



CITY OF MARINE CITY

Tax Increment Finance Authority

Meeting Agenda

260 South Parker Street, Marine City, MI

Regular Meeting: Tuesday, July 19, 2022; 4:00 PM

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL:** Chairperson Craig May; Board Members Rebecca Bryson, Gabriel Costanzo, Kim Turner, Scott Tisdale, Robert Weisenbaugh; City Manager Holly Tatman
4. **COMMUNICATIONS**
5. **APPROVE AGENDA**
6. **PUBLIC COMMENT** *Anyone in attendance is welcome to address the TIFA Board. Please state name and limit comments to five (5) minutes.*
7. **APPROVE MINUTES**
 - A. October 19, 2021
8. **UNFINISHED BUSINESS**
9. **NEW BUSINESS**
 - A. Discussion: Establishing DDA District
10. **FINANCIAL BUSINESS**
11. **ADJOURNMENT**

City of Marine City
Tax Increment Finance Authority
October 19, 2021

A regular meeting of T.I.F.A. was held at 260 South Parker Street, Marine City, Michigan, on Tuesday, October 19, 2021, and was called to order at 4:00 PM by Chairperson May.

After observing a moment of silence, the Pledge of Allegiance was led by Chairperson May.

Present: Chairperson Craig May; Board Members Rebecca Bryson, Scott Tisdale, Robert Weisenbaugh, City Manager Holly Tatman, City Clerk Kristen Baxter

Absent: Board Member James McDonald

Motion by Board Member Tisdale, seconded by Board Member Weisenbaugh, to excuse Board Member McDonald from the meeting. All Ayes. Motion Carried.

APPROVE AGENDA

Motion by Board Member Weisenbaugh, seconded by Board Member Bryson, to approve the Agenda. All Ayes. Motion Carried.

APPROVE MINUTES

Motion by Chairperson May, seconded by Board Member Tisdale, to approve the November 17, 2020 minutes. All Ayes. Motion Carried.

Motion by Board Member Tisdale, seconded by Chairperson May, to approve the July 20, 2021 minutes. All Ayes. Motion Carried.

COMMUNICATIONS

None.

PUBLIC COMMENT

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

Informational Meeting

Per the requirement of the State of Michigan, the TIFA Board is required to meet twice a year to inform the public of the goals and the direction of the Board for the following year. This meeting marked the second informational TIFA Board meeting of 2021.

At the July 20, 2021 meeting, Board members inquired about the purpose of the Board. They asked for direction on what their role was so they could set goals and move forward.

City Manager Tatman inquired about the history of the TIFA Board and Board Member Tisdale provided a brief timeline. Chairperson May conveyed that the Board was in limbo waiting for the next plan to be able to start capturing money again.

Board Member Weisenbaugh stated that it was his belief that the City Commission, Community & Economic Development Board, and the TIFA Board were supposed to be working together instead of against one another. He stated the importance of setting up a new process because there currently wasn't one.

City Manager Tatman added that the City Commission and Planning Commission needed to be involved with the TIFA Board to keep the plan going. She stated that she would have conversations with the City Attorney to see how to move forward.

Board Member Bryson said it would be helpful if the Board was provided, at the January 18, 2022 meeting, a flow chart showing what the process was going forward.

FINANCIAL BUSINESS

None.

ADJOURNMENT

Motion by Board Member Bryson, seconded by Chairperson May, to adjourn at 4:39 pm. All Ayes. Motion Carried.

Respectfully submitted,

Kristen Baxter
City Clerk



MICHIGAN
MUNICIPAL
LEAGUE

Economic Development Tools

Introduction

Cities and villages often need special financing arrangements to complete projects designed to preserve their economic health. Legislation enacted by the state of Michigan allows municipalities to create specialized organizations for use as economic development tools. The chart on page two compares these organizations.

Financing tools:

Four of these organizations are able to use tax increment financing revenues (TIF). In the simplest terms, TIF is the capture of the increase in property tax revenue in a defined district to fund capital improvements in that area.

