

Amended and Restated Development Plan and
Tax Increment Financing Plan

2017-2027

City of Bessemer Gogebic County, Michigan

Downtown Development Authority

8/21/17

TABLE OF CONTENTS

TABLE OF CONTENTS -----	2
DDA Plan-----	4
Background and purpose-----	4
Creation of the City of Bessemer Downtown Development Authority -----	4
Basis For The Tax Increment Finance Plan and Development Plan Act 197 of Public Acts of 1975-----	4
Designation of boundaries-----	4
Public facilities-----	5
Uses-----	5
Plan-----	6
Timeline -----	8
Budget -----	9
Parts of the Development Area to be Left as Open Space and Contemplated Use. -----	12
Portions of the Development Area which the Authority Desires to Sell, Donate, Exchange, or Lease to or From the Municipality and the Proposed Terms.-----	12
Zoning Changes-----	13
The Procedures for Bidding for the Leasing, Purchasing, or Conveying of all or a portion of the Development upon its completion -----	13
Estimate of number of residents-----	13
Displacement of Residents-----	13
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. -----	14
A Plan for compliance with Act 227 of the Public Acts of 1972. -----	14
TAX INCREMENT FINANCING PLAN -----	15
Definitions as Used in This Plan.-----	15
Purpose of the Tax Increment Financing Plan-----	16
Explanation of the Tax Increment Procedure -----	17
Taxing Jurisdiction Agreements -----	17
Property Valuations and Captured Revenue -----	18
Maximum Indebtedness.-----	20
Use of Captured Revenues-----	21
Duration of the Program -----	22

Plan Impact on Local Taxing Jurisdictions-----22
Release of Captured Revenues After Completion of Plan-----23
Assumptions of Tax Increment Financing Plan.-----23
Operating Agreement Between Downtown Development Authority and Local Unit of Government
Regarding Use of Tax Increment Revenues. -----23
Agreements Between Downtown Development Authority and other Development Authorities.-----23
Relationship of the Tax Increment Financing Plan with Other Funding Programs. -----23
Relationship to Community Master Plan-----23
Submission of an Annual Report to Governing Body and State Tax Commission. -----23
Exhibit A -----25

DDA Plan

Background and purpose

Purpose Of The Downtown Development Authority Act Act 197 of Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

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

Creation of the City of Bessemer Downtown Development Authority

On December 28th, 1987, the Bessemer City Council adopted Ordinance 274, which created the Bessemer Downtown Development Authority. A copy of this Ordinance is included as Exhibit A. The Authority was given all of the powers and duties prescribed for a downtown development authority pursuant to the Act.

Basis For The Tax Increment Finance Plan and Development Plan Act 197 of Public Acts of 1975

The Downtown Development Authority Act, provides the legal mechanism for local officials to address the need for economic development in the central business district. In Bessemer, the Downtown Development Authority district incorporates 153 parcels of private and public property.

The initial Development Plan and Tax Increment Financing Plan was adopted on December 28, 1987 and amended on June 16th, 2003 , focused on the aesthetics of downtown, building acquisition and demolition, and public parking.

Tax increment financing can be used to provide the necessary funds for project implementation. By definition, a tax increment financing plan seeks to capitalize on and make use of the increased tax base created by economic development within the boundaries of a downtown district. The legal basis or support for the Tax Increment Plan and Development Plan are identified in Act 197 of the Public Acts of 1975, as amended. Since 1987, the Bessemer Downtown Development Authority has utilized tax increment financing and other funds to implement a variety of capital improvement and other projects.

Designation of boundaries

The Tax Increment Financing District runs east and west along US Hwy 2 described as follows:

North 1/2 of SE 1/4 SW 1/4, Section 9, Township 47 North, Range 46 West.

SW 1/4 of SE 1/4, Section 9, Township 47 North, Range 46 West lying West of South Mill St and includes the City Power Plant.

Runs along the Chicago and Northwestern Railroad right-a-way in SE of SE, Section 9, Township 47 North, Range 46 West from N. State St to S. Moore St. SW 1/4 of SW 1/4, Section 10, Township 47 North, Range 46 West

Includes all the land between the Chicago and Northwestern Railroad right-a-way and US Hwy 2 in SE 1/4 of SW;

SW 1/4 of SE 1/4; SE 1/4 of SE 1/4; Section 10, Township 47 North, Range 46 West and SW 1/4 of SW 1/4 Section 11, Township 47 North, Range 46 West from S. Moore St. to Anvil Rd.

