

Village of Ontonagon  
County of Ontonagon  
Downtown Development Authority  
DEVELOPMENT PLAN and TAX INCREMENT FINANCING PLAN

07.2019



DRAFT FOR REVIEW

## DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

The Downtown Development Authority (DDA), [Public Act 57 of 2018](#), is designed to be a catalyst in the development of a community's downtown district. The DDA provides for a variety of funding options including a tax increment financing mechanism, which can be used to fund public improvements in the downtown district and the ability to levy a limited millage to address administrative expenses.

*Note: This document is offered as a general guide only and the legislation should be reviewed by local officials.*

### WHO IS ELIGIBLE?

Any city, village or township, that has an area in the downtown zoned and used principally for business, is eligible to create an authority.

### HOW DOES IT WORK?

Once established, the DDA is required to prepare a development plan and may create a tax increment financing plan to submit for approval to the local municipality. A development plan describes the costs, location and resources for the implementation of the public improvements that are projected to take place in the DDA district. A tax increment financing plan includes the development plan and details the tax increment procedure, the amount of bonded indebtedness to be incurred, and the duration of the program.

#### Financing options for DDA activities:

- Tax Increment Financing (an annual report must be submitted to the municipality and to the State Tax Commission)
- Millage (up to two mills for municipalities with population of less than one million; up to one mill for municipalities with population over one million)
- Special assessments
- Revenue bonds
- Revenues from property owned or leased by the DDA
- Donations and grants to the authority
- Contributions from the local unit of government

### WHAT IS THE PROCESS?

1. The governing body finds that it is necessary for the best interests of the public to do the following related to the defined business district:
  - To halt property value deterioration
  - Increase property tax valuation
  - Eliminate the causes of deterioration
  - Promote economic growth
  - Create and provide for the operation of the DDA
2. The governing body sets a public hearing, based upon its resolution of intent, to create a DDA.

3. Notice is given of a public hearing by publication and mail to taxpayers within a proposed district and to the governing body of each taxing jurisdiction levying taxes that would be subject to capture of tax increment revenues.
4. The governing body takes comments at the public hearing.
5. Within 60 days, the governing body of another taxing jurisdiction may, by resolution, exempt its taxes from capture and file the resolution with the clerk of the municipality.
6. Not less than 60 days following the hearing, the governing body may adopt proposed ordinance creating the DDA and designating the boundaries of the DDA district.
7. The ordinance must be published at least once in a local newspaper and filed with the Secretary of State.
8. The governing board of the DDA shall be appointed or may, for municipalities of less than 5,000, be the same as the planning commission. Otherwise the authority will be supervised by a board that includes the municipality's chief executive officer and 8–12 members appointed by the governing body. A majority of the board must be individuals with an ownership or business interest in property in the district and one member must reside in the district if there are more than 100 residents in the district.

If the DDA board anticipates the need for capturing tax increments or using revenue bonds to support a project, a development plan and a tax increment financing plan must also be adopted by the DDA board and the municipality.

### WHY WOULD A COMMUNITY WANT TO ESTABLISH A DDA?

The DDA tax increment financing mechanism allows for the capture of the incremental growth of local property taxes over a period of time to fund public infrastructure improvements. A community can capture property taxes which would have otherwise been paid to entities such as the library, community college and county, and instead use them for public improvements in targeted areas. By borrowing against the future tax increments, the DDA is able to fund large-scale projects, which can lead to new development opportunities within the downtown. In addition to the financing mechanism, the DDA structure results in the creation of a public board dedicated solely to the improvement of the downtown.

### SUPPORTING STATUTE

[Public Act 57 of 2018: Recodified Tax Increment Financing Act](#)

### CONTACT INFORMATION

For more information on Downtown Development Authorities, contact the [Community Assistance Team \(CAT\) Specialist](#) assigned to your territory or visit [www.miplace.org](http://www.miplace.org).



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- Notice of Public Hearing Advertisement
- Letters to affected Property Owners regarding the Public Hearing
- City Council Public Hearing Meeting Minutes XX-XX-2019
- City Council Meeting Minutes Adopting Ordinance XX-XX-2019
- DDA Property Owner Listing



## BACKGROUND AND PURPOSE

### **Purpose of the Tax Increment Financing Act (replacement to Downtown Development Authority Act)**

Act 57 of Public Acts of 2018 of the State of Michigan, referred to as the Tax Increment Authority Act, incorporates PA 57 of 2018, formerly referred to as the Downtown Development Authority Act. Part 2 of PA 57 of 2018, contains the provisions for Downtown Development Authorities.

Downtown Development Authorities were created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The way downtown development authorities chose to make use of these tools does, of course, depends on the problems and opportunities facing each downtown district and the development priorities sought by the community in the revitalization of its business area.

### **Creation of the Ontonagon Downtown Development Authority**

On December 16, 1985, the Village of Ontonagon adopted an Ordinance 1985, No. 5 establishing the Ontonagon Downtown Development Authority (“DDA”). Since its establishment the Village of Ontonagon Downtown Development Authority has been amended and restated. through Ordinance 1987, No. 2, Ordinance 1990, No. 10 and Ordinance 2004, No. **XX**.

### **Basis For The Development Plan and Tax Increment Financing Plan**

Act 57 of Public Acts of 2018 which replaced Act 57 of Public Acts of 2018, the Downtown Development Authority Act (“Act 57”), provides the legal mechanism for local officials to address the need for economic development in the central business district. In the Village of Ontonagon, the DDA district incorporates the commercial and residential properties along Greenland Road (M-38) between the east Village limits and Rockland Road, River Street between Rockland Road and the Lake Superior waterfront, lands within the Village on west side of the Ontonagon River.

The initial Development Plan and Tax Increment Financing Plan was adopted on December 16, 1985 (Ordinance 1985; No 5), and was amended on December 14, 1987 (Ordinance 1987; No.2), November 26, 1990 (Ordinance 1990; No. 10), and on **Month Date, 2004 (Ordinance 2004; No. XX)**.

For purposes of designating a development plan district and for establishing a tax increment financing plan, the Act refers to a "downtown district" as being in a business district that is specifically designated by ordinance of the governing body of the municipality and a "business district" as being an area in the downtown of a municipality zoned and used principally for business. Tax increment

financing can be used to provide the necessary funds for project implementation. By definition, a tax increment financing plan seeks to capitalize on and make use of the increased tax base created by economic development within the boundaries of a downtown district. The legal basis of support for the Development Plan and Tax Increment Financing Plan is identified in Act 57 of the Public Acts of 2018, as amended. Since 1985, the Ontonagon DDA has utilized tax increment financing to implement variety of capital improvement projects.

## **GENERAL DEVELOPMENT PLAN FOR THE ONTONAGON DDA**

The need for establishing the Ontonagon Downtown Development Authority (referred to as "DDA District") is founded on the basis that the future success of Ontonagon's efforts to revitalize its commercial area will depend, in large measure, on the readiness and ability of its public corporate entity to initiate public improvements that strengthen the commercial area, and to encourage and participate where feasible in the development of new private uses that clearly demonstrate the creation of new jobs, the attraction of new business, and the generation of additional tax revenues. Map 1 shows the geographic limits of the Ontonagon Downtown Development Authority effective as of December 14, 1987. The Development Area District, or boundary, (Map 2) must be equal to or less than the geographic limits of the Downtown Development Authority District.

Map 1

Village of Ontonagon  
DOWNTOWN DEVELOPMENT AUTHORITY DISTRICT  
*Established December 16, 1985 and Enlarged December 14, 1987*



## **DEVELOPMENT PLAN**

### **1. Designation of Boundaries of the Development Area**

The Development Area boundary is located within the jurisdictional limits of the Village of Ontonagon and the Village of Ontonagon Downtown Development Authority. The Village of Ontonagon established the Downtown Development Authority pursuant to Act 57 of Public Acts of 2018 through adoption and publication of Ordinance 1985; No. 5, and later expanded the District in 1987. The 2018 Development Area boundary is illustrated below and is generally described as incorporating all public and private real estate within the Downtown Development District boundary.