- **Downtown Development Authority (DDA)** may be created to halt property value deterioration, to increase property tax valuation in the business district, to eliminate the causes of deterioration and to promote economic growth. (1975 PA 197, MCL 125.1651)
- **Tax Increment Finance Authority (TIFA)**, available prior to 1989, has been replaced by the LDFA; its boundaries cannot be expanded. (1980 PA 450, MCL 125.1801)
- **Local Development Financing Authority (LDFA)** may be created to encourage local development, to prevent conditions of unemployment and to promote growth. (1986 PA 281, MCL 125.2151)
- **Brownfield Redevelopment Authority (BRA)** may be created to clean up contaminated sites, thus allowing the property to revert to productive economic use. (1996 PA 381, MCL 125.2651)

Three other types of organizations your community may find useful although they cannot use tax increment financing revenues are:

- **Economic Development Corporation (EDC)** may be created to alleviate and prevent conditions of unemployment and to assist industrial and commercial enterprises. (1974 PA 338, MCL 125.1601)
- **Principal Shopping District (PSD)** may be created to develop or redevelop a principal shopping area and to collect revenues, levy special assessments and issue bonds to pay for its activities. (1961 PA 120, MCL 125.981)
- **Business Improvement District (BID)** may be created to develop a more successful and profitable business climate in a defined area, and to collect revenues, levy special assessments and issue bonds to pay for its activities. (1961 PA 120 of, MCL 125.981)

For more information

The MML Resource Center has packets of additional information available on each type of economic development organization.

Summary of Economic Development Tools.

	DDAs	TIFAs	LDFAs	BRAs	EDCs	PSDs	BIDs
Authorized municipalities	Cities, villages and townships	Cities	Cities, villages and urban townships	Cities, villages and townships	Cities, villages and townships	Cities with designated principal shopping district(s)	One or more cities with an urban design plan
Limitations	One per municipality	No new areas established after 1989	One per municipality	Industrial or commercial property	Industrial area	Commercial area with at least 10 retail businesses	Commercial or industrial area with boundaries established by city resolution
Requirements	Deteriorating property values	Deteriorating property values	Industrial area	Environmental contamination	Industrial or 501(c)(3) nonprofit	Designated as a principal shopping area in master plan	Designated as a BID by one or more cities by resolution
Eligible projects	Located in DDA district with approved DDA/TIF plans	Within defined TIFA area	Public facility to benefit industrial park	Environmental cleanup	Issue bonds for private industrial development	Improve highways and walkways; promotion; parking, maintenance, security or operation	Improvement of highways and walkways; promotion; parking, maintenance, security or operation
Funding sources	TIF from District; millage	TIF from plan area	TIF on eligible property	TIF; Revenue Bonds	Tax exempt bonds	Bonds, special assessments	Bonds, special assessments, gifts, grants, city funds, other

Downtown Development Authority 1975 Public Act 197 (MCL 125.1651)

I. Agency

“The Downtown Development Authority of the City of _____.”

- (a) a statutory public body corporate with power to sue and be sued.
- (b) created by the governing body of the city or village.
- (c) referred to as a “DDA.”

II. Purpose

To halt property value deterioration; to increase property tax valuation in its business district; to eliminate the causes of deterioration and to promote economic growth.

III. Eligible Projects

After the governing body has properly established a DDA, a project may be undertaken only within the DDA district and only within a “development area” to which a properly adopted “development plan” and “tax increment financing plan” apply. A project must be for a public benefit.

IV. Ineligible Projects

The power and authority of the act cannot be used for the personal benefit of a private person or corporation.

Exactly where public benefit ends and personal benefit begins is often a matter of local and professional judgment.

V. Establishing a DDA

- (a) Only one (1) may be established.
- (b) The governing body makes findings:
 - (i) that there is a business district area within the municipality which it desires to designate as a “downtown district,”
 - (ii) that within such area the general property values are (and have been) deteriorating,
 - (iii) that property tax valuation must be increased in such area,
 - (iv) that the community must eliminate the causes of deterioration, and
 - (v) the economic growth must be promoted in such area.
- (c) Governing body sets a public hearing, based upon its resolution of intent to create a DDA.
- (d) Governing body gives notice of public hearing by publication, mailed notice and posting.
- (e) At public hearing governing body takes comments.
- (f) Not less than 60 days following the hearing, the governing body may adopt a proposed ordinance creating the DDA and designating the boundaries of the DDA district.
- (g) The ordinance must be published at least once in a local newspaper and filed with the Secretary of State.
- (h) 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.

VI. LEGAL STATUS OF DDA

- (a) The DDA is a statutory public body corporate with power to sue and be sued.
- (b) The DDA board prepares and implements the development plan and tax increment plan.
- (c) Subject to Open Meetings Act and the Freedom of Information Act.
- (d) Make and enter into contracts necessary or incidental to the exercise of the powers under the act.
- (e) Acquire, own, convey, lease, lend and dispose of property, real and personal.
- (f) Tax, charge and collect fees, rents and charges.
- (g) Eminent domain only through municipality.