Lots 5 through 10, Block 3, Assessor Plat No .1 lying South of Iron St and North of US Hwy 2

Lots 7 through 16, Block 4 and Lots 1, 2, 8 through 14, Block 5, and Lots 13, 14, Block 12, all in Hibbing Addition lying South of Iron St. and North of US Hwy 2

Lots 1 though 6, Lots 11 through 16, Block 2, East End Addition lying South of Iron St. and North of US Hwy 2

Public facilities

Ethnic Common's Veteran's Memorial

Uses

Residential:

There are 11 houses and 4 small apartment buildings in the DDA

Recreation:

Snowmobile Trail

Commercial:

This includes businesses fronting Sophie Street from City Hall to Iron Street, the commercially developed areas along Mary St, businesses fronting US-2 east of Moore Street to Case St, and the south side of US-2 from Moore eastward. The open businesses are as follows: Ablemans, JDM Woodworking, Prices Medical Marijuana, Hibbeln Property LLC (Funeral Home), Gogebic Range Bank, Korpela and Kauppi, Misky's Barber Shop, Bread of Life, Big Dollar Medical Marijuana, Pit Stop, Steimpher's BP, Tamarack Massage, Floor Plans, Express Laundromat, Iron Range Properties' Car Wash, BSO, Krist Gas Station, Bessemer Small Engines, Mobile Gas, Steiger's Ace Hardware, Curls and Swirls, The Box, Big Moose Inspections, First National Bank, Vince's Auto, Lion's Den Tattoo, Jackson and Hewitt, Banker's Life and Casualty, Tacconellis, Bluff's Inn, Hardly Open, Rocky's Storage, Gogebic Range Bank offices, Black River Massage, Uncle Sam's Round two, Dairy Queen, Fluff 'N Go, Phoenix House, 906 Web Studios, Tulip Lily, Phoenix House, Advocate Counseling, Gogebic Underwood Corp.

There are 8 buildings that are empty or primarily used for personal storage in the district.

Industrial

These businesses are fronting US-2 and Massie St. The following are industrial businesses in the district:
Corullos, North Country Welding

Educational

None

Semipublic Use

The following non profits are in the district: Bessemer Area Historical Society, Gogebic-Ontonagon Community Action Agency, St. Vincent de Paul's Thrift Store, Gogebic County Credit Union, Veterans of Foreign Affairs

Governmental

The following are governmental agencies located in the district: Secretary of State, Department of Human Services, City of Bessemer Garage

Plan

Analysis and Planning

Analysis

Analyzing our activities is a vital component of our work to determine our success and ensure we delivered on our goals. Analysis also assists us in spending our limited funding effectively in the future. The DDA is interested in putting minimal funding towards analysis.

Planning Efforts

The DDA may use their funding to pay for future planning efforts including developing a new TIF plan and public facility/ private entity engineer or architectural plans.

Marketing

Marketing Training

The DDA can also cover or partially cover marketing training fees for businesses and other private entities in the District. The costs are expected to be minimal and under \$500 for a course.

Wayfinding and Signage

The DDA will also assist in wayfinding and signage efforts that pertain to the downtown region. This nonexclusively includes the welcoming signs, wayfinding from trails to downtown and vice versa, wayfinding from US-2, and wayfinding to destinations. The costs are expected to be utilized with grant funding and to be less than \$15,000 for a large welcoming sign, less than \$5,000 for wayfinding signs on US-2, and less than \$250 for wayfinding signs to and from trails.

General Marketing

The DDA can, at their discretion, pay for marketing fees for events, special sales, etc. as long as the marketing efforts benefit only retail or the general district. This is minimal and expected to be less than \$500/ year.

Public Facilities

Public Restrooms

Long term the DDA is looking at installing Public Restrooms by the Iron Belle trailhead. The DDA could assist with the engineering fees, grant matches, marketing efforts, etc. This is an expensive endeavor and would need to be paired with grant funding. The DDA could anticipate spending \$30,000 of its own funding on this.

