

City of Grosse Pointe Park
Northwest Tax Increment Finance Authority
Amended Development Plan and Tax Increment Financing Plan



Approved by the City of Grosse Pointe Park City Council on June 8, 2020

Approved by the City of Grosse Pointe Park Northwest Tax Increment Finance Authority
on March 12, 2020

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Amended Development Plan
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**AMENDED DEVELOPMENT PLAN
AND
TAX INCREMENT FINANCING PLAN**

City of Grosse Pointe Park
Northwest Tax Increment Finance Authority

TIFA Plan Vision

To plan for the proper use of tax increment financing dollars in a manner that will creatively, positively, and pro-actively contribute to the economic development and redevelopment of the TIFA District of the City of Grosse Pointe Park.

PART 1 - INTRODUCTION

The City of Grosse Pointe Park is a mature suburban residential community that shares a border on the west and north with the City of Detroit and a border to the east with the City of Grosse Pointe. Over time, borders with neighboring communities had become vague and ill defined. This erosion and the loss of identity and uniqueness was particularly harsh on one area in particular; the Northwest section of the City of Grosse Pointe Park.

On October 27, 1986, in an effort to (1) halt a decline in property values, (2) increase property tax evaluation, (3) eliminate the cause of decline in property values and (4) promote growth within this section of the City, the Grosse Pointe Park City Council created, by resolution, the Grosse Pointe Park Tax Increment Finance Authority ("TIFA" or the "Authority").

The City of Grosse Pointe Park TIFA has all the powers and duties prescribed for a Tax Increment Finance Authority under Part 3 of the Recodified Tax Increment Financing Act, Public Act No. 57 of 2018 (the "Act"). MCL §125.4301 *et seq.*

As required by applicable law, the City of Grosse Pointe Park TIFA prepared a Development Plan and Tax Increment Financing ("TIF") Plan to guide the continued development of the TIFA District. The purpose of the Development and TIF Plan was to establish the legal basis and procedure for the capture and expenditure of tax increment revenues in accordance with applicable law for the purpose of stimulating and encouraging private investment in the TIFA District.

The Development Plan calls for public and private improvements in the TIFA District (the "District"). These improvements include, but were not limited to, pedestrian lighting, acquisition of mobile toters, public parking improvements, façade and landscape services, improved entranceways, and establishment of public facilities including those serving the City's municipal needs coupled with commercial enhancement and private investment programs.

The TIF Plan has and will continue to generate the necessary funds to undertake these improvements as the City, due to financial limitations, lacks the resources to facilitate these program improvements. The Authority is confident that the plans presented will continue to create a visually pleasing area which will not only revitalize the District but continue to stimulate private investment in the TIFA District.

The Authority respectfully submits this Amended Development Plan and Tax Increment Financing Plan for the City Council's review and approval. Together these plans offer a "window of opportunity" to the overall revitalization and future economic stability of the TIFA District. The amendments will neither modify the term of the existing TIFA plan, nor will they modify the boundaries of the District or the proposed tax capture of the remaining sixteen (16) year term. The amendment included herein will modify the term limit of any future bond issue to a fifteen (15) year period from the prior twenty (20) year bond term allowance. Furthermore, the Amended Development Plan provides for the construction, renovation, preservation, or reconstruction of a

new public facility which is necessary and appropriate to the execution of the Amended Development Plan which, in the opinion of the TIFA Board, aids in the revitalization and growth of the Development Area or District. See, MCL §125.4307(c). A “public facility” is defined in the Act to include facilities “designed and dedicated to use by the public generally or used by a public agency.” MCL §125.4301(u). It is noted that such improvements will consist of the construction of public works department offices and a combined storage facility along Mack Avenue between Wayburn and Maryland.

The City’s current effort to revitalize the Northwest section of the City will depend upon the ability of its TIFA to initiate and participate in the improvement of properties within the District. The general goals and objectives of this Amended Development Plan are as follows:

1. Improve the overall aesthetics of the District.
2. Enhance the western entrances of the District to promote a positive image.
3. Encourage the renovation, improvement and facilitate the establishment of private and publicly owned properties within the District.
4. Increase safety and security within the District.
5. Encourage improvement of existing facades and landscapes.
6. Address and improve parking needs and alternative programs within the Development Area.
7. Construct and maintain a new Department of Public Works building

The Amended Development Plan will be consistent with these goals along with the short and long term goals of the City of Grosse Pointe Park and its Master Plan, as amended.