Map 2

Village of Ontonagon  
DOWNTOWN DEVELOPMENT PLAN and TAX INCREMENT FINANCING PLAN BOUNDARY

**2A. Location and Extent of Existing Streets and other Public Facilities within the Development Area; Location, Character and Extent of Existing Public and Private Land Uses.**

There are three sub-areas that comprise the Ontonagon DDA District and these include properties at the intersection of Giesau Drive and Greenland Road, the downtown district, and parcels west of the Ontonagon River.

The Giesue Drive and Greenland Road portion of the district include Giesue Drive, Greenland Road and S 7<sup>th</sup> Street.

The downtown district is accessed from Rockland Road (M-45) and Greenland Road. Both of these streets intersect at River Street which the downtown's main street. East-west streets that tie into River Street include Lake, Ontonagon, Chippewa, Houghton, Spar, Quartz, cooper and Steel. A portion of Michigan Street between Steel and Spar is also in the district. This area is fully serviced with municipal water, sanitary sewer and storm sewer facilities, as well as electrical and gas services with the exception of land southwest of the downtown known as the "island."

The sub-area district west of the Ontonagon River includes Greenland Road (M-64), Superior Way, Birch, River Road, Old Norwich Trail, Industry Park Road, and Lakeshore Road.

Existing land uses within the Development Area are comprised of public and private uses. These land uses include retail businesses, offices, parking, churches, and residential properties. Collectively, these land uses create a mixed-use and walkable downtown and business district.

**2B. Existing Public and Private Land Uses within the Development Area.**

*Public Land Uses*

Village of Ontonagon, Ontonagon Township Library, U.S. Post Office and Ontonagon County Historical Museum are located within the downtown district. The District Court and Ontonagon County Administrative Offices are located in the Giesue Drive and Greenland Road portion of the DDA District.

*Private Land Uses*

A. Residential – There are various residential buildings consisting of single family residences, and upper story residential apartments within the DDA district.

B. Commercial - The majority of property within the downtown portion of the DDA district consisting of commercial property along River Street. These commercial uses include professional, retail, restaurant and taverns, banking, and service businesses. The Giesue Drive and Greenland Road portion of the DDA District several retail establishments and the Ontonagon District Court.

C. Industrial - There are several industrial uses within the Downtown Development Authority primarily west of the Ontonagon River along Lakeshore Road, Superior Way, and Industry Park Road. At the end of River Street is the Oldenburg Group warehouse.

### *Recreational Uses*

The Ontonagon Village Marina and River Front Park are located in the DDA District and Development Area boundary.

### *Quasi-Public Uses*

The Aspirus Ontonagon Hospital and Clinic is located on the east side of S 7<sup>th</sup> Street in the Giesue Drive and Greenland Road portion of the DDA District.

### *Educational Uses*

There are no educational uses located within the existing DDA district or Development Area boundaries.

### *Vacant Land*

There are several parcels of property that may be classified as vacant or underutilized and they exist west of the Ontonagon River.

## **3. Location and Extent of Proposed Public and Private Land Uses.**

The Development Plan envisions the integration of public and private land uses as a method of strengthening the economic base of the Development Area. This will be accomplished by improving the public infrastructure adjacent to existing private development. Specifically, the Downtown Development Authority plans to utilize four distinct approaches to the revitalization and enhancement of the commercial base.

1. The first strategy is to connect the downtown with River Street by making improvements to Rockland Road beginning at the Rockland Road and M-38/M-64 intersection.
2. The second strategy is to improve River Street through a negotiated turnback from the Michigan Department of Transportation.
3. The third strategy is to repurpose the Chicago, Milwaukee, St. Paul and Pacific Railroad (MILW) railyard to a community and downtown event space.
4. The final strategy is to connect the downtown with the marina via an all-season shared pathway system.

## **4. Legal Description of the Development Area**

The downtown development authority shall exercise its powers and duties within the downtown development district, Village of Ontonagon, County of Ontonagon, State of Michigan, specifically described as follows:



Commencing as the intersection of M-38 (Greenland Road) and Parker Avenue; thence southeast along the north side of-right-of-way of M-38 to intersection of M-38 and south seventh street; thence north along South Seventh Street to the north section line of Section 31, Township 52 North, Range 39 West; thence east along section line to corner of Section 30, 29, 31, and 32; thence west along the south line to the northeast corner of section 31; thence west along the south line of the northeast quarter to section 32 to the southwest corner of the northeast quarter of section 31; thence north to M-38; thence northwest along the south side of M-38 right-of-way to the intersection of M-38 and Parker Avenue, minus property not included within the corporate boundaries of the village; and also NE $\frac{1}{4}$  of NE $\frac{1}{4}$ , Section 31, Township 52 North, Range 39 West, SW $\frac{1}{4}$  of NE $\frac{1}{4}$ , Section 31, Township 52 North, Range 39 West, NW $\frac{1}{4}$  of NE $\frac{1}{4}$ , Section 31, Township 52 North, Range 39 West, SE $\frac{1}{4}$  of NE $\frac{1}{4}$ , Section 31, Township 52 North, Range 39 West; except;

(1) A parcel of land in the SW $\frac{1}{4}$  of NE $\frac{1}{4}$ , Section 31-52-39 starting as the north quarter corner of Section 31, thence south a distance of 810.31 feet to the intersection of the westerly boundary line of the Ontonagon Greenland Road (M-38) right-of-way, thence south 60 degrees 05 minutes 03 seconds east along the Greenland Road a distance of 1300.91 feet to the point of beginning; thence south 29 degrees 30 minutes west a distance of 400 feet; thence northwest 60 degrees, 05 minutes, 03 seconds a distance of 250 feet; thence northeast 29 degrees 30 minutes a distance of 400 feet to the westerly boundary of Greenland Road and M-38, thence along the right-of-way to the point of beginning.

(2) A parcel of land in the N $\frac{1}{2}$  of NE $\frac{1}{2}$ , Section 31-52-39 straight at the north quarter corner of Section 31, thence south a distance of 810.31 feet to the intersection of the west boundary line of Ontonagon and Greenland Road (M-38) right-of-way, thence south 60 degrees, 05 minutes 03 seconds east along the right-of-way M-38 a distance of 1050.91 feet to the point of beginning; thence south 29 degrees 30 minutes west a distance of 400 feet; thence north 60 degrees 05 minutes 03 seconds west a distance of 500 feet; thence north 60 degrees 05 minutes 03 seconds west a distance of 500 feet; thence south 60 degrees 05 minutes 03 seconds west a distance of 500 feet; thence 29 degrees 30 minutes east a distance of 100 feet; thence south 60 degrees 05 minutes 03 seconds east a distance of 100 feet; thence south 60 degrees 05 minutes 03 seconds east a distance of 300 feet; thence north 29 degrees 30 minutes east a distance of 300 feet to the westerly boundary of the Greenland Road and M-38; thence south 60 degrees 05 minutes 03 seconds east a distance of 200 feet to the point of beginning.

(3) A parcel of land in the NW $\frac{1}{4}$  of NE $\frac{1}{4}$ , and the SW of the NE $\frac{1}{4}$ , Section 31-52-39 starting at the west quarter line corner, thence south a distance of 810.31 feet to the intersection of the westerly boundary line of the Ontonagon Greenland Road (M-38); thence south 60 Degrees 30 minutes east a distance of 300 feet; thence north 60 degrees 30 minutes west a distance of 300 feet; thence south 60 degrees 30 minutes east a distance of 850.91 feet to the point of beginning; thence south 29 degrees 30 minutes west a distance of 300 feet, thence north 60 degrees 30 minutes west a distance of 300 feet; thence north 60 degrees 30 minutes west a distance of 300 feet to the west boundary of Greenland Road (M-38); thence north 39 degrees 30 minutes east a distance of 300 feet to the west boundary of the Greenland Road (M-38); thence south 60 degrees 30 minutes east along the boundary line of Greenland Road (M-38) a distance of 300 feet to the point of beginning.