Community Center

If opportunities arise, the DDA could be interested in assisting a community center in the DDA district. The DDA could assist with engineering fees, grant matches, marketing efforts, etc. This is an expensive endeavor and would need to be paired with grant funding and other organizations. The DDA could anticipate spending \$50,000 of its own funding on this.

Public Facility Maintenance and Upgrades

The DDA intends to continue to pay for the maintenance of the downtown sidewalks, garbage cans, empty lots, etc through paying a portion of the hourly pay for a seasonal worker. The DDA also intends to improve the sidewalks, empty lots, etc as need arises. The DDA can expect to spend \$5,000/ year on this.

Flowers

The DDA will continue their flower and beautification efforts. This is a program to plant and maintain flowers downtown. The costs are estimated to be around \$4,000/ year.

Beautification

This is to replace banners and flags as needed. This also includes planting trees and handling other miscellaneous beautification projects. Costs are estimated to be about \$2,000/ year except for the fiscal years 2020/21 and 2021/2022 when the costs are estimated around \$15,000 a year to coincide with the US-2 reconstruction.

Business Assistance

Pop-Up Shop Program

The DDA is interested in starting and growing new businesses. The DDA intends to continue its pop-up shop program to provide start-up assistance to parties interested in starting a business. The amount of funding is at the DDA's discretion. The DDA intends to spend about \$3,500/ business. The first couple years this program may see five applicants a fiscal year and then the program may taper off as the buildings fill.

Façade Assistance

The DDA also intends to assist in façade upgrades. The authority will pay up to \$3,500 for façade improvements including but not exclusively awnings, paint, windows, etc. The funds must be matched 1:1 by the owner. The DDA can anticipate spending up to \$3,500/ building and anticipates spending up to \$10,500/ year. Note: Michigan Economic Development Center offers a program to reconstruct facades for a 1:1 match. The DDA could provide 25% of the match up to \$3,500 for this grant given the building owner provides the other 25% of the cash match.

Purchasing buildings/ lots

The DDA may also purchase and rehabilitate buildings as the DDA feels is appropriate. These buildings can then be either leased, sold, or developed into business incubators. Priority of purchase is given to properties that are deteriorating or can be converted in to live-work units. Cost depends on the intensity of the project.

Broadband and wireless technology

As roads are redone, the DDA intends to work with Merit to lay fiber internet lines into the downtown area to provide dedicated fiber internet. Once this is in place the DDA will explore offering free wi-fi. The DDA can anticipate spending up to \$30,000 to lay the fiber.

Timeline

Continuous Activities	Analysis
	Planning Efforts
	Marketing Training
	General Marketing
	Public Facility Maintenance and Upgrades
	Pop-Up Shop Program
	Purchasing buildings/ lots
	Flowers
Short Term Projects (0-3 Years)	Façade Assistance
Moderate Term Projects (3-7 Years)	Wayfinding and Signage
Long Term Projects (7+ years)	Public Restrooms
	Community Center
	Broadband and wireless technology

Budget

Yearly Revenue

Fiscal Year	Expected Revenue
2017/18	\$ 52,421.90
18/19	\$ 53,461.02
19/20	\$ 54,510.52
20/21	\$ 55,570.53
21/22	\$ 56,641.13
22/23	\$ 57,722.44
23/24	\$ 58,814.56
24/25	\$ 59,917.60
25/26	\$ 61,031.68
26/27	\$ 62,156.89
27/28	\$ 63,293.36
Total	\$ 635,541.62

Yearly Expenses

	Expenses	Amount
2017/18	Marketing Training	\$500
	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$17,500
	Discretionary	\$21,000
	Total	\$50,500
2018/19	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$17,500

	Discretionary	\$ 24,461.02
	Total	\$53,461
2019/20	Marketing Training	\$500
	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,500
	Discretionary	\$ 25,010.52
	Total	\$54,511
2020/21	General Marketing	\$500
	Flowers	\$4,000
	Beautification	\$5,000
	Public Facility Maintenance and Upgrades	\$5,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,500
	Discretionary	\$ 23,570.53
	Total	\$55,571
2021/22	Marketing Training	\$500
	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$5,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,500
	Discretionary	\$ 24,141.13
	Total	\$56,641
2022/23	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,500
	Wayfinding and signage	\$5,000
	Discretionary	\$ 28,722.44
	Total	\$62,722