Part 2 -TIFA Amended Development Plan¹

1. The Designation of Boundaries of the Development Area in Relation to the Boundaries of the Authority District Area and any other Development Area. (MCL §125.4316(2)(a)).

The boundaries of the Development Area are shown on Figure 1, attached hereto. The designated boundaries of the Development Area are interpreted to extend throughout the entire TIFA District. There are no other Development Areas within the Development District.

¹ Section 316(1) of the Recodified Tax Increment Financing Act (“Act”), Act 57 of 2018, provides that: “When a board decides to finance a project in the development area pursuant to this part, it shall prepare a development plan.” MCL §125.4316(1).

2. The Designation of Boundaries of the Development Area in Relation to Highways, Streets, or Otherwise. (MCL §125.4316(2)(b)).

The TIFA District is defined as the area bordered by Mack Avenue on the north, the northern boundary of the Grosse Pointe Park Jefferson Avenue Downtown Development Authority (“DDA”) on the south, the City limits on the west, and the eastern edges of the alley between Beaconsfield and Nottingham on the east. The area includes the residential streets of Wayburn, Maryland, Lakepointe, Beaconsfield, Vernor, and St. Paul and the primarily commercial streets of Mack Avenue, Charlevoix, and Kercheval. For a more detailed description, please refer to the boundary map in Figure 1 and the legal description in Appendix A. Boundary extensions of the Development Area (or TIFA District) are neither contemplated nor recommended at this time.

3. The Location and Extent of Existing Streets and Other Public Facilities Within the Development Area and the Location Character, and Extent of the Categories of Public and Private Land Uses Then Existing and Proposed for the Development Area, Including Residential, Recreational, Commercial, Industrial, Education and Other Uses and a Legal Description of the Development Area. (MCL §125.4316(2)(c)).

The Development Area is an area comprised of several land uses ranging from high and medium density residential to office and convenience/comparison businesses within the commercial areas. The City owns and maintains five (5) public parking facilities within the District; two (2) on Mack Avenue and three (3) on Kercheval.

The Development Area does not presently contain any other public land uses, other than street right-of-ways under the jurisdiction of the City of Grosse Pointe Park and utility systems such as sewer and storm water management, etc. The legal description of the Development Area is contained on Appendix A hereto.

The Development Area does not contain any industrial, recreational, or educational uses.

4. A Description of Improvements to be Made in the Development Area, a Description of any Repairs and Alterations Necessary to Make the Improvements, and an Estimate of the Time Required for Completion of the Improvements. (MCL §125.4316(2)(d)).

GOALS AND OBJECTIVES

The proposed improvements were developed based on a set of goals and objectives to ensure that each project was consistent with the overall vision for the TIFA, as described above. The following includes these goals and objectives and provide a framework for the proposed projects included in this section.

The overall goals of the Amended Development Plan is to offer improvement projects that seek to visually enhance the City of Grosse Pointe Park and reflect its character thereby creating an attractive, memorable environment for businesses and residents.

The improvements in the Amended Development Plan are intended to encourage greater investment and revitalize the TIFA District by halting any decline in commercial or residential property values, increase property valuations, and promote diversity of commercial and residential growth within the TIFA District defined areas.

The TIFA anticipates the development of many projects over the upcoming sixteen (16) year period. It is anticipated during this period further projects will be taken under consideration. However, these projects may not be implemented until compliance with the Act has been satisfied. At this time, the City Council is continuing this plan within the District for the remaining sixteen (16) year period as the TIFA proposes the improvements described below.

The full extent of demolition, repair, or alteration of existing improvements is not yet known. Demolition, repair, construction, enhancement, and/or replacement of existing infrastructure are planned as part of the various projects, including sidewalks, curbing, pavement, pavers, streets and grates, lighting, utility, street furniture, and others.

