

City of St. Clair
Downtown Development Authority
Development and Tax Increment Financing Plan

April 3, 2003

INTRODUCTION

The purpose of the City of St. Clair Downtown Development Plan, as written by the St. Clair Downtown Development Authority, is to prevent deterioration within the business district, to promote economic growth, to refurbish and beautify the public facilities and parks within the district, to establish a gateway to the Downtown along the Fred Moore Hwy. Corridor and to coordinate and promote other developments which benefit the Downtown and the City of St. Clair at large.

The St. Clair City Council created the St. Clair Downtown Development Authority by Ordinance 2003-02 which became effective on March 25, 2003, and is included in this plan as Appendix A. The description of the Downtown Development Authority District is found in Section 5 of Ordinance 2003-02. A map depicting the District boundaries is Appendix B of this plan. The Authority was given all the powers and duties prescribed for a Downtown Development Authority pursuant to Act 197 of the Public Acts of 1975.

THE DEVELOPMENT DISTRICT AND DEVELOPMENT AREA ARE DESCRIBED AS FOLLOWS: [17(2a)]

The boundaries of the Development District and Development Area are shown on the map attached as Appendix B of this plan. A list of parcels included in the district are attached as Appendix C of this, plan.

THE LOCATION AND EXTENT OF EXISTING STREETS AND OTHER PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA, SHALL DESIGNATE 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, EDUCATIONAL, AND OTHER USES AND SHALL INCLUDE A LEGAL DESCRIPTION OF THE DEVELOPMENT AREA. [17(2b)]

All streets in the Development Area are shown on the Development Area map. Should Master Plan, Zoning or development changes occur within the District, there may be new streets needed to accommodate this development. The public facilities in the development area include the following:

- a. The Raw Water Plant on N. Riverside
- b. The St. Clair Post Office on Trumbull Ave.
- c. The Fire Hall and Public Library on Cass Street.
- d. The St. Clair Boat Harbor on the South Side of the Pine River
- e. The Special Police Hall on Fred Moore Hwy.
- f. The Bike Paths along Fred Moore Hwy. and Carney Drive within the District.
- g. Various water, sewer, electrical and telephone facilities.
- h. Pine Shores Golf Course on Fred Moore Hwy.
- i. Parking lots, sidewalks and parks.

The Private land use in the development district include a mixture of commercial, retail businesses and professional offices, industrial and residential structures (both single and multiple family) and private educational buildings.

The most concentrated commercial uses lie between the properties owned by the St. Clair Inn on North Riverside, south to the Pine River and then west along Clinton Ave. to the intersection of 6th Street and Clinton. These include the Riverview Plaza, hospitality businesses such as the St. Clair Inn and Murphy Inn, financial and professional buildings between Jay Street and Trumbull Ave, several restaurants and food businesses, several service oriented businesses both within the Riverview Plaza and scattered throughout this area.

The area behind the Riverview Plaza, along the west side of third street, includes commercial, retail, churches, offices and mixed-use residential structures.

The area south of the Pine River includes the Offices of Cargill Salt (the City's largest employer) and a mix of industrial, retail and service businesses. The area along Fred Moore Hwy. has the most residential properties, in relation to the rest of the district. There are two non-profit educational buildings and several industrial properties along this corridor which serves as a gateway to the Downtown. The area between the intersection of Fred Moore Hwy. and Carney Drive and the west City Limits at the Pine River Bridge has another highly concentrated business area consisting of two car dealerships, offices, retail and service business and some industrial properties.

DESCRIPTION OF EXISTING IMPROVEMENTS IN THE DEVELOPMENT AREA TO BE DEMOLISHED, REPAIRED, OR ALTERED, A DESCRIPTION OF ANY REPAIRS, AN ESTIMATE OF THE TIME FOR COMPLETION. [17(2)]

There are no plans at the present time to demolish any existing improvements in the development district: however, based on studies that are to be executed under the provisions of this plan, it may become necessary to demolish blighted, underdeveloped or inappropriately developed property to accommodate the recommendations of the studies. Proposals for such action will be brought before the St. Clair City Council for approval.

In regard to alteration or repairs of streets, priority will be given to the M-29 Corridor Plan currently being prepared by the St. Clair M-29 Corridor Committee. This plan includes a streetscape improvement to M-29. It is contemplated that the repairs to M-29 will be completed by 2013. It is also anticipated that the M-29 streetscape will be undertaken prior to any streetscape improvements in the remainder of the district; however, should grants, donations or special assessment revenues allow for other streets to be rehabilitated or improved, these projects may commence prior to the completion of M-29. These projects may require the removal of trees, existing light poles, sidewalks, boardwalks, sea-walls, curb and gutter, and pavement, among other things.