2023/24	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,000
	Discretionary	\$ 30,314.56
	Total	\$58,815
2024/25	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,000
	Broadband	\$30,000
	Discretionary	\$ 1,417.60
	Total	\$59,918
2025/26	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,500
	Public Restrooms	\$30,000
	Discretionary	\$ 2,031.68
	Total	\$61,032
2026/27	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000
	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,500
	Discretionary	\$ 33,156.89
	Total	\$62,157
2027/28	General Marketing	\$500
	Public Facility Maintenance and Upgrades	\$5,000
	Flowers	\$4,000
	Beautification	\$2,000

	Pop-Up Shops	\$7,000
	Façade Assistance	\$10,500
	Community Center	\$50,000
	Discretionary	\$ (15,706.64)
	Total	\$63,293

Expenses per budget item

Budget Item	Number of Occurances	Amount/ occurrence	Total
Marketing Training	3 years	\$500	\$ 1,500.00
General Marketing	11 years	\$500	\$ 5,500.00
Public Facility Maintenance and Upgrades	11 years	\$5,000	\$55,000
Flowers	11 years	\$4,000	\$44,000
Beautification	11 years	\$2,000	
Additional Beautification with US-2 Reconstruction	2 Years	\$3,000	\$25,000
Pop-Up Shops	29 Shops	\$3,500	\$101,500
Façade Assistance	9 Years	\$10,500	\$94,500
Wayfinding and signage	1 project	\$5,000	\$5,000
Broadband	1 project	\$30,000	\$30,000
Public Restrooms	1 project	\$30,000	\$30,000
Community Center	1 project	\$50,000	\$50,000
Discretionary			\$193,542
Total			\$ 635,541.62

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

In reference to the public improvements outlined, open space within the Downtown Development Authority district and Development Area will be confined to right-of-ways, plazas, and parks within the District. Existing park property in the Downtown Development Authority district and Development Area will remain as open space. The DDA does reserve the right to sell empty lots where buildings were formerly to developers.

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

There are no parcels that the Downtown Development Authority plans to sell, donate, exchange, or lease to the City of Bessemer, as part of this Development Plan.

Zoning Changes

The DDA would like to see the Zoning code changed to include the following:

- Include form based code including build to lines.
- Include elements to allow for flexible development of historic and environmental features while still maintaining their historic and environmental integrity.
- Maintain the historical feel of the downtown by prohibiting vinyl siding, metal siding, or other non-historical external coverings while promoting stone, brick, and wooden exteriors.
- Allow for bicycle parking
- Address traffic calming, pedestrian lighting, and other public realm standards.
- Allow for green infrastructure such as rain gardens, pervious pavements, green roofs, and preservation of existing trees.

The Procedures for Bidding for the Leasing, Purchasing, or Conveying of all or a portion of the Development upon its completion

The Procedures for Bidding for the Leasing, Purchasing, or Conveying of all or a portion of the Development upon its completion, if there is no expressed or implied Agreement between the Authority and Persons, Natural or Corporate, that all or a portion of the Development will be Leased, Sold, or Conveyed to those Persons.

At present, there are no agreements for property conveyance between the City of Bessemer, Bessemer Downtown Development Authority or any person(s), natural or corporation.

The Development Plan utilizes a voluntary acquisition strategy to acquire property within the Development Area. Acquisition of such property would be on a negotiated basis between the Downtown Development Authority and the interested party. Any such sale, lease or exchange conducted by the Downtown Development Authority pursuant to requirements specified in Act 197 of Public Acts of 1975, as amended, shall be with the consent of the City Commission. If needed, more detailed procedures will be developed prior to the transactions, in accordance with applicable city policy and Michigan state law.

