

# MT. PLEASANT INDUSTRIAL PARK

## Tax Increment Financing and Development Plan Mt. Pleasant, Michigan

### DEVELOPMENT PLAN

#### 1. General

This report is intended to describe the methodology involved in establishing a tax increment financing and development plan for the implementation of the second phase of the Mt. Pleasant Industrial Park in accordance with Public Act 450 of 1980. The Mt. Pleasant Industrial Park is a state-certified industrial park, containing 49.42 acres, located within the City of Mt. Pleasant, Michigan, east of North Mission Street and west of the US-27 expressway. The "Park" is owned by the Industrial Development Corporation, a private, non-profit organization established in 1964. In January, 1981, Middle Michigan Development Corporation was contracted to act as the marketing agent for both the Industrial Development Corporation and the "Park". To assist in the second phase of development of the "Park", a tax increment financing district was created by resolution of the Mt. Pleasant City Commission on December 17, 1984.

#### II. Description of Development Plan

The entire 49.42 acres within the Mt. Pleasant Industrial Park has been designated as the development area (see attached map).

At present, eleven (11) sites are served with all public and private utilities: sanitary sewer, water, storm water management system, electricity, natural gas, telephone, street light, and a paved road.

In order to continue to have the park remain an important part of the city's industrial strategy, it is important that ongoing maintenance take place in the park as well as an active business retention program.

The legal description of the Mt. Pleasant Industrial Development Park is:

A parcel of land being part of the West 1/2 of Section 11, T.14N.4W, City of Mt. Pleasant, Isabella County, Michigan, described as: Commencing at the West 1/4 corner of said Section 11; thence S.01 02'21"E., 25.00' along the West line of said Section; thence S.89 04'06"E., 65.56' parallel with East and West 1/4 line of said Section to the Point of Beginning; thence continuing S.89 04'06"E., 767.39' parallel with East and West 1/4 line of said Section; thence N.00 55'14" W., 375.00'; thence N.44 04'39"E., 850.32'; thence N.45 55'21"W., 66.00'; thence S. 44 04' 39"W., 877.64'; thence S.00 55'14"E., 335.21'; thence N89 04'06"W., 700.76' parallel with the East and West 1/4 line of said Section, to the East right-of-way line of Mission Street; thence N.00 21'54"W., 121.81' along the Easterly right-of-way line of Mission Street, to the Southeasterly right-of-way line of the C&O Railway; thence N.44 04'39"E., 3,181.85' along the Southeasterly right-of-way line of the C&O Railway, to the Northwesterly right-of-way line of the Southbound US-27 exit ramp; thence S.00 20'06"W., 108.93' along the Northwesterly right-of-way line of the Southbound US-27 exit ramp to a point of curvature; thence

Southwesterly 2,367.70' along the US-27 right-of-way line on a curve to the right having a radius of 2,773.79' and a long chord bearing S.24 47'20"W., 2,296.47' to the West 1/8 line of the said Section; thence S.01 08'17"E., 33.65' along the West 1/8 line of the said Section to a curve on the said US-27 right-of-way line; thence Southwesterly, 375.29' along the US-27 right-of-way line on a curve to the right having a radius of 2,799.79' and a long chord bearing S.53 31'17"W., 375.00' to a point of tangency; thence S.57 22'41"W., 1,121.19' along the said US-27 right-of-way line, to the East right-of-way line of Mission Street; thence N.00 21'54"W., 582.46' along the said Mission Street right-of-way line to the Point of Beginning, containing 49.42 acres. (Known as the IDC Mt. Pleasant Industrial Park).

III. Description of Improvements

A. The following list of improvements is proposed to be paid from tax increment revenues:

	<u>Estimated Time to Completion</u>
1. Pond and Wetland Mitigation	2027
2. MMDC Management Fee	Ongoing
3. Contracted Maintenance	Ongoing
4. City Administration Fee	Ongoing

Various ongoing costs associated with management, maintenance and marketing the Industrial Park are identified as follows:

1. Management Fee to MMDC	\$6,600*
2. Maintenance Fee	* \$13,000**
3. Administrative Fee to City (2.5%/year)	\$800***
Total Estimate of Annual Fees	\$20,400

\* MMDC fee to increase at the rate of inflation, not to exceed 3%.