(4) A parcel of land commencing at the east quarter corner of Section 31-52-39, thence north 0 degrees 4 minutes 56 seconds west along the east line of Section 31, 415 .26 feet;

thence north 56 degrees 2 minutes 36 seconds west 277.60 feet to the point of beginning; thence 34 degrees 30 minutes 55 seconds east 400 feet; thence north 55 degrees 29 minutes 5 seconds west 403.77 feet more or less to the highway right-of-way line; thence south 56 degrees 33 minutes 36 seconds east 200 feet along the highway right-of-way line to the point of beginning, being a part of the SE¼ of NE¼ Section 31 and containing 1.85 acres or less. Also including a 66-foot right-of-way access along the west side of the parcel, as surveyed.

(5) Parcel of land in the SE¼ of NE¼ commencing in the east quarter corner of Section 31; thence running west along the quarter line 9.75 chains, north 35 degrees east 16.88 chains to section line between Sections 31 and 32, thence south 13 ,88 chains along section line to the point of beginning. A road 50 links wide in the SE ¼ of NE¼ bounded as follows: Commencing 9.75 chains west of the east quarter post of Section 31; thence along the road north 55 degrees west 50 links, thence 50 links more or less to the point of beginning, containing one-half acre, more or less.

(Ord. No. 1985-4, §1100.03, 7-22-85; Ord. No. 1987-2, 12-14-87)

**5. Existing Improvements in the Development Area to be Demolished, Repaired or Altered and Time Required for Completion.**

The Development Plan envisions River Street, Rockland Road and the River Street / Rockland Road intersection to be reconstructed as part of the turnback of the State highway to a local road. These improvements would include street reconstruction, incorporation of streetscape elements (lighting, landscape, bike racks, benches, etc.) and pedestrian crossings.

**6. The Location, Extent, Character and Estimated Cost of Improvements including Rehabilitation for the Development Area.**

The table below outlines the project name, description and estimated cost for those projects identified by the DDA Board.

**Table 1**  
Ontonagon DDA Projects and Programs and Probable Costs

Project Name	Description	Probable Cost	Priority
<i>PUBLIC FACILITIES</i>			
Non-Motorized Connection between Downtown and Marina	This involves the construction of an all-season shared pathway that connects the downtown with the marina using the former MILW right-of-way and rail bridge.	\$1,350,000	Medium
Rose Island Park Improvements	Providing pedestrian access to Rose Island via several bridges from the downtown and installing a series of pathways and event spaces on the island., including transient “shopper” docks.	\$800.000	High



Project Name	Description	Probable Cost	Priority
Conversion of MILW Railyard	The MILW Railyard parallels River Street on the west side of the downtown. This space would be converted into a community and downtown events park linking the downtown to Rose Island. In addition, the former MILW Rail Depot would be included in the project as a potential visitor and welcome center for the downtown.	\$1,250,000	Low
<i>STREET IMPROVEMENTS</i>			
Rockland Road / M-38/M-64 /US-45 Intersection	Installation of a series of identification poles that are light that define the intersection as a major entry to the downtown.	\$75,000	Medium
Rockland Road Improvements	Improves Rockland Road through a negotiated turnback from the Michigan Department of Transportation. This would include reconstruction of the street and installation of pedestrian lighting, wider sidewalks and landscaping.	\$1,350,000	Medium
River Street "Turnback" and Streetscape Improvements	Improves River Street through a negotiated turnback from the Michigan Department of Transportation. This would include reconstruction of the street and installation of pedestrian lighting, wider sidewalks and landscaping.	\$3,240,000	Medium
Side Street Improvements	Extension of streetscape improvements along the downtown side streets between River Street and Michigan Street.	\$1,050,000	High
<i>INFRASTRUCTURE</i>			
Sanitary Sewer Extension and Installation to Rose Island	Extension of the Village sanitary sewer to Rose Island	\$275,000	High
<i>BUILDING and SITE REDEVELOPMENT</i>			
Commercial Building Façade Improvements	Creation of a façade grant / loan program that aids property owners wishing to make improvements to their building facades consistent with the historic context of the building.	\$250,000	High



Project Name	Description	Probable Cost	
Redevelopment of the former Greenland School	Adaptive reuse of the former elementary school building to accommodate community programs and the surrounding site for residential development.	\$4,275,000	High
Downtown Co-Op Work Space	Conversion of an available space in the downtown to a co-op work center for “Gig” economy workers and seasonal residents.	\$50,000	Low
Redevelopment Services	Assistance with pre-development services including market and real estate studies, Phase 1 and Phase 2 assessments, and conceptual design	\$100,000	Low
Property Acquisition	Establishing a reserve fund that can be used to acquire available properties in the DDA District for redevelopment and repurposing.	\$200,000	Low
<b>MARKETING &amp; PROMOTIONS</b>			
Marketing & Promotions	Web site development and maintenance, branding and implementation, and external marketing efforts to Michigan and Wisconsin markets.	\$75,000	Low

Note: *The scope and cost of the project may vary depending on the final design of each component. Project descriptions reflect the overall scope of the projects envisioned by the Ontonagon DDA. The DDA recognizes that market forces, private investment, future public-private partnerships, and legislative amendments may result in changes to the final design, cost, and prioritization of the projects consistent with overall concepts embodied in this Development Plan and Tax Increment Financing Plan.*

**7. A Statement of the Construction or Stages of Construction Planned, and the Estimated Time of Completion.**

On July 25, 2019 the DDA Board met to review the results of the board prioritization survey and discuss the extent, probable cost and timing of projects and programs. Table 1 outlines the project name, description and priority and timing assigned for those projects by the DDA Board. Table 2 on the next page provides an overall summary by DDA project type and priority.

**Table 2**

**Ontonagon DDA Projects and Programs by Priority**

Overall summary of the proposed development plan projects and programs is:

Project Category	Prioritization			Total Costs
	High (1-7 Yrs)	Medium(8-14 Yrs)	Low (15+ Yrs)	
Public Facilities	\$800,000	\$1,350,000	\$1,250,000	\$3,400,000
Street Improvements	\$1,050,000	\$4,665,000		\$5,715,000
Infrastructure	\$275,000			\$275,000
Buildings & Site	\$4,525,000		\$350,000	\$4,875,000
Marketing & Promotions			\$75,000	\$75,000
Totals	\$6,650,000	\$6,015,000	\$1,675,000	\$14,340,000

**8. Parts of the Development Area to be Left as Open Space and Contemplated Use.**

In reference to the public improvements outlined, open space within the DDA district and Development Area will be confined to rights-of-way, plazas, and parks within the District. Existing park property in the DDA district and Development Area will remain as open space.

**9. Portions of the Development Area which the Authority Desires to Sell, Donate, Exchange, or Lease to or From the Municipality and the Proposed Terms.**

There are no parcels that the DDA plans to acquire, sell, donate, exchange, or lease, as part of this Development Plan.

**10. Desired Zoning Changes and Changes in Streets, Street Levels, Intersections and Utilities.**

The Development Plan proposes no zoning changes proposed within the Development Area. The current zoning of commercial and office accommodates existing and future land uses in the subject area. The Plan does contemplate the reorganization and realignment of the River Street and Rockland Road intersection to a traditional four-way intersection. This will require the demolition of some portions of the intersection to accommodate this realignment.

**11. An Estimate of the Cost of the Development, Proposed Method of Financing and Ability of the Authority to Arrange the Financing.**

Financing for the public improvement projects outlined in Section 6 would be provided through funds generated by the Tax Increment Financing Plan induced by annual increases in property valuations within the Development Area. The amount of the funding will be predicated on the stability of the taxable valuation base of the downtown area and the extent of new future redevelopment and rehabilitation projects. Sources of funding may include tax increment revenues on a “pay-as-you-go” basis, the issuance of bonds by the DDA or City and other sources approved by the City in accordance with the Act 57 of 2018.



**12. Designation of Person or Persons, Natural or Corporate, to whom all or a portion of the Development is to be Leased, Sold, or Conveyed in any manner and for whose benefit the Project is being undertaken if that information is available to the Authority.**

The public improvements undertaken pursuant to this Development Plan will remain in public ownership for the public benefit.

**13. 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 expressed 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.**

At present there are no agreements for property conveyance between the Village of Ontonagon, Ontonagon DDA or any person(s), natural or corporation. The Development Plan utilizes a voluntary acquisition strategy to acquire property within the Development Area. Acquisition of such property would be on a negotiated basis between the Downtown Development Authority and the interested party.