DEVELOPMENT AREA PROJECTS [I 7(2c)]

1. Priorities of the development plan are to maintain, improve and beautify, the parks, public spaces and entranceways of the City. Other of priorities include, but are not limited to Palmer Park, the entranceway (via water) at the Pine River, the Riverwalk Park on the north side of the Pine River and Patrick Sinclair Park. The opportunity also exists to use the property north of the Pine Shores Golf Course Clubhouse, on the Pine River,

for parkland. The estimated duration is 40 years, through May 19, 2043 for an estimated cost of \$5,000,000.

2. Improvements to the functionality and safety of M-29 are contemplated. Studies currently underway will produce a plan which the City, MDOT and the DDA can implement. Such improvements include safer pedestrian crossings, improved turn movements (particularly at the intersection of M-29 and Clinton Ave), the possible reduction of lanes, the use of other traffic calming methods, and a continuous non- motorized pathway along the corridor from the north to the south City limits. The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$500,000.

A streetscape project on M-29 will include improved lighting, improved sidewalks and pedestrian crossings, landscaping and street furniture. The estimated duration is 10 years, through May 19, 2013, for an estimated cost of \$ 1,500,000.

3. There are several projects envisioned to improve pedestrian and non-motorized access to the development area. Such improvements include improved pedestrian crossings on M-29, replacement of sidewalks, connection of the existing bikepath on Fred Moore Hwy and Carney Drive to a new bikepath in the Downtown., linking of the boardwalk on the St. Clair River to the Boardwalk on the north side of the Pine River., and, extension of that Boardwalk (along the water, if possible, or along Fred Moore Hwy. to the Pine Shores Golf Course property on Fred Moore Hwy). The estimated duration is 20 years, through May 19, 2023, for an estimated cost of \$2,000,000.

4. Previous studies have encouraged the development of "mixed use", or "live/work" buildings which accommodate commercial, retail and residential uses. The Authority plans to encourage and facilitate the development or redevelopment of buildings to accommodate such mixed uses. Such accommodations may include infrastructure improvements, land acquisition and re-sale for the development.

The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$2,000,000.

5. The Authority, in cooperation with the St. Clair Beautification Committee, Garden Club and other interested parties, will undertake numerous beautification projects in City Parks and right of ways. Such projects include, but are not limited to, installation of trees, flower beds, sprinkler systems, artwork, banners, hanging flower baskets, decorative lighting, improved signage, fountains, seating, and other appropriate features which beautify the parks, easements and open spaces within the district. The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$2,500,000.
6. The Authority will help to initiate and sponsor special events within the district which bring potential customers to the district and provide a business or recreational benefit for the City as a whole. The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$400,000.
7. The Dome Petroleum Property located south of Fred Moore Hwy. and, east and north of the Pine River includes a natural area which will be connected by means of a hiking path to the existing bikepath on Fred Moore Hwy. Public Improvements will include but are not limited to connecting the paths, providing gates, parking and, possibly, a canoe

livery. The estimated duration is 20 years, through May 19, 2023, for an estimated cost of \$200,000.

8. Other streets within the district (other than M-29) may be rehabilitated (including pavement, curbs, stormsewers and all necessary infrastructure) and streetscape projects will be done on these streets. The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$500,000.
9. Studies will be commissioned to address master planning and zoning, pedestrian access, architectural and landscape design, specific redevelopment projects, street improvements, infrastructure improvements, parking issues, marketing and economic redevelopment plans. The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$250,000.
10. The Authority will acquire land for the purposes of facilitating development, increasing parking, providing more park or open space, and obtaining easements for needed for necessary public improvements in the district. The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$950,000.
11. The Authority will conduct or support marketing activities designed to promote the District by such projects as; the creation of brochures and web sites, advertising, billboards or other means to promote commerce. The estimated duration is 40 years, through May 19, 2043, for an estimated cost of \$1,000,000.
12. Estimated administration costs are estimated to be \$400,000 for a period of 40 years, through May 19, 2043.

DESCRIPTION OF ANY PARTS OF THE DEVELOPMENT AREA TO BE LEFT AS OPEN SPACE AND THE USE CONTEMPLATED FOR THE SPACE. [17 (2f)]

All existing park areas are expected to remain as open space; however, small portions of park land may be combined with adjoining private parcels to bring about desirable mixed use development or other improvements to the district contemplated by this plan. Such park land may be converted to other use, provided that such conversion is approved by the Authority and the City Council in conformance with this Plan and the City Charter.