The Grosse Pointe Park City Council will review and improve the amendment to the TIFA's Amended Development Plan to make a determination as to whether or not it constitutes a public purpose.

A. Facade, Landscape And Public Parking Improvements.

To encourage the continuous upgrading of properties within the TIFA District, it is the intent of the TIFA to continue to provide facade and landscape improvements to the businesses and residents within the TIFA District. These services would include the architectural renderings of homes and business transferable landscape schemes for the TIFA District. These improvements,

when undertaken, will not only improve the aesthetics of the TIFA District and the City, but will generate new captured assessments for the Authority.

Public parking improvements will continue to be undertaken to support both existing commercial properties and encourage location of new businesses in existing buildings that support the residential character of the City as a whole. Estimated cost is \$4,000,000.00. The time frame of undertaking these improvements will be primarily, but not limited to, the first five (5) to eight (8) years of the improvement plan beginning in 2020.

Initial parking improvements will be undertaken along Mack Avenue in conjunction with the construction of the public works facility described herein and are expected to cost approximately \$200,000. Beginning in fiscal year 2021, parking improvements are expected to begin on Charlevoix and are expected to cost approximately \$400,000. Also, during fiscal year 2021, parking lot improvements will be undertaken along Kercheval and the completion of parking lot construction along Maryland. During the balance of the TIF Plan, parking improvements will continue to be active and pursued if opportunities become available to create off-street parking along alleyways and parcels adjoining or frontage upon the commercial streets of Mack Avenue, Charlevoix and Kercheval. These improvements will be undertaken throughout the remainder of the TIF Plan.

B. Housing And Commercial Property Rehabilitation.

Many single family, multiple family and commercial structures within the TIFA District had been neglected or unimproved over the years. Accordingly, the TIFA may continue to acquire and renovate properties where it is beneficial to increase their values and/or facilitate the expansion of greenspace, placement of landscaping or possible off street parking improvements. Renovating properties throughout the TIFA District will continue to be a catalyst encouraging other property owners to improve their properties through private investment as well. Property owners in the TIFA District will be assisted in maintaining and improving their properties. These renovations will consist of practical improvements and architectural styles that property owners can learn from and thereby develop a greater sense of pride within throughout the TIFA District. Should any large commercial development become feasible and desirable for the District (including at the western end of Kercheval), the TIFA will assist in that development after consultation with all interested parties and compliance with applicable law.

Estimated cost is \$3,000,000 and such activities are expected to be undertaken continually throughout the course of the remaining sixteen (16) year term of the TIF Plan.

C. Street, Facility And Overall Public Safety and Facility Improvements.

The streetscapes on Mack Avenue between Nottingham and Somerset, Charlevoix Ave and Kercheval Ave, while once deteriorated, have been improved over the last twenty (20) years. However, these streetscapes now require further capital investment for reconstruction as recently undertaken along the Mack Avenue Business District. In order to do so, funding is required for these projects and for the consideration of a boulevard improvement upon Mack Avenue between Wayburn and Somerset streets. When these streetscapes, and accompanying parking improvements, and possible boulevard improvements, are completed the TIFA District will be able to more effectively attract and retain businesses in the Development Area and will fill the empty commercial properties that currently exist therein. Also commercial and residential lighting improvements, and commercial and residential alley and fence improvements will be undertaken. Additional general public safety enhancements including, traffic signals, control devices, markings and other health or safety and security related equipment will be pursued as well.

Public facility improvements will also be undertaken. This shall include the construction of offices and storage facility for the Grosse Pointe Park Department of Public Works on Mack Avenue between Wayburn and Maryland. Presently, there is a building that was once used for a bakery that has been closed for many years.

By increasing the amount of activity and presence of City employees at that location, this construction and resulting public facility will improve the image and security along the City's western border and correspondingly support local businesses along the Mack Avenue Business District and enhance the surrounding commercial and residential underlying values. Costs of that improvement shall include accompanying administrative costs.

Other locations within the City were considered by the TIFA, with the advice and consultation of OHM Advisors. However, OHM concluded that the proposed location on Mack Avenue between Maryland and Wayburn were the best locations and would promote the TIFA's objectives of removal of blight and supporting local businesses along the Mack Avenue Business District.