VII. Process to Use Powers of the DDA

Once established, the DDA may prepare and submit to the municipality, a development plan and a tax increment financing plan. The development plan provides the project and the process for implementing various public improvements in the DDA district (or a portion of the district). The tax increment financing plan outlines the means by which the development plan will be financed, including the use of tax increment revenue.

The municipality must then hold a public hearing on the adoption of the plan.

Once a plan is adopted by the municipality, tax increment revenues will be generated for the DDA development plan based on improvements to the property in the development area of the plan.

VIII. Financial Benefits of the DDA and the Act

The financial benefits of the DDA and the DDA Act are realized in the generation of tax increment revenues (commonly called TIF revenues), which are tax revenues that occur as the result of improvements to the taxable property in the development area (not including school taxes).

The DDA and the local municipality may issue bonds based on the receipt of TIF revenues generated from the increase in property value within the TIF development area.

IX. Reporting Requirements

Each year a DDA (or the municipality on behalf of the DDA) must report to the state tax commission regarding the tax increment revenues received and the extent to which school taxes have been retained and the reason therefore.

Tax Increment Finance Authority Act
1980 Public Act 450
(MCL 125.1801)

I. Agency

“The Tax Increment Finance Authority of the City of _____ a statutory public body corporate referred to as a “TIFA.”

Note: After January 1, 1989, “a new TIFA authority or authority district shall not be created and the boundaries of an existing TIFA Authority shall not be expanded to include additional land.”

II. Purpose

To halt a decline in property value; to increase property tax valuation; to eliminate the causes of the decline in property values; and to promote growth in the area within the TIFA district.

III. Eligible Projects

Assuming proper creation of a TIFA, the TIFA board may prepare a development plan and a tax increment finance plan for presentation to and approval by the municipal governing body following a public hearing.

The projects subject to the development plan are referred to as public facilities, and include streets, plazas, pedestrian malls, and any improvements thereto, including furniture, beautification, parks, parking facilities, schools, libraries and other public institutions. Bridges, lakes, canals, utility lines, pipelines and other similar facilities are also included.

IV. Ineligible Projects

Any project that would not serve the public in general, or could occur outside the boundaries of the TIFA district.

V. Establishing a TIFA

If a TIFA has not been established in your community, you are no longer eligible to establish one.

The board of a TIFA may be the board of a local Economic Development Corporation, the trustees of a local DDA, the trustees of an urban redevelopment corporation or designated other boards already created.

VI. Legal Status of a TIFA

- (a) A TIFA is a statutory public body corporate with the power to sue and be sued.
- (b) A TIFA possesses all power necessary to carry out the purpose of its incorporation.
- (c) Subject to the Open Meetings Act and to the Freedom of Information Act.
- (d) Make and enter into contracts necessary or incidental to the exercise of the powers under the act.
- (e) Acquire, own, convey, lease, lend and dispose of property, real and personal.
- (f) Tax, charge and collect fees, rents and charges.
- (g) Eminent domain only through municipality.

VII. Process to Use the Powers of a TIFA

The board of a TIFA may prepare a development plan and a tax increment finance plan to present to, and to be approved by, the governing body of the municipality.

Once the municipal governing body has adopted the plans, by ordinance the TIFA will begin realizing the

revenues from improvements to property within the area covered by the development plan.

This revenue must be expended only within the development area of the plan and only for the improvements and public facilities described in the plan.

VIII. Financial Benefits of a TIFA

Similar to a DDA, the financial benefits to establishing a TIFA are the ability to capture local property taxes (except schools) to pay for improvements in the development area.

The TIFA or the municipality have the power, under the act, to borrow money and issue bonds to be repaid from the TIFA revenues generated by the increased taxes on improved property.

The municipality may issue tax increment bonds secured by the limited tax general obligation of the municipality. The TIFA may also issue revenue bonds supported solely by the TIFA revenues.

IX. Reporting Requirements

The TIFA, or the municipality on behalf of the TIFA, is obligated to file a report annually with the state tax commission regarding the receipt and expenditure of TIF revenue and, in particular, the school tax revenues captured and retained by the TIFA.

Financing downtown development projects

by Jim Collison and Randy Frykberg, PhD

Before you begin your next downtown project, remember that a project financing strategy is as important as developing a vision for your downtown.

Downtown Development Authorities

A Downtown Development Authority (DDA) remains a viable process, especially in areas where county boards, community colleges and other special purpose authorities have agreed to partner with the local community development efforts.