Estimate of number of residents

Less than 50 residents live in the Tax Increment Financing District in Bessemer

Displacement of Residents

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

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

Provision for the Costs of Relocating Persons Displaced by the Development, and Financial Assistance and Reimbursement of Expenses, including Litigation expenses and expenses incident to the Transfer of Title in accordance with the Standards and Provisions of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

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

[A Plan for compliance with Act 227 of the Public Acts of 1972.](#)

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

TAX INCREMENT FINANCING PLAN

Definitions as Used in This Plan.

a. "Captured assessed value" means the amount in any 1 year by which the current assessed value of the project area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in subdivision (c), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.

b. "Initial assessed value" means the assessed value, as equalized, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision (z). In the case of a municipality having a population of less than 35,000 that established an authority prior to 1985, created a district or districts, and approved a development plan or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or amendments to a plan, and which plan expired by its terms December 31, 1991, the initial assessed value for the purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance zone has subsequently been designated pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the development area otherwise determined under this subdivision shall be reduced by the amount by which the current assessed value of the development area was reduced in 1997 due to the exemption of property under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, but in no case shall the initial assessed value be less than zero.

c. "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

d. "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the development area, subject to the following requirements:

(i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area for any purpose authorized by this act.

(ii) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area in an amount equal to the amount - 18 – 3/5/2010 necessary, without regard to subparagraph (i), to repay eligible advances, eligible obligations, and other protected obligations.

(iii) Tax increment revenues do not include any of the following:

(A) Ad valorem property taxes attributable either to a portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to a portion of value of property that may be excluded from captured assessed value or specific local taxes attributable to such ad valorem property taxes.

(B) Ad valorem property taxes excluded by the tax increment financing plan of the authority from the determination of the amount of tax increment revenues to be transmitted to the authority or specific local taxes attributable to such ad valorem property taxes.

(C) Ad valorem property taxes exempted from capture under section 3(3) or specific local taxes attributable to such ad valorem property taxes.

(iv) The amount of tax increment revenues authorized to be included under subparagraph (ii) or (v), and required to be transmitted to the authority under section 14(1), from ad valorem property taxes and specific local taxes attributable to the application of the levy of the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, a local school district or an intermediate school district upon the captured assessed value of real and personal property in a development area shall be determined separately for the levy by the state, each school district, and each intermediate school district as the product of sub-subparagraphs (A) and (B):

(A) The percentage that the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate school district, respectively, bears to the aggregate amount of ad valorem millage taxes and specific taxes available for distribution by law to the state, each local school district, and each intermediate school district.

(B) The maximum amount of ad valorem property taxes and specific local taxes considered tax increment revenues under subparagraph (ii) or (v). 2.

Purpose of the Tax Increment Financing Plan

The City of Bessemer Downtown Development Authority District was established pursuant to ordinance because the city experienced notable property value deterioration and loss in the commercial areas. In order to halt property tax value deterioration, increase property tax valuations and facilitate the overall economic growth of its business district, it was deemed to be beneficial and necessary to create and provide for the operation of a Downtown Development Authority in the City under the provisions of Act 197 Public Acts of Michigan, 1975 as amended (the "Act").

The "Downtown Development Authority Act", authorizes the Authority to prepare a Tax Increment Financing Plan (the "Plan"), which includes the Development Plan, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred or reimbursed, duration of the program, the impact of tax increment financing on the taxable values of all taxing jurisdictions in which the development area is located, and a statement of the portion of the captured taxable value to be used by the Authority. The benefit of using tax increment financing as a method to finance district improvements is that all local units of government levying taxes within the City of Bessemer contribute to the revitalization of the business district. Prior to legislative authorization of tax increment financing only the municipality provided tax revenues for revitalization activities while the other taxing authorities shared in the benefits of the revitalization efforts. The City of Bessemer deems it to be in the best interest of the City and the Downtown Development District to amend and restate the adopted June 16, 2003 Development Plan and Tax Increment Financing Plan for the Downtown Development District area.

Explanation of the Tax Increment Procedure

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

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

Taxing Jurisdiction Agreements

Tax increment revenues for the Downtown Development Authority ("DDA") result from the application of the general tax rates of the incorporated municipalities and all other political subdivisions, which levy taxes in the development area to the captured taxable value. Since the Plan may provide for the use of

all or part of the captured tax increment revenue, the DDA may enter into agreements with any of the taxing units to share a portion of the revenue of the District. Because the DDA had no obligated expenditures prior to the change in Michigan property tax law, capture of school district millage by the DDA is not allowed.