The TIFA is confident that the combination of all of these programs will aesthetically improve both the residential and commercial properties within the Development Area and create an overall sense of continued revitalization of the entire TIFA District and promote the establishment of new business throughout its commercial districts. Estimated cost of these capital improvements total \$ 8,008,650.

The first phase of improvements will consist of construction of the public works facility. At this time, costs are estimating between \$3.5 and \$4 million. Some street lighting upgrades will continue this fiscal year and will be undertaken throughout the entire sixteen (16) year TIF Plan.

Alley improvements, including repaving, will begin in fiscal year 2022 and continue for the duration of the TIF Plan. Kercheval and Charlevoix street scope improvements will begin fiscal year 2021 and will be staged block-by-block for each street and phased in during the next eight (8) years.

5. The Location, Extent, Character, and Estimated Cost of the Improvements Including Rehabilitation Contemplated for the Development Area and an Estimate of the Time Required for Completion. (MCL §125.4316(1)(e)).

The location, extent, and character of the improvements are described in Section 4, immediately above. It is estimated that those projects can be completed by the year 2026. The costs for each of those capital improvements total \$15,973.950.

Cost estimates for the projects are very preliminary; specific plans and refined cost estimates for the Development Area improvements will be completed upon the initiation of each project. However, the cost estimates have been developed in consideration of recent comparable construction and relevant vendor and engineering estimates.

6. A Statement of the Construction or Stages of Construction Planned, and the Estimated Time of Completion of Each Stage. (MCL §125.4316(2)(f)).

The stages of planned construction regarding this Amended Development Plan are presented in Table 1 above. The actual timing and sequence of projects may vary based on a variety of factors such as fund availability, opportunities that arise to achieve the goals, the purposes of this Amended Development Plan, and other TIFA priorities.

7. A Description of Any Parts of the Development Area to be Left as Open Space and the Use Contemplated for the Space. (MCL §125.4316(2)(g)).

No portion of the Development Area is presently proposed to be set aside as public open space. However, the TIFA of the City of Grosse Pointe Park will attempt to preserve open space as projects are developed in accordance with the goals of this Amended Development Plan and other planning efforts. Wherever feasible and available, and given the mature, developed, and heavily concentrated residential nature of the TIFA District, the TIFA intends to incorporate and/or preserve open space areas into the TIFA District, to be utilized by the public. For example, the western area of the Kercheval Business District (on Kercheval Avenue just east of Alter Road) provides opportunities for public spaces and events.

8. A Description of any Portions of the Development Area Which the Authority Desires to Sell, Donate, Exchange, or Lease To or From the Municipality and the Proposed Terms. (MCL §125.4316(2)(h)).

The TIFA proposes to acquire, sell, convey, lease and/or exchange real projects. Any real proposal acquired, sold, conveyed, leased or exchanged will be done using the same procedures as those undertaken by the City and the TIFA, subject to applicable law and regulation.

9. A Description of Desired Zoning Changes and Changes in Streets, Street Levels, Intersections, and Utilities. (MCL §125.4316(2)(i)).

The TIFA's Amended Development Plan may require zoning changes for the TIFA District in the future. If a Development Area Citizens Council is required under Section 320 of the Act, MCL §125.4320), it will be established at the appropriate time. However, no such zoning changes are anticipated at this time. If any zoning changes are proposed in the future, they will be addressed by the Grosse Pointe Park City Council which retains the authority for zoning decisions.

However, any potential future changes that may occur to promote parking developments may require altering traffic patterns to a degree, although no specific alteration is under consideration at this time. Future consideration could possibly include the development of additional parking within the street right-of-ways and for the reduction of commercial traffic on the residential streets and for the improvement of safety within the TIFA District.

10. An Estimate of the Cost of the Development, a Statement of the Proposed Method of Financing the Development, and the Ability of the Authority to Arrange the Financing. (MCL §125.4316(2)(j)).