Any such sale, lease or exchange shall be conducted by the DDA pursuant to requirements specified in Act 57 with the consent of the City Commission. If needed, more detailed procedures will be developed prior to the transactions, in accordance with applicable city policy and Michigan state law.

**14. Estimates of the Number of Persons residing in the Development Area and the Number of Families and Individuals to be Displaced.**

Based upon a review of the properties within the DDA district and Development Area it is estimated that there are more than 100 individuals who reside within the Development Area. The Development Plan does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families within the DDA district and Development Area.

**15. A Plan for Establishing Priority for the Relocation of Persons Displaced by the Development in any New Housing in the Development Area.**

The Development Plan does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families. As a result, a plan for compliance Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is not addressed.

**16. 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.**

The Development Plan does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families. As a result, a plan for compliance Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is not addressed.



**17. A Plan for compliance with Act 227 of the Public Acts of 1972.**

Act 227 of Public Acts of 1972 is an Act to provide financial assistance; advisory services and reimbursement of certain expenses to persons displaced from real property or deprived of certain rights in real property. This Act requires procedures and policies comparable to the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Because the Development Plan does not require the acquisition of property and displacement of persons a plan for compliance with Act 227 is not addressed.

## TAX INCREMENT FINANCING PLAN

### 1. Definitions as Used in This Plan.

- a. "Captured assessed value" means the amount in any 1 year by which the current assessed value of the project area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in subdivision c (below) exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.
- b. "Initial assessed value" means the assessed value, as equalized, 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, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision (aa). In the case of a municipality having a population of less than 35,000 that established an authority prior to 1985, created a district or districts, and approved a development plan or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or amendments to a plan, and which plan expired by its terms December 31, 1991, the initial assessed value for the purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance zone has subsequently been designated pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the development area otherwise determined under this subdivision shall be reduced by the amount by which the current assessed value of the development area was reduced in 1997 due to the exemption of property under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, but in no case shall the initial assessed value be less than zero.
- c. "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.
- d. "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the development area, subject to the following requirements:
  - (i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area for any purpose authorized by this act.
  - (ii) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area in an



- amount equal to the amount necessary, without regard to subparagraph (i), to repay eligible advances, eligible obligations, and other protected obligations.
- (iii) Tax increment revenues do not include any of the following:
    - (A) Ad valorem property taxes attributable either to a portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to a portion of value of property that may be excluded from captured assessed value or specific local taxes attributable to such ad valorem property taxes.
    - (B) Ad valorem property taxes excluded by the tax increment financing plan of the authority from the determination of the amount of tax increment revenues to be transmitted to the authority or specific local taxes attributable to such ad valorem property taxes.
    - (C) Ad valorem property taxes exempted from capture under section 3(3) or specific local taxes attributable to such ad valorem property taxes.
    - (D) Ad valorem property taxes levied under 1 or more of the following or specific local taxes attributable to those ad valorem taxes:
      - i. The zoological authorities act, 2008 PA 49, MCL 123.1161 to 123.1183.
      - ii. The art institute authorities act, 2010 PA 296, MCL 123.1201 to 123.1229.
      - iii Except as otherwise provided in section 203(3), ad valorem property taxes or specific local taxes attributable to those ad valorem property taxes levied for a separate millage for public library purposes approved by the electors after December 31, 2016.
  - (iv) The amount of tax increment revenues authorized to be included under subparagraph (ii) or (v), and required to be transmitted to the authority under section 14(1), from ad valorem property taxes and specific local taxes attributable to the application of the levy of the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, a local school district or an intermediate school district upon the captured assessed value of real and personal property in a development area shall be determined separately for the levy by the state, each school district, and each intermediate school district as the product of subparagraphs (A) and (B):
    - (A) The percentage that the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate school district, respectively, bears to the aggregate amount of ad valorem millage taxes and specific taxes available for distribution by law to the state, each local school district, and each intermediate school district.
    - (B) The maximum amount of ad valorem property taxes and specific local taxes considered tax increment revenues under subparagraph (ii) or (v) in Section 201 (cc) of Act 57 of 2018.

## 2. Purpose of the Tax Increment Financing Plan

The Ontonagon Downtown Development Authority District was established pursuant to ordinance to be the organization responsible for preventing deterioration in the Downtown District while preserving its historical character and promoting economic growth. In order to halt property tax value deterioration, increase property tax valuations and facilitate the overall economic growth of its business district, it was deemed to be beneficial and necessary to create and provide for the operation of a Downtown Development Authority in the City under the provisions of Act 57.

The purpose of the tax increment financing plan is to produce revenues sufficient to pay the principal, interest, paying agent fees and accounting costs for the bond issue which is proposed to finance the Development Plan and have funds available to pay for projects that do not require bond financing; typically referred to “pay-as-you-go” projects.

The Act 57 authorizes the DDA to prepare a Tax Increment Financing Plan (the "Plan"), which includes the Development Plan, a detailed explanation of the tax increment procedure, the maximum amount of



bonded indebtedness to be incurred or reimbursed, duration of the program, the impact of tax increment financing on the taxable values of all taxing jurisdictions in which the development area is located, and a statement of the portion of the captured taxable value to be used by the DDA. The benefit of using tax increment financing as a method to finance district improvements is that all local units of government levying taxes within the Village of Ontonagon contribute to the revitalization of the business district. Prior to legislative authorization of tax increment financing only the municipality provided tax revenues for revitalization activities while the other taxing authorities shared in the benefits of the revitalization efforts. The Village of Ontonagon deems it to be in the best interest of the City and the Downtown Development District to amend and restate the adopted 1978 Development and Tax Increment Financing Plan, as amended, for the Downtown Development District area.

### **3. Explanation of the Tax Increment Procedure**

The theory of tax increment financing holds that investment in necessary capital improvements in a designated area within a municipality will result in greater property tax revenues from that area than would otherwise occur if no special development were undertaken. This section is intended to explain the tax increment procedure.

- a. In order to provide a Downtown Development Authority with the means of financing development proposals, the Act affords the opportunity to undertake tax increment financing of development programs. These programs must be identified in a tax increment financing plan, which has been approved by the governing body of a municipality. Tax increment financing permits the Authority to capture incremental tax revenues attributable to increases in value of real and personal property located within an approved development area. The increases in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or any other factors that cause growth in value.
- b. At the time the resolution or ordinance establishing a tax increment financing plan is adopted, the sum of the most recently taxable values, as equalized, of those taxable properties located within the development area is established as the "Initial Taxable Value" (the "ITV"). Property exempt from taxation at the time of determination of the Initial Taxable value is included as zero. In each subsequent year, the total real and personal property within the district, including abated property on separate rolls, is established as the "Current Taxable value."
- c. The amount by which the total taxable value exceeds the ITV is the Captured Taxable Value (the "CTV"). During the period in which a tax increment financing plan is in effect, local taxing jurisdictions continue to receive ad valorem taxes based on the ITV. Property taxes paid on a predetermined portion of the CTV in years subsequent to the adoption of tax increment financing plan, however, are payable to an authority for the purposes established in the tax increment financing plan.

### **4. Taxing Jurisdiction Agreements.**

Tax increment revenues for the DDA result from the application of the general tax rates of the incorporated municipalities and all other political subdivisions, which levy taxes in the development area to the captured taxable value. Since the Plan may provide for the use of all or part of the captured tax increment revenue, the DDA may enter into agreements with any of the taxing units to share a portion of the revenue of the District. Because the DDA had no obligated expenditures prior to the change in Michigan property tax law, capture of school district millage by the DDA is not allowed.

The DDA intends to utilize all captured revenue from the District, as referenced in Table 5, until the projects addressed in the Development Plan are completed and, until any bonded indebtedness is paid, whichever is the later occurrence. Currently, the Ontonagon DDA captures 100% of the allowable tax increment revenues generated in the district.