Property Valuations and Captured Revenue

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

- a. The Initial Assessed Valuation is established based on the 1987 state taxable valuations on real property and on all non-exempt parcels within that portion of the Development Area as of December 31, 1987. The Initial Assessed Valuation of the Authority is set forth below.

Table 1

City of Bessemer TIF	1987 Taxable Value	2016 Taxable Valuations	Captured Valuation
Taxable Valuation	\$1,792,400	\$ 3,581,435.00	\$ 1,789,035.00

- b. The anticipated Captured Taxable value is equivalent to the annual total taxable value within the Development Area boundaries less the Initial Taxable value as described above. The tax increment revenues are then the product of all millages levied by all taxing units in the Development Area on the CTV. The CTV is projected based on a number of factors including historical growth patterns, recent construction trends, economic indicators and the impact of certain development projects anticipated to be undertaken by the Downtown Development Authority. For projection purposes, the annual growth rate for years 2016 through 2028 is factored at 1.00 (%) percent. A more detailed depiction of the Captured Taxable Valuations can be found in Table 2 and Table 3.

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

The Treasurer will collect the general property taxes from property owners in the development area district. After taxes are collected, the Treasurer will deduct that portion of the total tax revenues that is derived from captured taxable value within the development area and distribute them to the DDA to use for purposes outlined in the development plan. A review of the 2016 millage rates for all Local Taxing Jurisdictions in the development area is as set forth in Table 4.

Table 2

City of Bessemer TIF	1987 Taxable Value	2016 Taxable Valuations	Captured Valuation
2016/17	\$1,792,400	\$ 3,581,435.00	\$ 1,789,035.00
17/18	\$1,792,400	\$ 3,617,249.35	\$ 1,824,849.35
18/19	\$1,792,400	\$ 3,653,421.84	\$ 1,861,021.84
19/20	\$1,792,400	\$ 3,689,956.06	\$ 1,897,556.06
20/21	\$1,792,400	\$ 3,726,855.62	\$ 1,934,455.62
21/22	\$1,792,400	\$ 3,764,124.18	\$ 1,971,724.18
22/23	\$1,792,400	\$ 3,801,765.42	\$ 2,009,365.42
23/24	\$1,792,400	\$ 3,839,783.07	\$ 2,047,383.07
24/25	\$1,792,400	\$ 3,878,180.91	\$ 2,085,780.91
25/26	\$1,792,400	\$ 3,916,962.71	\$ 2,124,562.71
26/27	\$1,792,400	\$ 3,956,132.34	\$ 2,163,732.34
27/28	\$1,792,400	\$ 3,995,693.67	\$ 2,203,293.67

Table 3

Anticipated Captured Revenue	City of Bessemer: 17.3564 mills	Gogebic County: 6.68 mills	Winter Taxes: 4.6903 mills	Net Captured Revenue
2016/17	\$ 31,051.21	\$ 11,950.75	\$ 8,391.11	\$ 51,393.07
17/18	\$ 31,672.82	\$ 12,189.99	\$ 8,559.09	\$ 52,421.90
18/19	\$ 32,300.64	\$ 12,431.63	\$ 8,728.75	\$ 53,461.02
19/20	\$ 32,934.74	\$ 12,675.67	\$ 8,900.11	\$ 54,510.52
20/21	\$ 33,575.19	\$ 12,922.16	\$ 9,073.18	\$ 55,570.53
21/22	\$ 34,222.03	\$ 13,171.12	\$ 9,247.98	\$ 56,641.13
22/23	\$ 34,875.35	\$ 13,422.56	\$ 9,424.53	\$ 57,722.44
23/24	\$ 35,535.20	\$ 13,676.52	\$ 9,602.84	\$ 58,814.56
24/25	\$ 36,201.65	\$ 13,933.02	\$ 9,782.94	\$ 59,917.60
25/26	\$ 36,874.76	\$ 14,192.08	\$ 9,964.84	\$ 61,031.68
26/27	\$ 37,554.60	\$ 14,453.73	\$ 10,148.55	\$ 62,156.89
27/28	\$ 38,241.25	\$ 14,718.00	\$ 10,334.11	\$ 63,293.36

Maximum Indebtedness.