For total estimated costs of the development the Authority intends to use tax increment revenues as the financial mechanism for implementing the proposed Amended Development Plan. Tax increment revenues are generated by annual increases in property valuation from economic growth and new construction within the Development Area.

The Amended Development Plan and TIF Plan are companion plans. The Amended Development Plan describes the improvements intended to stimulate the revitalization of the TIFA District and identifies costs related to their implementation. The TIF Plan describes how tax increment revenues will be raised.

It is anticipated within the remaining 16 year Development Plan and TIFA Plan, approximately \$15,008,650 will be captured for the TIFA's use to achieve the preceding improvements.

Surplus funds may be retained by the TIFA for the payment of the principle of and interest on outstanding tax increment bonds or for other purposes that, by resolution of the TIFA's Board, are determined to further the Development Plan. Any surplus funds not so used will revert to the appropriate taxing jurisdictions.

The cost estimates for projects are rough estimates because construction or design drawings have not yet been prepared, and therefore, have been based on preliminary concept designs. A percentage has been factored into the estimates to cover engineering and design costs.

11. Designation of the Persons, Natural or Corporate, to Whom all or a Portion of the Development is to be Leased, Sold, or Conveyed and for Whose Benefit the Project is Being Undertaken, if that Information is Available to the Authority. (MCL §125.4316(2)(k)).

All public improvement projects undertaken as part of this Amended Development Plan will remain in public ownership for the public benefit. The TIFA owns certain property (parking lots) in the TIFA District at this time. The TIFA may consider property acquisition, lease, or sale, as appropriate, in furtherance of the goals of this Amended Development Plan. The person or persons to whom such property may be leased or conveyed is unknown at this time.

12. The Procedures for Bidding for the Leasing, Purchasing, or Conveying of All or a Portion of the Development Upon its Completion, if There is no Express or Implied Agreement Between the Authority and Persons, Natural or Corporate, That All or a Portion of the Development Will be Leased, Sold, or Conveyed to Those Persons. (MCL §125.4316(2)(I)).

In cases in which this is applicable, the TIFA will follow conventional City practices and procedures that concentrate on this matter. However, the TIFA does not contemplate the lease, purchase, and/or conveyance to any persons, natural or corporate, upon the completion of the Development Plan.

If the TIFA purchases, receives a donation, acquires or otherwise comes to own property in the Development Area, it will adopt appropriate procedures for the management and disposition of the property at a regularly scheduled public meeting of the Authority. All TIFA conveyance and disposition procedures shall be developed in compliance with federal, state, and local regulations.

Acquisition and disposition procedures will include the ability of the Authority to dispose of acquired parcels or lots with the value of such parcels or lots based upon an independent appraisal of the real estate by a qualified real estate appraiser licensed to perform such work in the State of Michigan. In the event the Authority decides to dispose of a parcel or parcels of real property, the sale may be for more than appraised value, at appraised value, or below the appraised value at the discretion of the TIFA Board.

13. Estimates of the Number of Persons Residing in the Development Area and the Number of Families and Individuals to be Displaced. If Occupied Residences are Designated for Acquisition and Clearance by the Authority, a Development Plan Shall Include a Survey of the Families and Individuals to be Displaced, Including their Income and Racial Composition, a Statistical Description of the Housing Supply in the Community, Including the Number of Private and Public Units in Existence or Under Construction, the Condition of Those in Existence, the Number of Owner-Occupied and Renter-Occupied Units, the Annual Rate and Turnover of the Various Types of Housing and the Range of Rents and Sale Prices, an Estimate of the Local Demand for Housing in the Community, and the Estimated Capacity of Private and Public Housing Available to Displaced Families and Individuals. (MCL §125.4316(2)(m)).

The TIFA notes that approximately 2650 people reside within the Development Area. Residences and commercial properties may be acquired by the Authority. The Authority expects to acquire properties from willing sellers rather than through eminent domain to avoid displacing of persons or businesses. Should persons or businesses be displaced through eminent domain a plan for establishing priority for the relocation of persons displaced would be developed by the TIFA.

14. A Plan for Establishing the Relocations of Persons Displaced by the Development in Any New Housing in the Development Area. (MCL §125.4316(2)(n)).

Not applicable.