\*\* Based on 2007 actual expenses and assuming 3% per year increases due to inflation. Includes \$1,000 per year for one-time pond maintenance, estimated at \$20,000.

\*\*\* Based on 2000 actual expenses and assuming 3% per year increases due to inflation. The annual percentage rate may go as high as 5%.

B. Location, extent, character and estimated cost of improvements and estimated time required for completion (see appended list).

C. Construction Stages.

No new construction is planned in this district.

D. Open Space.

The only anticipated open space is the street right-of-way and storm water retention pond area. These areas will be used for vehicular access to the various industrial sites and to provide needed space for storm water retention.

E. Description of land to sell, lease, donate or exchange with municipality.

It is not anticipated that the Authority will sell, donate, exchange, or lease any portion of the development to or from the municipality.

IV. Ownership

The entire acreage is owned by the Industrial Development Corporation and is offered for sale to the general public. Neither the Tax Increment Financing Authority nor the City of Mt. Pleasant will become involved in the sale, donation, exchange or lease of the property.

V. Zoning, Streets and Utility Changes Necessary for Development

The property is presently zoned Industrial District (I-1) which is conforming. The tax increment financing plan involves the construction of the extension of Industrial Avenue, a dedicated public street, to serve the second phase of development, as well as the necessary extensions of sanitary sewer, water, gas, and electric lines. Funds will also be used for the storm water system extension and the necessary fill to bring the remaining property up to acceptable grade level and condition.

VI. Development Cost and Financing

The total estimate of the public improvement costs for the development is \$541,285 based on 2007 estimates. Financing will be provided on a pay-as-you-go basis of annual TIFA capture.

VII. Project Benefit

The project will benefit the end users of approximately 49.42 acres of industrial land.

VIII. Procedures for Leasing, Purchasing or Conveying of All or a Portion of the Development upon Completion

Middle Michigan Development Corporation will serve as the marketing agent for the development area sites to prospective industrial firms. No bidding procedures are envisioned.

IX. Population Estimate

The area is zoned industrial and does not contain any residential population; no relocation will take place.

X. Relocation/Priority for Relocation

Since the development area is vacant, no relocation is needed, nor is a financial assistance plan for relocation (Under Act 227 of P.A., 1972).

## TAX INCREMENT FINANCING PLAN

### I. Tax Increment Procedures

The tax increment financing approach is based on the concept of "captured assessed value", which refers to the increase in assessed valuation of the project area in any given year over the value at adoption of the development plan. The operational definition of assessed valuation is the assessed value as finally equalized. Tax rates levied on property in the development area, for all units of government, applied to the captured assessed value of the area will become available to finance the development area.

Presently (2007), the total millage levied within the development area by all taxing jurisdictions is 60.3644 mills (see table, page 7).

The tax increment revenues derived from the Mt. Pleasant Industrial Park are as follows:

1989 - \$17,564

1990 - \$26,790

1991-2005 - \$63,500 per year

2007 – 2027 \$52,583 per year, assuming no increase in value for budget purposes and 100% capture.

- Notes:
1. The tax increment financing will be in place for a period of 20 years, ending December 31, 2027.
  2. Tax increment revenues amount to up to 100% of the total. The TIF Authority and the City Commission will set annual capture rates as necessary to meet bond payments, cost of contracted services, and annual maintenance costs for public spaces. The remaining is provided to the taxing jurisdictions. The capture for 2007 shall be "0". future years are estimated at 40% (40% = \$21,033.04 / year).
  3. The tax increment revenues will be used to pay for ongoing maintenance and business retention efforts.
  4. The revenues were estimated by the city assessor. No new or renovated buildings were included or anticipated in the projection.
  5. The plan anticipates capturing up to 50% of all new growth and up to 50% of all growth in property value resulting solely from inflation.