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 PROPOSED TERMS. [17 (2g)]

There are no plans at this time to sell, donate, exchange, or lease to or from the municipality any portions of the development area; however, should the sale, donation, exchange, or lease be deemed necessary by the Authority to accomplish the provisions of this plan, the authority will seek a specific amendment to the plan addressing the need for the project and the land transaction and approval from the St. Clair City Council.

A DESCRIPTION OF DESIRED ZONING CHANGES AND CHANGES IN STREETS, STREET LEVELS, INTERSECTIONS, AND UTILITIES. [17 (2h)]

There are no plans at this time to request changes in zoning, streets, street levels, intersections or utilities; however, as discussed previously, certain studies will be conducted that when completed could affect one or more of the above items (particularly zoning along the Fred

Moore Hwy. Corridor). In that event, approval of the City Council will be obtained prior to executing such changes. Street and Streetscape improvements are described under item 2 and 8 of 17 2 (d & e).

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 (17 (2j))

The estimated cost of the total development planned by the DDA over a 40 year span through May 19, 2043 is \$1 7,200,000. Early stages of development will be financed on a "pay as you go" basis. Bonding may be used as a financing tool in conjunction with large developments that take place within the Authority development area. The DDA shall not sell any bonds pursuant to this plan or purchase property without approval of the City Council. The DDA may also buy purchase options for property, purchase and sell property, and undertake installment contract financing. The DDA may repay the City for principal and interest incurred by the City for bonded indebtedness or installment contract financing undertaken to pay for the improvements set forth in this plan.

DESIGNATION OF THE 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. [17 (2i)]

There is no information available to the Authority at the present time regarding the designation of a person or 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 may be undertaken.

When property is redeveloped, it will be leased or sold at a minimum of fair market value to whatever person or entity is determined by the Authority to best enhance the district.

THE PROCEDURES FOR BIDDING FOR THE LEASING, PURCHASING, OR CONVEYING IN ANY MANNER 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 IN ANY MANNER TO THOSE PERSONS. [17 (2k)]

All properties under the Downtown Development Authority will be leased, sold, or conveyed at not less than fair market value.

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 OF TURNOVER OF THE VARIOUS TYPES OF HOUSING AND RANGE OF RENTS AND SALE

PRICES, AN ESTIMATE OF THE TOTAL DEMAND FOR HOUSING IN THE COMMUNITY, AND THE ESTIMATED CAPACITY OF PRIVATE INDIVIDUALS. [17 (21)]

There are approximately 93 residents in the Authority's development area. The development plan does not call for the displacement of any residents; however, if studies or projects necessitate the displacement of any residents, the plan will be amended.

A PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS DISPLACED BY THE DEVELOPMENT IN ANY NEW HOUSING IN THE DEVELOPMENT AREA. [1 7 (2m)]

The development plan does not call for the displacement of any residents; however, if studies or projects necessitate the displacement of any residents, the plan will be amended.

PROVISIONS 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, BEING PUBLIC LAW 91-646, 42 U.S.C. SECTIONS 4601, ET SEQ. [17 (2n)]

The development plan does not call for the displacement of any residents, however, if studies or projects necessitate the displacement of any residents, the plan will be amended.

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. (1 7 (2o)]

The development plan does not call for the displacement of any residents; however, if studies or projects necessitate the displacement of any residents, the plan will be amended.

SOURCES OF FUNDS FOR THE DDA

The Downtown Development Authority Act authorizes several potential sources of funds for the Downtown Development Authority to use in financing its development activities, including the following:

1. Donations.
2. A tax up to two (2) mills levied on the Downtown Development District upon approval of the City Council, for use in financing the operations of the DDA or for the general fund of the Authority for purposes of the Authority.
3. Proceeds from a revenue bond issue or general obligation bond issue.
4. Revenues from property owned by the DDA.
5. Moneys received from other sources approved by the City Council.
6. Proceeds of a tax increment financing plan.

The following comments on the first five sources will put in perspective the need for considering the tax increment financing plan.

1. Donations: These funds could be from either individuals or corporations including philanthropic foundations. Projected donations over the life of the Plan are expected to be \$2,000,000.
2. Tax Levy: The DDA has gone on record that the potential tax levy will not be considered. It is counter-productive to the goal of the development plan. Levying a tax on the Downtown Development District, as a means of making a "public investment" greatly reduces the economic stimulation effect as the individual businesses would experience an immediate cost from the initial public development. In light of the trend in the tax base of the Downtown Development District, a real public investment is needed, rather than an indirect private investment to stimulate private market forces.
3. Bond Proceeds: Although these are provided in the statute as a "source of financing", they are only a vehicle for borrowing not an actual source of capital. Whether revenue bonds or general obligation bonds are used, their sale requires the availability of another source of funds to repay them as they mature. A bond sale may be used for the financing of elements within the development plan. Use of bonding will be determined by the needs of a proposed development inside the boundaries of the development area. The Downtown Development Authority shall not sell any bonds pursuant to this plan without approval of the St. Clair City Council prior to the issuance of any such bonds.
4. Revenue From Properties: Any income from properties acquired during implementation of the development plan will be used to assist in the financing of other elements within this plan.
5. Grants and Other Sources: These might include any general revenues of the City approved by the City Council for use by the DDA. It is hoped that the City will continue to pursue any available grants such as MDOT Enhancement Grant, Coastal Zone Program,