15. 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, 42 USC 4601 to 4655. (MCL §125.4316(2)(o)).

No displacement of persons or households is anticipated to occur as a result of this Amended Development Plan. However, the TIFA recognizes that condemnation of private commercial property for the public welfare may occur, although it is not anticipated at this time. Any such displacement that occurs will be carried out in accordance with the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. 42 USC §§4601 to 4655.

16. A Plan for Compliance with Act No. 227 of the Public Acts of 1972, Being Sections 213.321 to 213.332 of the Michigan Compiled Laws. (MCL §125.4316(2)(p)).

The TIFA does not anticipate that it will be necessary to exercise its powers of condemnation or eminent domain to implement the Amended Development Plan. However, the TIFA reserves its right to exercise its powers of condemnation for the projects in this Amended Development Plan. If condemnation is required, the TIFA will comply, when necessary, with the provisions of Act 227 of 1972, MCL §213.321-332 and all other applicable laws.

Part 3 - Tax Increment Financing Plan²

The TIFA has determined that a Tax Increment Financing Plan (“TIF Plan”) is necessary to achieve the purposes of the Act, and is authorized to prepare and submit said plan to the Grosse Pointe Park City Council. The TIF Plan includes the preceding Amended Development Plan, and a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, the duration of the program, the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located, and a statement of the portion of the captured assessed value to be used by the TIFA.

² Section 313(1) of the Act provides that “When the authority determines that it is necessary for the achievement of the purposes of the part, the authority shall prepare and submit a tax increment financing plan to the governing body.” MCL §125.4313(1).

1. A Statement of the Reasons That the TIF Plan Will Result in the Development of Captured Assessed Value That Could Not Otherwise Be Expected. The Reasons May Include, but are not Limited to, Activities of the Municipality, Authority, or Others Undertaken Before Formulation or Adoption of the Plan Would be Achieved by Some Means. (MCL §125.4313(1)(a)).

The TIF Plan will provide the legal authority and procedures for public financial participation in the design and construction for the Amended Development Plan. The Amended Development Plan is hereby incorporated into the TIF Plan.

Following the adoption of the Amended Development Plan and TIF Plan, the City and County Treasurers are directed by law to transmit to the TIFA that portion of the tax levy for all taxing bodies paid each year on “captured assessed value” for all real and personal property in the TIFA District. The funds generated by this procedure are herein referred to as “tax increment revenue.” “Captured assessed value: is the amount in any single year by which the total current assessed value of the TIFA District exceeds the total “initial assessed value.” The “initial assessed value: is the state equalized valuation of all the real and personal property in the TIFA on December 31, 1985, as adjusted by the equalized process. Therefore, without any increase in tax rates, all new construction and other increases in assessment will be captured for financing improvements in the TIFA District.

Property that is exempt from taxation at the time of determination of the initial assessed value shall be included as having zero value. Property for which a specific local tax is paid in lieu of a property tax shall not be considered exempt from taxation for the purposes of determining initial assessed value.

At this time, the TIFA proposes to finance the entire sixteen (16) year Amended Development Plan through captured tax increment revenues.

2. An Estimate of the Captured Assessed Value for Each Year of the Plan. (MCL §125.4313(1)(b)).

A summary of current assessed values for all real and personal property in the District is provided below:

Base year values

1985-1986 SEV Real Property	\$19,815,461
1985-1986 SEV Personal Property	\$ <u>574,640</u>
Total Initial Assessed Value	\$20,390,101

Existing taxes levied on the increases in the initial assessed value of the District will be captured to finance the Amended Development Plan.

3. The Estimated Tax Increment Revenues for Each Year of the Amended Development Plan. (MCL §125.4313(1)(c)).

The estimated annual tax increment revenue as follows is based on the average growth in state equalized value (“SEV”) of the City and the average millage rates levied by all taxing jurisdictions over the previous five (5) years.