Many DDAs have been created and may have the potential of being reactivated. An updated development plan and a new Tax Increment Financing Plan would likely be required if the DDA has been inactive for a long time.

DDAs present at least three options beyond the capture of tax increment based on new investment:

- All or some portion of a two-mill levy could be placed on all real and personal property within the defined DDA district.
- A special assessment district could be developed to assist in streetscape projects, as well as to establish adequate parking to serve the downtown development area.
- A revolving loan fund can be created, with bank participation under the Community Reinvestment Act, to provide financial resources for a property owner to update properties and possibly establish or participate in a common facade theme if required in the DDA plan.

Grant agencies encourage DDA or Local Development Finance Authority (LDFA) involvement in funding local shares of grant programs.

Michigan Department of Transportation

A major resource for upgrading infrastructure in core cities and downtown areas is the Michigan Department of Transportation (MDOT).

Having a total development plan in place prior to construction or reconstruction of a business loop through a downtown area could trigger eligibility for an Enhancement Grant for sidewalks and/or decorative walks, tree plantings or other developments, in addition to the road work.

If jobs will be created, MDOT Economic Development Category A Funds may partially assist in financing your improvements.

Category D Funds, administered by the Rural Task Force for smaller communities, are also a potential funding source for surface transportation improvements in the community.

MDOT's Category F Economic Development Funds also provide assistance to smaller communities when job creation and economic development are part of the overall development activity.

Community Development Block Grants

Another major player in project or program funding is the Community Development Block Grant (CDBG) Program administered by the Michigan Economic Development Corporation (MEDC). The CDBG program has assisted many communities throughout Michigan:

- The Core Communities Initiative targets distressed communities for possible assistance.
- The Tourism Destination Program triggered the Mackinaw Crossings Project in the Village of Mackinaw City.
- Funds from the Clean Michigan Initiative Waterfront Development Program and the DDA itself are a major part of the River Place development currently under construction in the City of Frankenmuth. This development is anticipated to be operational by June or July of this year.

Michigan Department of Natural Resources and Michigan Department of Environmental Quality

The Michigan Departments of Natural Resources (MDNR) and Environmental Quality (MDEQ) are also financial resources for downtown development projects.

If wastewater collection and treatment upgrades are needed, consider the State Revolving Fund (SRF). This loan program is currently (late April) at two-and-a-half percent interest with a set-aside for small communities.

The Drinking Water Revolving Loan Fund (DWRF) is also available for small communities with a set-aside to repair and/or update deficient water systems. This basic infrastructure is a must if you are serious about creating community viability for the longterm.

It may be possible to incorporate some recreational development with grant assistance from the MDNR in park or outdoor recreation development, particularly if there is waterfront in your developing area.

Walking or alternate transportation paths/access routes could be funded by DOT's Enhancement Grant Program and/or the DNR's Outdoor Recreation Program. An adopted five-year community recreation plan is a prerequisite to applying for any DNR recreation grant assistance.

Other resources

A couple of other outside resources that may offer assistance include the Main Street Program as well as Historic District tax credits (*see May 2001 MMR*).

A community should look at foundations as a possible source for either planning and/or development costs that may be integrated into project development.

In certain circumstances, a brownfield redevelopment authority may be a needed partner.

Likewise, chambers of commerce and downtown development organizations may supply some up-front costs to begin the process.

A community that wants to be successful needs to look under every possible stone for assistance. Most recently, Renaissance Zone designation in a few Michigan communities has opened the door for residential and additional commercial development in downtown areas. While this tool is used mainly by larger communities, it is also available for smaller communities.

First rule in receiving funding — ASK

The most difficult piece of project financing is the up-front, essential funds needed to explore options for vision development, plan preparation, community consensus and grant applications. Obviously, there are many funding options for your downtown development team

to consider. Keep in mind that very few communities receive grants that they have not requested. Learning about programs appropriate to your project and filing the applications are critical. ♦

Jim Collison is a project funding specialist in Wade-Trim's Bay City office. He has over 30 years of experience helping Michigan communities secure funding for a variety of infrastructure projects. You may contact Jim at 517-686-3100 or by email at jcollison@wadetrim.com.

Randy Frykberg, PhD, is a municipal operations consultant and senior project manager in Wade-Trim's Gaylord office. He is a former city manager for the City of Boyne City and has 26 years of experience assisting Michigan communities. You may contact Randy at 517-732-3584 or by email at rfrykberg@wadetrim.com.

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.