**5. Property Valuations and Captured Revenue.**

The property valuation on which tax increment revenues will be captured is the difference between the Initial Assessed Valuation and the Current Assessed Valuation. The purpose of this section is to set forth the Initial Assessed Valuation, the projected Captured Assessed Valuation and the anticipated increment revenues to be received by the Authority from the local taxing jurisdictions including the Village of Ontonagon, Ontonagon County and any other authorities or special tax districts that may be eligible to levy property taxes within the boundaries of the DDA, herein collectively referred to as the "Local Taxing Jurisdictions."

- a. The Initial Assessed Valuation for the 1985 tax increment financing district ("TIF #1") was established based on the 1985 state taxable valuations on real property and on all non-exempt parcels within that portion of the Development Area as of December 31, 1985. The Initial Assessed Valuation of the Authority is set forth in Table 3.
- b. The Initial Assessed Valuation for the 1987 tax increment financing district ("TIF #2") was established based on the 1987 state taxable valuations on real property and on all non-exempt parcels within that portion of the Development Area as of December 31, 1987. The Initial Assessed Valuation of the Authority is set forth in Table 3.

**Table 3**  
Base Taxable Real Property Valuations

Village of Ontonagon DDA	Initial Valuation	2018 Taxable Valuations	Captured Valuation
TIF 1, 1985	\$ 15,178,175	\$ 20,000,000	\$ 4,821,825
TIF 2, 1987	\$ 250,000	\$ 260,000	\$ 10,000

- c. The anticipated Captured Taxable Value (CTV) is equivalent to the annual total taxable value within the Development Area boundaries less the Initial Taxable value as described above. The tax increment revenues are then the product of all millages levied by all taxing units in the Development Area on the CTV. The CTV is projected based on a number of factors including historical growth patterns, recent construction trends, economic indicators and the impact of certain development projects anticipated to be undertaken by the DDA. For projection purposes, the annual growth rate is forecasted at:

Fiscal	Year	growth rates District
2018	- 19	0.50%
2019	- 20	0.50%
2020	- 21	0.50%
2021	- 22	0.50%
2022	- 23	0.50%
2023	- 49	0.50%

- d. A more detailed depiction of the Captured Taxable Valuations can be found in Table 4 and Table 5.



- e. The DDA will receive that portion of the tax levy of all taxing jurisdictions paid each year on the Captured Taxable Value of the eligible property included in the Development Area. The Authority may use the revenues for any legal purpose as is established under the Act including the payment of principal and interest on bonds.

**Table 4**  
Anticipated Captured Taxable Valuation – TIF District #1 (1985)

Fiscal Year Jan-Dec	Tax Roll Assessment Date	TIF District #1 (1985)						
		Annual Valuation	Annual Taxable Growth (+ / -)	Total Valuation	Taxable Valuation Annual Growth	Captured Valuation (TIF #1)		
-	1985 - 86	12-31-85	\$ 15,178,175					
	1986 - 87	12-31-86						
	1987 - 88	12-31-87						
	2018 - 19	12-31-18	\$ 16,000,000	0.50%	\$ 16,080,000	\$ 80,000	\$ 901,825	
1	2019 - 20	12-31-19	\$ 16,080,000	0.50%	\$ 16,160,400	\$ 80,400	\$ 982,225	
2	2020 - 21	12-31-20	\$ 16,160,400	0.50%	\$ 16,241,202	\$ 80,802	\$ 1,063,027	
3	2021 - 22	12-31-21	\$ 16,241,202	0.50%	\$ 16,322,408	\$ 81,206	\$ 1,144,233	
4	2022 - 23	12-31-22	\$ 16,322,408	0.50%	\$ 16,404,020	\$ 81,612	\$ 1,225,845	
5	2023 - 24	12-31-23	\$ 16,404,020	0.50%	\$ 16,486,040	\$ 82,020	\$ 1,307,865	
6	2024 - 25	12-31-24	\$ 16,486,040	0.50%	\$ 16,568,470	\$ 82,430	\$ 1,390,295	
7	2025 - 26	12-31-25	\$ 16,568,470	0.50%	\$ 16,651,313	\$ 82,842	\$ 1,473,138	
8	2026 - 27	12-31-26	\$ 16,651,313	0.50%	\$ 16,734,569	\$ 83,257	\$ 1,556,394	
9	2027 - 28	12-31-27	\$ 16,734,569	0.50%	\$ 16,818,242	\$ 83,673	\$ 1,640,067	
10	2028 - 29	12-31-28	\$ 16,818,242	0.50%	\$ 16,902,333	\$ 84,091	\$ 1,724,158	
11	2029 - 30	12-31-29	\$ 16,902,333	0.50%	\$ 16,986,845	\$ 84,512	\$ 1,808,670	
12	2030 - 31	12-31-30	\$ 16,986,845	0.50%	\$ 17,071,779	\$ 84,934	\$ 1,893,604	
13	2031 - 32	12-31-31	\$ 17,071,779	0.50%	\$ 17,157,138	\$ 85,359	\$ 1,978,963	
14	2032 - 33	12-31-32	\$ 17,157,138	0.50%	\$ 17,242,924	\$ 85,786	\$ 2,064,749	
15	2033 - 34	12-31-33	\$ 17,242,924	0.50%	\$ 17,329,138	\$ 86,215	\$ 2,150,963	
16	2034 - 35	12-31-34	\$ 17,329,138	0.50%	\$ 17,415,784	\$ 86,646	\$ 2,237,609	
17	2035 - 36	12-31-35	\$ 17,415,784	0.50%	\$ 17,502,863	\$ 87,079	\$ 2,324,688	
18	2036 - 37	12-31-36	\$ 17,502,863	0.50%	\$ 17,590,377	\$ 87,514	\$ 2,412,202	
19	2037 - 38	12-31-37	\$ 17,590,377	0.50%	\$ 17,678,329	\$ 87,952	\$ 2,500,154	
20	2038 - 39	12-31-38	\$ 17,678,329	0.50%	\$ 17,766,721	\$ 88,392	\$ 2,588,546	
21	2039 - 40	12-31-39	\$ 17,766,721	0.50%	\$ 17,855,554	\$ 88,834	\$ 2,677,379	
22	2040 - 41	12-31-40	\$ 17,855,554	0.50%	\$ 17,944,832	\$ 89,278	\$ 2,766,657	
23	2041 - 42	12-31-41	\$ 17,944,832	0.50%	\$ 18,034,556	\$ 89,724	\$ 2,856,381	
24	2042 - 43	12-31-42	\$ 18,034,556	0.50%	\$ 18,124,729	\$ 90,173	\$ 2,946,554	
25	2043 - 44	12-31-43	\$ 18,124,729	0.50%	\$ 18,215,353	\$ 90,624	\$ 3,037,178	
26	2044 - 45	12-31-44	\$ 18,215,353	0.50%	\$ 18,306,430	\$ 91,077	\$ 3,128,255	
27	2045 - 46	12-31-45	\$ 18,306,430	0.50%	\$ 18,397,962	\$ 91,532	\$ 3,219,787	
28	2046 - 47	12-31-46	\$ 18,397,962	0.50%	\$ 18,489,952	\$ 91,990	\$ 3,311,777	
29	2047 - 48	12-31-47	\$ 18,489,952	0.50%	\$ 18,582,401	\$ 92,450	\$ 3,404,226	
30	2048 - 49	12-31-48	\$ 18,582,401	0.50%	\$ 18,675,313	\$ 92,912	\$ 3,497,138	