Therefore, the TIFA’s revenue projection is as follows:

PROJECTED REVENUE

Year	Estimated Tax Capture Valuation	Estimated Captured Tax Revenue
2020	\$34,198,600	\$856,950
2021	34,802,570	874,100
2022	35,580,500	895,500
2023	36,027,200	909,400
2024	37,017,700	927,600
2025	37,758,000	946,100
2026	38,513,200	965,100
2027	39,283,400	984,400
2028	40,069,100	1,001,100
2029	40,870,500	1,024,100
2030	41,687,900	1,044,600
2031	42,521,200	1,065,500
2032	43,372,100	1,086,800
2033	44,239,500	1,108,500
2034	45,124,300	1,130,700
2035	46,026,800	1,153,300
Total:	<u>\$15,008,650</u>	<u>\$15,973,850</u>

The increase in SEV is based upon annual estimated increases in taxable values of 2%. The total estimated capture over the sixteen (16) year period is \$15,008,650.

The TIFA is confident that these captured tax increments will enable the Amended Development Plan to be completed in an effective manner thereby increasing tax values within the District.

4. A Detailed Explanation of the Tax Increment Procedure. (MCL §125.4313(1)(d)).

Tax Increment Financing is a method of funding public investments in an area slated for (re)development by capturing, for a time, all or a portion of the increased tax revenue that may result if the (re)development stimulates private development. The concept of tax increment financing is applied only to the Development Area for which a development plan has been prepared by the Tax Increment Finance Authority and adopted by the community's legislative body.

"Captured Assessed Value" can be described as the amount in any year of the Plan in which the current assessed value exceeds the initial assessed value. Current assessed value for this purpose includes the amount of local taxes paid in lieu of property taxes. "Initial Assessed Value" represents the assessed value as equalized for all properties in the Development Area at the time of resolution adoption. It is relevant to mention that for property exempt from taxation at the time of the determination of the initial assessed its representative value is included as zero. The taxable difference between the initial assessed value (base year total) and any incremental increase in the SEY can be captured and (re)invested by the TIFA.

In order to make use of tax increment financing the TIFA must submit to the City Council a tax increment financing and development plan which the City Council must approve by resolution. Following approval of resolution, municipal and county treasurers must transmit to the TIFA that portion of the taxing bodies paid each year on real and personal property in the Development Area on the captured assessed value, including that portion of a commercial facilities tax levied pursuant to P.A. 255 of 1978 and that portion of a commercial facilities tax levied pursuant to P.A. 198 of 1974, attributable to the captured assessed value. The transmitted funds are denominated "tax increment revenues." Tax increment revenues are additionally limited as explained below:

"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 No. 331 of the Public Acts of 1993, being sections 211.901 and 211.906 of the Michigan Compiled Laws, and local 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, Act No. 331 of the Public Acts of 1993, 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.
- (iv) The amount of tax increment revenues authorized to be included under subparagraph (ii), and required to be transmitted to the authority under Section 14 (I), from ad valorem property taxes and specific local taxes attributable to the application of the levy of the state education tax act, Act 331 of the Public Acts of 1993, a local school district or an intermediate school district upon the captured assessed value of the levy by the state, each school district, and each intermediate school district as the product of sub-subparagraphs(a) and (b):
 - a. The percentage which the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate 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).

5. The Maximum Amount of Bonded Indebtedness to be Incurred. (MCL §125.4313(1)(e)).

The TIFA proposes to issue and incur bonded indebtedness to a maximum of \$4,000,000 beginning in 2020 for up to a fifteen (15) year period for the purpose of enhancing the City's western boundary and encouraging the continued rejuvenation of the Mack Avenue corridor through the acquisition and construction of a public facility consisting of the Department of Public Service's offices and related storage facility. This facility will be constructed then leased to the City of Grosse Pointe Park over the term of the TIF Plan.

Terms of the lease will include the requirement that all maintenance, capital repairs, insurance requirements, and utility costs will be borne by the City and furthermore the City shall provide an annual nominal lease fee of one dollar per year over the term of the lease.

Other than the bonds described above, at this time the TIFA has no plans to incur further bonded indebtedness to finance the improvement program described in the Amended Development Plan. Most improvements will be implemented on a "pay-as-you-go" basis as tax increment revenues are transmitted to the TIFA, or as may be accumulated over more than one year, and held in reserve to allocate for projects.