MDNR Trust Fund, DNR Waterways Commission, DNR Waterfront Development, Brownfield Redevelopment, STP Urban Road Funding, which can be used to finance any portion of the development plan. The DDA may repay the City for principal and interest incurred by the City for bond indebtedness or installment contract financing undertaken to pay for the improvements set forth in the development plan. The Downtown Development Authority may itself undertake installment contract financing to pay for the improvements set forth in the development plan. Funds from grants and other sources are estimated to be \$5,000,000.

EXPLANATION OF THE TAX INCREMENT FINANCING PROCEDURE

The tax increment financing procedure is contained within the DDA statute. The procedure may be proposed by the Downtown Development Authority as a method of financing a downtown development plan. It then may be adopted by the City Council, following consultation with the taxing units involved and a public hearing as required by statute. The essence of the tax increment financing procedure is as follows:

1. The public makes an investment in public improvements, and also potentially in facilities to be leased or sold to private owners, for the purpose of stimulating private investment in a specific downtown commercial area (the Downtown Development District). The investment may be made in response to a declining business climate and commercial tax base, or in response to a stable business climate and tax base which the public wishes to protect and develop.
2. A bond issue may be sold to finance the improvement.
3. Taxes generated from the subsequent growth in the tax base of the Downtown Development District are then used to retire the bonded debt. This tax base growth is called the "captured taxable value" (CTV). Specifically, it is the difference between the taxable value in the Downtown Development District at any point in time, and the taxable value of the District in existence at the time of the adoption of the downtown development plan.
4. The taxes which are potentially available for retiring the bonded debt of the downtown development plan include all the taxes normally levied by all the taxing units on the captured Taxable value of the Downtown Development District. The Downtown Development Authority may enter in agreements with each of the taxing units to share a portion of the captured taxable value of the District. Any taxes generated by the captured Taxable value, beyond the amount needed to meet the cost of the specific development project, are returned proportionately to the taxing units (a requirement of the statute).
5. When the specific development/financing plan is accomplished, the captured Taxable value is released and the taxing units receive all the taxes levied on it from that point on.
6. Since only the growth in tax base (the captured Taxable value) in the Downtown Development District is used to finance the development plan, the taxing units continue to receive their full tax levy on the District tax base in existence at the adoption of the development plan. In addition, any taxes generated by the captured Taxable value beyond the amount required by the development plan are returned each year to the taxing units.

The justification of the tax increment financing procedure is based on the expectation that all or a portion of the "capture Taxable value" which is created, following implementation of a downtown development plan, would not have occurred without the stimulation of the public investment involved in the plan implementation; and therefore, the short-term investment made by revenues is repaid by the long-term benefit of substantially greater taxes realized from a significantly stronger commercial tax base.

THE TAX INCREMENT FINANCING PLAN FOR THE CITY OF ST. CLAIR
DOWNTOWN DEVELOPMENT DISTRICT

1. Purpose: The purpose of this tax increment financing plan is to produce revenues sufficient to pay for the projects outlined in the development plan.
2. Maximum Amount of Bonded indebtedness: The DDA, in any one year, will not pledge for annual debt service requirements in excess of 80% of the estimated tax increment revenue to be received from the development area for that given year. The total aggregate amount of borrowing shall not exceed an amount which the 80% of the estimated tax increment will service as to annual principal and interest requirements. The maximum bonded indebtedness is \$8,160,000.
3. Initial Taxable Value: It is proposed that the City Council adopt this plan before May 27, 2003 and that the "initial taxable value" shall be the 2002 Taxable Valuation of the St. Clair Downtown Development District, as finally determined by the State Tax Commission.
4. Portion of "Captured Taxable Value" to be used: Recognizing the declining value of the tax base in the Downtown Development District, the DDA proposes that all of the taxes levied by all taxing units on the captured Taxable value of real and personal property within the District be used by the Authority to the extent needed from year to year to accomplish the above-stated purpose. The plan will not exclude from captured Taxable value growth in property value resulting solely from inflation.
5. Duration of the plan: The duration of this tax increment financing plan shall be 40 years through May 19, 2043 or until the bonded indebtedness is completely retired.