**Table 4**  
**Anticipated Captured Taxable Valuation – TIF District #2 (1987)**

Fiscal Year Jan-Dec	Tax Roll Assessment Date	TIF District #2 (1987)					Total Valuation	Captured Valuation (TIF #2)	Total Captured Valuation
		Annual Valuation	Annual Taxable Growth (+ / - )	Taxable Valuation Annual Growth	Total Valuation	Captured Valuation			
-	1985 - 86 1986 - 87 1987 - 88	12-31-85 12-31-86 12-31-87	\$ 250,000						
	2018 19	12-31-18	\$ 255,000	0.50%	\$ 1,275	\$ 256,275	\$ 6,275	\$ 908,100	
1	2019 - 20	12-31-19	\$ 256,275	0.50%	\$ 1,281	\$ 257,556	\$ 7,556	\$ 989,781	
2	2020 - 21	12-31-20	\$ 257,556	0.50%	\$ 1,288	\$ 258,844	\$ 8,844	\$ 1,071,871	
3	2021 - 22	12-31-21	\$ 258,844	0.50%	\$ 1,294	\$ 260,138	\$ 10,138	\$ 1,154,371	
4	2022 - 23	12-31-22	\$ 260,138	0.50%	\$ 1,301	\$ 261,439	\$ 11,439	\$ 1,237,284	
5	2023 - 24	12-31-23	\$ 261,439	0.50%	\$ 1,307	\$ 262,746	\$ 12,746	\$ 1,320,611	
6	2024 - 25	12-31-24	\$ 262,746	0.50%	\$ 1,314	\$ 264,060	\$ 14,060	\$ 1,404,355	
7	2025 - 26	12-31-25	\$ 264,060	0.50%	\$ 1,320	\$ 265,380	\$ 15,380	\$ 1,488,518	
8	2026 - 27	12-31-26	\$ 265,380	0.50%	\$ 1,327	\$ 266,707	\$ 16,707	\$ 1,573,101	
9	2027 - 28	12-31-27	\$ 266,707	0.50%	\$ 1,334	\$ 268,041	\$ 18,041	\$ 1,658,108	
10	2028 - 29	12-31-28	\$ 268,041	0.50%	\$ 1,340	\$ 269,381	\$ 19,381	\$ 1,743,539	
11	2029 - 30	12-31-29	\$ 269,381	0.50%	\$ 1,347	\$ 270,728	\$ 20,728	\$ 1,829,398	
12	2030 - 31	12-31-30	\$ 270,728	0.50%	\$ 1,354	\$ 272,081	\$ 22,081	\$ 1,915,686	
13	2031 - 32	12-31-31	\$ 272,081	0.50%	\$ 1,360	\$ 273,442	\$ 23,442	\$ 2,002,405	
14	2032 - 33	12-31-32	\$ 273,442	0.50%	\$ 1,367	\$ 274,809	\$ 24,809	\$ 2,089,558	
15	2033 - 34	12-31-33	\$ 274,809	0.50%	\$ 1,374	\$ 276,183	\$ 26,183	\$ 2,177,147	
16	2034 - 35	12-31-34	\$ 276,183	0.50%	\$ 1,381	\$ 277,564	\$ 27,564	\$ 2,265,173	
17	2035 - 36	12-31-35	\$ 277,564	0.50%	\$ 1,388	\$ 278,952	\$ 28,952	\$ 2,353,640	
18	2036 - 37	12-31-36	\$ 278,952	0.50%	\$ 1,395	\$ 280,347	\$ 30,347	\$ 2,442,549	
19	2037 - 38	12-31-37	\$ 280,347	0.50%	\$ 1,402	\$ 281,748	\$ 31,748	\$ 2,531,903	
20	2038 - 39	12-31-38	\$ 281,748	0.50%	\$ 1,409	\$ 283,157	\$ 33,157	\$ 2,621,703	
21	2039 - 40	12-31-39	\$ 283,157	0.50%	\$ 1,416	\$ 284,573	\$ 34,573	\$ 2,711,952	
22	2040 - 41	12-31-40	\$ 284,573	0.50%	\$ 1,423	\$ 285,996	\$ 35,996	\$ 2,802,653	
23	2041 - 42	12-31-41	\$ 285,996	0.50%	\$ 1,430	\$ 287,426	\$ 37,426	\$ 2,893,807	
24	2042 - 43	12-31-42	\$ 287,426	0.50%	\$ 1,437	\$ 288,863	\$ 38,863	\$ 2,985,417	
25	2043 - 44	12-31-43	\$ 288,863	0.50%	\$ 1,444	\$ 290,307	\$ 40,307	\$ 3,077,485	
26	2044 45	12-31-44	\$ 290,307	0.50%	\$ 1,452	\$ 291,759	\$ 41,759	\$ 3,170,013	
27	2045						\$ 43,218		
	46	12-31-45	\$ 291,759	0.50%	\$ 1,459	\$ 293,218		\$ 3,263,004	
28	2046						\$ 44,684		
	47	12-31-46	\$ 293,218	0.50%	\$ 1,466	\$ 294,684		\$ 3,356,460	
29	2047						\$ 46,157		

Village of Ontonagon  
 TAX INCREMENT FORECAST 2018-2049

Table 4  
 Anticipated Captured Taxable Valuation

			TIF District #3 (2019)				
Fiscal Year	Tax Roll Assessment Date	Annual Valuation	Annual Taxable Growth (+ / - )	Taxable Valuation Annual Growth	Total Valuation	Captured Valuation (TIF #3)	
Jan-Dec							
-	1985 - 86	12-31-85					
	1986 - 87	12-31-86					
	1987 - 88	12-31-87					
2018	19	12-31-18	\$ 1,006,589				
1	2019 - 20	12-31-19	\$ 1,006,589	0.50%	\$ 5,033	\$ 1,011,622 \$ 5,033	
2	2020 - 21	12-31-20	\$ 1,011,622	0.50%	\$ 5,058	\$ 1,016,680 \$ 10,091	
3	2021 - 22	12-31-21	\$ 1,016,680	0.50%	\$ 5,083	\$ 1,021,763 \$ 15,174	
4	2022 - 23	12-31-22	\$ 1,021,763	0.50%	\$ 5,109	\$ 1,021,789 \$ 15,200	
5	2023 - 24	12-31-23	\$ 1,021,789	0.50%	\$ 5,109	\$ 1,026,872 \$ 20,283	
6	2024 - 25	12-31-24	\$ 1,026,872	0.50%	\$ 5,134	\$ 1,026,923 \$ 20,334	
7	2025 - 26	12-31-25	\$ 1,026,923	0.50%	\$ 5,135	\$ 1,032,007 \$ 25,418	
8	2026 - 27	12-31-26	\$ 1,032,007	0.50%	\$ 5,160	\$ 1,032,083 \$ 25,494	
9	2027 - 28	12-31-27	\$ 1,032,083	0.50%	\$ 5,160	\$ 1,037,167 \$ 30,578	
10	2028 - 29	12-31-28	\$ 1,037,167	0.50%	\$ 5,186	\$ 1,037,269 \$ 30,680	
11	2029 - 30	12-31-29	\$ 1,037,269	0.50%	\$ 5,186	\$ 1,042,354 \$ 35,765	
12	2030 - 31	12-31-30	\$ 1,042,354	0.50%	\$ 5,212	\$ 1,042,481 \$ 35,892	
13	2031 - 32	12-31-31	\$ 1,042,481	0.50%	\$ 5,212	\$ 1,047,566 \$ 40,977	
14	2032 - 33	12-31-32	\$ 1,047,566	0.50%	\$ 5,238	\$ 1,047,719 \$ 41,130	
15	2033 - 34	12-31-33	\$ 1,047,719	0.50%	\$ 5,239	\$ 1,052,805 \$ 46,216	
16	2034 - 35	12-31-34	\$ 1,052,805	0.50%	\$ 5,264	\$ 1,052,983 \$ 46,394	
17	2035 - 36	12-31-35	\$ 1,052,983	0.50%	\$ 5,265	\$ 1,058,070 \$ 51,481	
18	2036 - 37	12-31-36	\$ 1,058,070	0.50%	\$ 5,290	\$ 1,058,273 \$ 51,684	
19	2037 - 38	12-31-37	\$ 1,058,273	0.50%	\$ 5,291	\$ 1,063,361 \$ 56,772	
20	2038 - 39	12-31-38	\$ 1,063,361	0.50%	\$ 5,317	\$ 1,063,590 \$ 57,001	
21	2039 - 40	12-31-39	\$ 1,063,590	0.50%	\$ 5,318	\$ 1,068,679 \$ 62,090	
22	2040 - 41	12-31-40	\$ 1,068,679	0.50%	\$ 5,343	\$ 1,068,933 \$ 62,344	
23	2041 - 42	12-31-41	\$ 1,068,933	0.50%	\$ 5,345	\$ 1,074,024 \$ 67,435	
24	2042 - 43	12-31-42	\$ 1,074,024	0.50%	\$ 5,370	\$ 1,074,303 \$ 67,714	
25	2043 - 44	12-31-43	\$ 1,074,303	0.50%	\$ 5,372	\$ 1,079,395 \$ 72,806	
26	2044 - 45	12-31-44	\$ 1,079,395	0.50%	\$ 5,397	\$ 1,079,700 \$ 73,111	
27	2045 - 46	12-31-45	\$ 1,079,700	0.50%	\$ 5,399	\$ 1,084,794 \$ 78,205	
28	2046 - 47	12-31-46	\$ 1,084,794	0.50%	\$ 5,424	\$ 1,085,124 \$ 78,535	
29	2047 - 48	12-31-47	\$ 1,085,124	0.50%	\$ 5,426	\$ 1,090,219 \$ 83,630	
30	2048 - 49	12-31-48	\$ 1,090,219	0.50%	\$ 5,451	\$ 1,090,575 \$ 83,986	