### II. Maximum Bonded Indebtedness

The bonded indebtedness shall not exceed 80% of the projected captured revenues for the term of the tax increment plan.

The Authority shall annually submit a report on the tax increment financing account showing the revenue received and the amount and purpose of expenditures from the account. Reports will also be required showing the initial assessed value of the development area and the

amount of the captured assessed value retained by the Authority. The report shall be submitted to the Mt. Pleasant City Commission and contain such additional information as the governing body deems necessary.

An opportunity will be made available to the County Board of Commissioners, the public and intermediate school boards to provide input on the fiscal and economic implications of the proposed financing and development plans.

The tax increment financing plan may be modified by the governing body upon notice and after public hearings. The governing body may abolish the tax increment financing plan when it finds that the purpose for which it was established is accomplished.

III. Anticipated Operating and Planning Expenditures

1. MMDC Mgmt/Business Retention Fee	\$6,600 annually until 2027
2. Contract Maintenance	\$12,000 annually until 2027
3. Pond Maintenance	\$20,000 one-time expense
4. Planning Studies	\$0
5. City Administration Fee	800/year until 2027
Total of 1-5 above	\$408,000*

\*\* Based on no annual inflationary increase in expenses.

IV. Financing of the Plan

The plan will be financed entirely with TIFA revenues.

V. Duration of the Development Plan and Tax Increment Plan

The plans are scheduled to expire on December 31, 2027.

VI. Estimated Impact of Tax Increment Financing on Local Taxing Jurisdictions

In 2007, 60.3644 mills were levied by all taxing units in Isabella County, and the TIFA can no longer capture school millage. In addition, the TIFA has adopted a resolution not to capture any bonded millage by taxing units, which leaves 21.85 mills subject to TIFA capture as follows:

<u>Unit</u>	<u>Mill</u>	<u>% of Total</u>	<u>Estimated Loss in 2007</u>	<u>Estimated Loss (100% Capture) 2007-2027</u>	<u>Estimated Loss (40% Capture) 2007-2027</u>
City of Mt. Pleasant	13.60	62.24	\$32,729	\$654,580	\$261,830
Isabella County	6.47	29.61	15,570	311,400	124,560
Commission on Aging	.88*	4.02	2,118	42,360	16,940
ICTC	<u>.90</u>	<u>4.13</u>	<u>2,166</u>	<u>43,320</u>	<u>17,330</u>
Annual Total	21.85	100.00%	\$52,583		
20-Year Total				\$1,051,660	\$420,660

