consideration of another amendment to the TIF Plan #6 extending the life of the plan to 15 additional years.

LEGAL ISSUES:

In order to amend the TIF Plan, Public Act 197 of 1975, as amended, requires the following process: City Commission must adopt a resolution of intent to amend the TIF Plan. The resolution must set a date for the holding of a public hearing on the adoption of a proposed ordinance to amend the TIF Plan. Notice of the public hearing must be published twice in a newspaper of general circulation in the municipality not less than 20 or more than 40 days before the date of the public hearing. Not less than 20 days prior to the public hearing, a notice of the public hearing must be mailed to the property taxpayers in the proposed district and by certified mail to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if a tax increment financing plan is approved. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the proposed downtown district not less than 20 days before the hearing. The notice shall state the date, time and place of the hearing and shall describe the boundaries of the proposed downtown district. Following the public hearing, the ordinance shall be enacted in accord with the provisions of the City Charter, which requires two readings prior to final adoption of the ordinance. The first reading is scheduled on December 1, 2014, and the second reading and public hearing is scheduled on December 15, 2014 for possible adoption. The amended TIF plan was written in accordance with P.A. 197 of 1975 and was reviewed and approved by the DDA's attorney (Smith & Brooker).

TIME SENSITIVITY:

Impending deadline

BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:

Bill 5856 was introduced in the House on September 23, 2014, to amend the Downtown Development Authority Act (PA 197 of 1975). Among other things, the bill would provide a more restrictive description of what constitutes a "downtown"; limit the amount of time a DDA could hold revenues; expand the content of an authority's required annual status report, and require that report be sent to all tax-levying units; prevent the use of DDA revenues on public services that are "generally provided" services, unless determined necessary; require a DDA to hold an annual meeting; require an authority to maintain a website containing its budgets, audits, board minutes, finance plans, amounts of revenues captured, and its use of revenues. The bill would also impose penalties on local units for violations of the act and repeal three tax increment finance statutes. Representative Kowall is targeting the end of this calendar year for the bill to become effective.

FINANCIAL CONSIDERATIONS:

These amendments to the Water Street TIF Plan were determined by the DDA Board and their attorney to have no negative impact on the DDA's ability to continue amortizing the existing bond. The DDA Board also made the determination that the fifteen years of additional tax increments will have a positive impact on the DDA's ability to continue implementing the public improvements contained in the Downtown Development Plan. It is anticipated that the cost for attorney fees, and other miscellaneous expenses associated with the Plan will not exceed \$5,000.

CITY GOALS:**RECOMMENDED ACTION:**

*City Manager recommending Ordinance amendment to the Code of Ordinances, Chapter 46, Community Development, Article III, Section 46-86, regarding Water Street TIF.

RECOMMENDATION: Receive for first reading and refer to next meeting for second reading and possible adoption.

ATTACHMENTS:

Description	Upload Date	Type
Ordinance	11/6/2014	Ordinance
Resolution Approving Amendments by DDA	11/6/2014	Backup Material