\$ 15,178,175

\$ 255,000

\$ 1,006,589







**6. Maximum Indebtedness.**

The maximum amount of indebtedness to be incurred by the DDA under this 2019 Amended and Restated Development and Tax Increment Financing Plan will be limited to only those projects and programs identified in the Development Plan and will be limited by the annual revenues available to DDA for bond interest and principal payments and shall not exceed \$1,000,000. Revenues captured may also be used to accomplish projects in the Development Area outlined in Table 1.

**7. Use of Captured Revenues**

Revenues captured through this Tax Increment Plan will be used to finance those improvements and projects outlined in Table 2 of the Development Plan in accordance with procedures specified in this Plan. Further, captured revenues can be used to finance current financial obligations of DDA, to pay for costs incurred by the Village/DDA in implementing both the Development Plan and the Tax Increment Financing Plan, marketing and promotions costs, to pay for costs associated with the administration and operation of the Development and Tax Increment Plan and its associated projects and programs. In addition, the Development Plan encourages the use of Tax Increment Financing Plan revenues to support public improvements associated with private redevelopment and new development projects.

The amount available for capital improvements will increase as the valuations in the district increase above the forecasted assumptions and with the implementation of new development not incorporated in the forecast. For every \$1,000,000 of added valuation the tax increment revenues will increase by \$28,655.

**Table 6**  
Anticipated Millage To Be Captured

<b>Local Unit of Government</b>		
<b>Village of Ontonagon</b>		11.0000
<i>City Operating</i>	11.00000	
<b>Community Action Program</b>		0.3000
<i>Operating</i>	0.30000	
<b>Ontonagon County</b>		11.6700
<i>County Operating</i>	6.52000	
<i>Snow &amp; Roads</i>	5.00000	
<i>OCAP</i>	0.15000	
<b>Ontonagon Township</b>		4.1849
<i>Operating</i>	4.18490	
<b>Ontonagon Transit</b>		1.0000
<i>Operating</i>	1.00000	
<b>Commission on Aging</b>		0.5000
<i>Operating</i>	0.50000	
<b>Total Millage</b>		<b>28.6549</b>

## 8. Duration of the Program

The 2019 Amended and Restated Development and Tax Increment Financing Plan shall extend the Tax Increment Financing Plan until such time that all projects and programs identified in the Development Plan have been implemented but in any event not beyond December 31, 2049. This 2019 Amended and Restated Development and Tax Increment Financing Plan shall not be abolished before the principal of and interest on any bonds which are outstanding have been paid in full, or funds enough for such payoff have been segregated.

## 9. Plan Impact on Local Taxing Jurisdictions

The Authority recognizes that future development and continued enhancements in the DDA business area will not be likely in the absence of tax increment financing. The Authority also recognizes that enhancement of the value of nearby property will indirectly benefit all local governmental units included in this plan. It is expected that the effected local taxing jurisdictions will experience a gain in property tax revenues from improvement made in the Development Area during the duration of the plan and should realize increased property tax revenues thereafter as a result of activities financed by the plan. Such future benefits cannot be accurately quantified at this time. However based on the tax increment revenue forecast the Village of Ontonagon and other taxing authorities would contribute the following percentage of revenues

**Table 7**  
Forecasted Revenue by Source

Local Unit of Government		Contribution	Percentage
<b>Village of Ontonagon</b>			38.39%
<i>City Operating</i>	\$ 748,382	38.39%	
<b>Community Action Program</b>			1.05%
<i>Operating</i>	\$ 20,410	1.05%	
<b>Ontonagon County</b>			40.73%
<i>County Operating</i>	\$ 443,587	22.75%	
<i>Snow &amp; Roads</i>	\$ 340,174	17.45%	
<i>OCAP</i>	\$ 10,205	0.52%	
<b>Ontonagon Township</b>			14.60%
<i>Operating</i>	\$ 284,719	14.60%	
<b>Ontonagon Transit</b>			3.49%
<i>Operating</i>	\$ 68,035	3.49%	
<b>Commission on Aging</b>			1.74%
<i>Operating</i>	\$ 34,017	1.74%	
<b>Total Accumulated Revenue</b>		\$ 1,949,529	100.00%

## **10. Release of Captured Revenues After Completion of Plan**

When the Development and Tax Increment Financing Plans have been accomplished, the captured revenue proportionately to the respective taxing jurisdictions is released and the local taxing jurisdictions receive all the taxes levied from that point on.

## **11. Assumptions of Tax Increment Financing Plan.**

The following assumptions were considered in the formulation of the Tax Increment Financing Plan:

- A. Real property is based on an annual growth rate of 0.50% for year 2019, and each year after.
- B. Personal property valuations are not factored into the forecast due to the Personal Property Tax reform (Proposal 14-1).
- C. Costs provided for the various development projects enumerated in Table 1 are estimated costs in 2019 dollars. Final costs are determined after the Authority authorizes the final designs and will vary depending on the year authorized.

## **12. Operating Agreement between Downtown Development Authority and Local Unit of Government Regarding Use of Tax Increment Revenues.**

The DDA will not spend any funds outside of those annually approved through the budget process and shall not commit to any loans, leases, or purchases without sufficient evidence of an adequate revenue source to support the proposal.

## **13. Relationship of the Tax Increment Financing Plan with Other Funding Programs.**

As discussed in the Development Plan, the revitalization of the downtown business district will include tax increment financing and other forms of intergovernmental financing such as grants, special assessments, and loans. It is strongly recommended that tax increment financing revenues be used to leverage public funds and private financing in order to implement the planned program.

## **14. Relationship to Community Master Plan**

The Development Plan indicates the need to revitalize the business areas of the community, which is an integral component of the community's redevelopment program and master plan.

If it is determined that any portions of the Master Plan conflict with the provisions of the Downtown Development Plan, then the Development Plan shall be adopted as a component of the Master Plan pursuant to Section 8 of Act 285 of 1931; the Municipal Planning Act.

## **15. Submission of an Annual Report to Governing Body and State Tax Commission.**

Annually the DDA shall submit to the Village of Ontonagon and the State Tax Commission a report on the status of the tax increment financing account. The report shall include those items enumerated in Part 9 of PA 57 of 2018. Further, the report shall be published in a newspaper of general circulation.