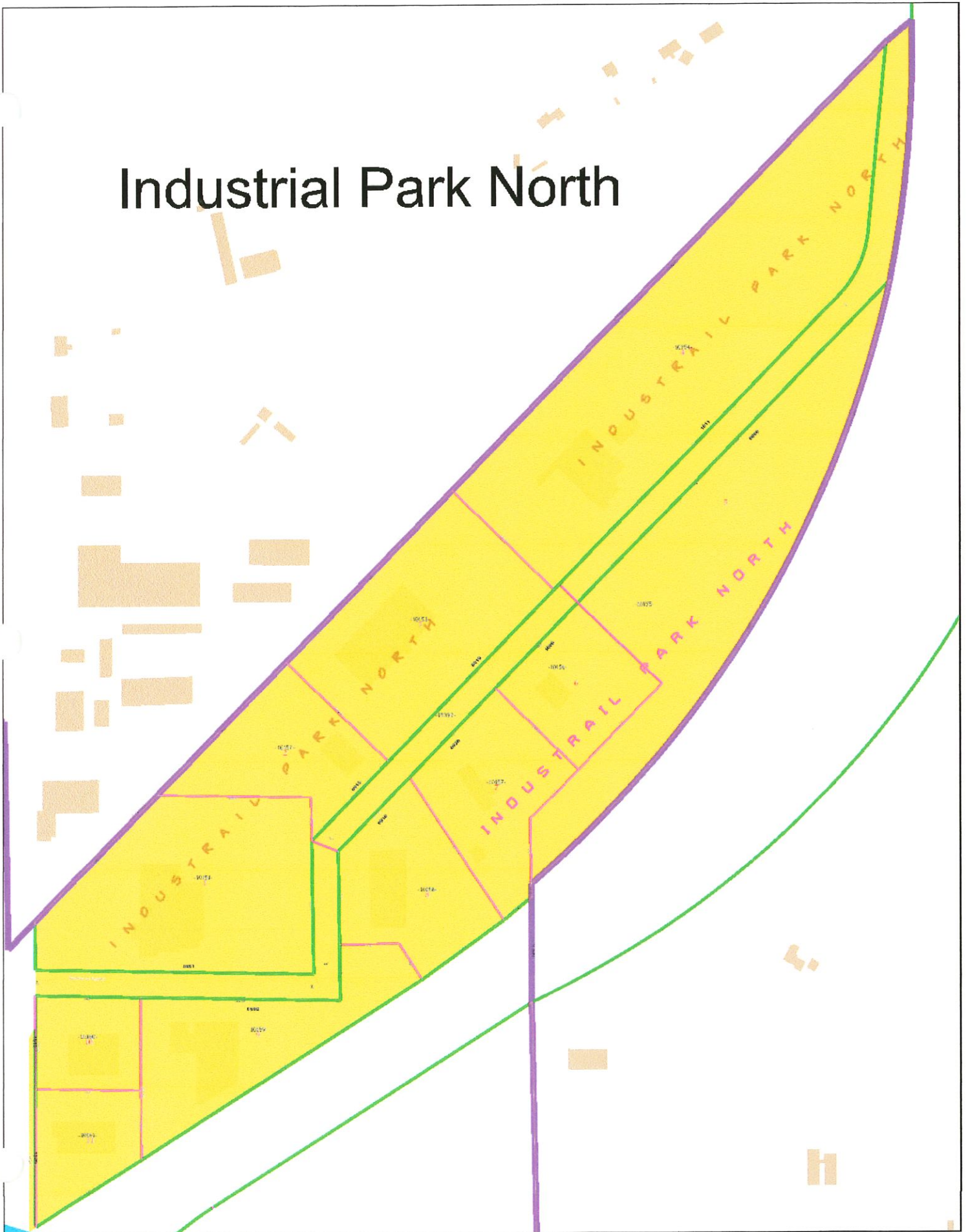
\* Capture rate will change once Commission on Aging debt is determined.

Adopted: February 13, 1985 – TIFA Board  
April 15, 1985 – City Commission

Amended: November 14, 1988 – TIFA Board  
(no action taken) – City Commission

Amended: October 10, 2007 – TIFA Board  
November 26, 2007 – City Commission

# Industrial Park North



**APPENDIX A**

**IMPROVEMENTS TO MT. PLEASANT INDUSTRIAL PARK**

<u>IMPROVEMENTS</u>	<u>EXTENT</u>	<u>CHARACTER</u>	<u>COST ESTIMATE</u>	<u>ESTIMATED TIME FOR COMPLETION</u>
Pond and Wetland (1)	Periodic maintenance of storm water retention pond.	Maintenance as necessary to control storm water retention pond.	\$20,000	2027
MMDC Management / Business Retention (2)			\$178,000	2027
Contracted Maintenance (3)	Ongoing mowing, Light pole, painting and landscape maintenance		\$323,000	2027
City Admin Fee (4)	\$800/yr + 3%/yr increases		<u>\$21,500</u>	2027
Total			\$543,000	

Adopted: February 13, 1985 – TIFA Board  
 April 15, 1985 – City Commission

Amended: November 14, 1988 – TIFA Board  
 (no action taken) – City Commission

Amended: October 10, 2007 – TIFA Board  
 \_\_\_\_\_, 2007 – City Commission



**INDUSTRIAL PARK**

Date Adopted

February 13, 1985 – TIFA Board  
April 15, 1985 – CC

Amended

November 14, 1988 – TIFA Board  
No action taken – CC

Amended

October 10, 2007 – TIFA Board  
November 26, 2007 – CC

Date Ending

December 31, 2027