6. The Amount of Operating and Planning Expenditures of the Authority and Municipality, the Amount of Advances Extended by or Indebtedness Incurred by the Municipality, and the Amount of Advances by Others to be Repaid from Tax Increment Revenues. (MCL §125.4313(1)(f)).

Tax increment revenue is to be disbursed by the Authority as deemed necessary and appropriate to implement the Amended Development Plan in accordance with the Tax Increment Financing Plan. These directives include, but are not limited to, payment necessary to construct public facilities detailed in the Development Plan and payment of costs incurred by revisions or additions to the Development Plan as determined by the TIFA and approved by the City Council. A detailed distribution of expenditures during the sixteen (16) year stage are as follows:

Public parking related enhancements are expected to total approximately \$ 4,000,000 over the sixteen (16) year period. It is anticipated the majority of such amounts will be expended within the first five (5) years of the TIF Plan.

Streetscape and general lighting improvements will be undertaken including decorative lighting upon the North and South sides of Mack Avenue, along with lighting improvements upon the District's residential streets as well. Furthermore, included will be consideration of the placement of a boulevard upon Mack Avenue from the City's western boundary to Somerset Street. These improvements are expected to total \$ 3,000,000 over the sixteen (16) year period. It is expected the costs for lighting enhancements will be provided for equally over the term of the finance plan while the majority of the streetscape and boulevard improvements will be pursued within the first seven (7) years of the TIF Plan.

**7. The Costs of the Plan Anticipated to be Paid from Tax Increment Revenues as Received.
MCL §125.4313(1)(g)).**

Public notification, marketing, planning and general administration costs are expected in the amount of \$600,000. Approximately \$200,000 of these costs will be incurred in 2020 in connection with the Department of Public Works building with the remainder uniformly over the term of the TIF Plan.

8. The Duration of the Development Plan and the Tax Increment Plan. (MCL §125.4313(1)(h)).

The duration of this TIF Plan shall be sufficient in length to pay the revenue bonds described above. The duration of the Amended Development Plan and TIF Plan will not exceed sixteen (16) years or as modified in accordance with applicable law.

9. An Estimate of the Impact of Tax Increment Financing on the Revenues of All Taxing Jurisdictions in Which the Development Area is Located. (MCL §125.4313(1)(i)).

Taxes levied by all taxing jurisdictions on the captured assessed value within the District are proposed to be used for the exclusive purpose of implementing the Amended Development Plan, except for such limitations on such capture as provided by applicable law, including with respect to the State of Michigan pursuant to the State Education Tax Act and local or intermediate school districts. There is no plan at this time for the TIFA to enter into any agreement with the any taxing jurisdictions to share the tax increment revenue. The estimated impact on assessed values for the affected jurisdictions are as follows:

TOTAL CAPTURE COMPARISON TO TOTAL JURISDICTION REVENUE 2020³

Jurisdiction	Estimated Annual Captured	% of Capture To Jurisdiction Tax Collection
City of Grosse Pointe Park	\$ 437,200	Under .05%
Wayne County General Operations	\$ 193,200	Under .01 %
Wayne County Jail	\$ 32,100	Under .01%
Wayne County Community College	\$ 110,800	Under .01%
Huron Clinton Metropolitan Authority	\$ 7,300	Under .01%
Wayne County Parks	\$ 8,400	Under .01%
Wayne County Transit Authority	\$ 34,200	Under .01%

The comparison of the captured amounts to the total levy indicates the tax capture has very nominal impact upon other taxing jurisdictions averaging well under 1% of their total collections. In relationship to the City’s total collection the impact is minor as the amount totals less than 5% of its current tax revenues.

³ Grosse Pointe Schools, State Education Tax, and Intermediate Schools are not included because the tax levies of these jurisdictions are exempt by law from capture.

10. Conclusion.

In conclusion, the long-term benefit resulting from the implementation of the Amended Development Plan will continue the revitalization of the economic area with increased activity and capital investment which will further support greater increases of assessed values for all jurisdictions.

At this time the TIFA proposes to finance the entire sixteen (16) year Amended Development Plan through captured tax increment revenues.