**DDA Plan & DDA District  
Expansion Public Hearing  
Process 8/9/19**

<b>ACTION</b>	<b>CONTENTS</b>	<b>DOCUMENTATION BY VILLAGE</b>
DDA recommends District Expansion <b>8/29/19</b>	DDA passes a Resolution supporting the expansion of Council the DDA district.	Forward copy of Resolution with vote to the Village
<b>(Multiple Public Information Presentation for community will be held in August)</b>		
Village Council establishes Public Hearing Date <b>9/9/19</b>	Public Hearing scheduled at least thirty days from date of Village Council consideration.	Copy of meeting minutes
Newspaper Advertisement First Notice in Newspaper no more than 40 days and not less than 20 days from Public Hearing Date. <b>9/18/19</b>	Date, Time, Location of Meeting; General description of purpose and area within community affected by Plan	Affidavit of publication from local newspaper
Newspaper Advertisement Second Notice in Newspaper no more than 40 days and not less within 20 days of Public Hearing <b>10/9/19</b>	Date, Time, Location of Meeting; General description of purpose and area within community affected by Plan	Affidavit of publication from local newspaper
Mailing –First Class Notice to Property Owners within the proposed DDA <b>10/9/19</b>	Date, Time, Location of Meeting; General description of purpose district boundary	List of Property Owners sent notification.
Posters <b>10/9/19</b>	20 Public Hearing posted With-in the proposed expansion districts and DOA district.	List noting the address of each Public Hearing poster
Public Hearing <b>10/14/19</b>	Village Council conducts the Public Hearing	
<b>DDA Plan adopted with Village Council minutes and certified copy of DDA Plan</b>		
60-Day Review Period <b>10/15/19-12/23/19</b> <b>District 3 Expansion and Ordinance Review Period</b>	Prior to adoption of the ordinance establishing the expanded area of the ODA District each taxing authority is provided a copy of the ordinance. They can opt-in or opt-out of the expanded district. In addition, the Village and tax entity can also negotiate an agreement regarding the tax increment	Documentation regarding taxing entities intentions.
Ordinance and Expansion Plan <b>12/23/19</b>	Village Council adopts Ordinance, Expansion with mtg minutes and certified copies of each	

Village Council Meeting

10/14/19

**Public Hearing Agenda Brief #1**

**DDA Plan Brief**

The DDA Plan was revised as per Michigan Public Act 57, 2018. The plan updates the community vision for the future economic development of the Village. A goal of the plan is to identify projects that will help to develop economic prosperity in the community. The selection of three priority projects of the 14 identified projects included in the plan by the DDA are as follows: repurposing of the RR Yard; revitalizing the Rockland Corridor; construction of a pedestrian bridge from business district to Rose Island that will provide connectivity to the many attractions afforded by Rose Island

The plan also provides for a revised Tax Increment Financing (TIF) funding plan, for the priority projects and to cover the costs of the various business district maintenance and enhancement programs that the DDA currently provides. The TIF captures dollars from the appreciation of properties in the district. Taxes for residents in this district are not increased. Normal taxation increases for appreciation will be captured by and used to fund plan programs reflected in the revised DDA Plan.



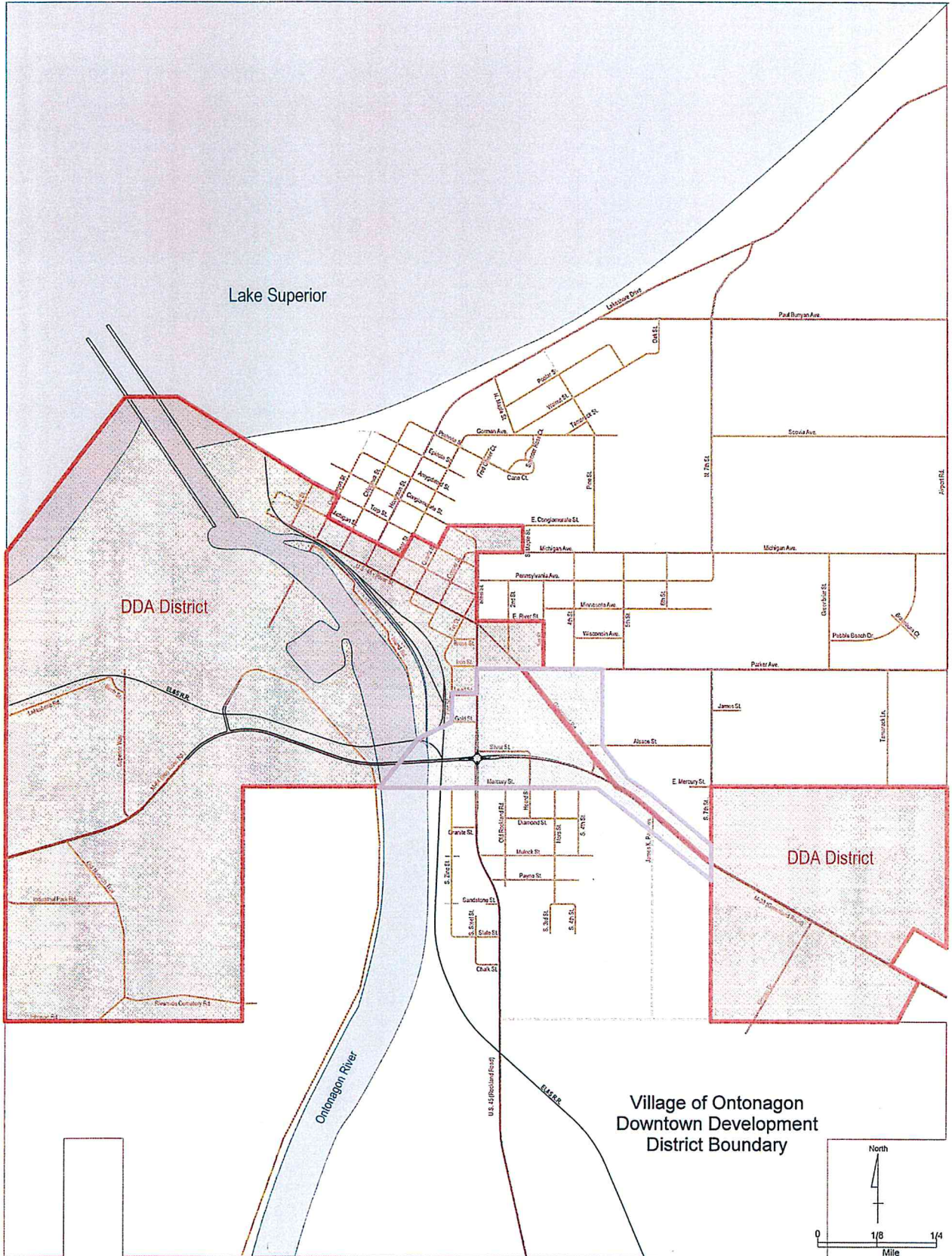
Village Council Meeting

10/14/19

**Public Hearing Agenda Brief #2**

**DDA District #3 Expansion Brief**

An area selected for expansion reflects a business district in need of economic assistance and establishes defined boundaries for economic development. Business corridors and The new DDA #3 District Expansion covers the Rockland Road Corridor and Greenland Road Corridor that both lead to the downtown business district, to include the section of State Route M38 between the two corridors. The purpose for the establishment of this third DDA district is to provide an opportunity for future economic development projects identified in the DDA plan for this area. Approval of this expansion request will allow for the revitalization of this area that was impacted by the relocation of the M64 Bridge.





## **TAX INCREMENT FINANCING (TIF) OVERVIEW**

Tax Increment Financing (TIF) is designed as an economic development tool that helps local governments improve historic districts and restore blighted areas in economically challenged parts of the Village. To for the priority projects and to cover the costs of the various business district maintenance and enhancement programs that the DDA currently provides. The TIF captures dollars from the appreciation of properties in a designated district for 30 years (until 2048 for Ontonagon's 2 current districts and for the proposed District #3). The Village continues to capture the taxes up to the point of appreciated value for that time frame. Taxes for residents within the boundaries of a designated DDA District are not increased due to being designated as a DDA District. Normal taxation increases for appreciation will be captured by the DDA and used to fund DDA Plan programs for that district.

Tax Incremental Financing funds help municipalities to make needed improvements, like new roads and sewers, or provide incentives to attract private development and new businesses. TIF designation also helps existing businesses expand or improve their properties that might otherwise find more attractive options elsewhere. TIF helps to overcome the extraordinary costs that often prevent development and private investment from occurring, including the remediation of environmentally contaminated properties, investing in new infrastructure, and assembling small properties into a single larger parcel for redevelopment. Since the Federal and State governments have greatly reduced their support for economic development, Tax Increment Financing permits municipalities to accept some of this responsibility without raising local property taxes to fund public investment. Without TIF benefits, development in certain areas may not be economically feasible. Businesses do not sink capital into decaying areas, and most local governments cannot afford the needed costly improvements without raising taxes. But in a TIF district, dollars for improvements are generated by businesses-new and old-attracted by the TIF benefits. Specifically, money for infrastructure improvements and other incentives comes from the growth in property tax revenues-the tax increment.