The maximum amount of indebtedness to be incurred by the DDA will be limited to only those projects and programs identified in the Development Plan and will be limited by the annual revenues available to Downtown Development Authority for bond interest and principal payments. This amount may vary depending on the size of the Development Area District, the type and intensity of development and redevelopment, and the balance of indebtedness owed by the DDA on previous bond issues or loans. Revenues captured will be used to accomplish projects in the Development Area outlined in Table 4.

Table 4

Local Unit of Government	
City of Bessemer (All millage)	17.3564
Operational	17.3564
Gogebic County (All millage)	11.3339
Operational	6.68
Voted: Animal Control	0.2
Voted: Transit	0.3333
Voted: Senior Program	0.6
Voted: College	2.8129
Voted: Nursing home maintenance of efforts	0.3077
Voted: Nursing home maintenance of building	0.4
Total Mills Captured	28.6903

Use of Captured Revenues

Revenues captured through this Tax Increment Plan will be used to finance those improvements and projects outlined in Table 2 and Table 3 of the Development Plan in accordance with procedures specified in this Plan. Further, captured revenues can be used for the following:

- Finance current financial obligations of DDA;
- Maintenance of streetscape, public parking lots, parks, and pedestrian plazas;
- Pay for costs incurred by the City/DDA in implementing both the Development Plan and the Tax Increment Financing Plan;
- Marketing, promotions and events costs;
- Capital projects located outside the Development Area which, if funded by the DDA, meet the goals and objectives of the Development Plan, provide greater connectivity and activity to the business district, and strengthen the downtown development district;
- Special purpose grant and loan programs; and
- Pay for costs associated with the administration and operation of the Development and Tax Increment Plan and its associated projects and programs.

In addition, the Development Plan encourages the use of Tax Increment Financing Plan revenues to support public improvements associated with private redevelopment and new development projects. Table 5 enumerates the forecasted “uses” of the tax increment revenue and the amount available for capital projects.

The amount available for capital improvements will increase as the valuations in the district increase above the forecasted assumptions and with the implementation of new development not incorporated in the forecast. For every \$1,000,000 of added valuation the tax increment revenues will increase by \$28,690.30.

Table 5

Fiscal Year	Expected Revenue
2017/18	\$ 52,421.90
18/19	\$ 53,461.02
19/20	\$ 54,510.52
20/21	\$ 55,570.53
21/22	\$ 56,641.13
22/23	\$ 57,722.44
23/24	\$ 58,814.56
24/25	\$ 59,917.60
25/26	\$ 61,031.68
26/27	\$ 62,156.89
27/28	\$ 63,293.36
Total	\$ 635,541.62

Duration of the Program

The 2017 Amended and Restated Development Plan and Tax Increment Financing Plan shall extend the Tax Increment Financing Plan until such time that all projects and programs identified in the Development Plan have been implemented but in any event no longer than 10 years (2027) from the effective date of adoption.

Plan Impact on Local Taxing Jurisdictions

The Authority recognizes that future development and continued enhancements in the DDA business area will not be likely in the absence of tax increment financing. The Authority also recognizes that enhancement of the value of nearby property will indirectly benefit all local governmental units included in this plan. It is expected that the effected local taxing jurisdictions will experience a gain in property tax revenues from improvement made in the Development Area during the duration of the plan and should realize increased property tax revenues thereafter as a result of activities financed by the plan. Future benefits cannot be accurately quantified at this time, however, the previous use of tax increment revenues (1987-2017) resulted in a leverage rate of \$0.94 for every one dollar (\$1.00) of City of Bessemer tax increment revenue captured. Based on the tax increment revenue forecast the City of Bessemer and other taxing authorities would contribute the following percentage of revenues:

Table 6

Local Unit of Government		
City of Bessemer	60%	\$ 384,475.40
Gogebic County	40%	\$ 251,066.22
Total Millage Capture	100%	\$ 635,541.62

Release of Captured Revenues After Completion of Plan

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

Assumptions of Tax Increment Financing Plan.

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

- A. Real property is based on an annual growth rate of 1.00%
- B. Commercial facilities exemptions certificates (CFT) have expired and new certificates have not been issued as of the date of issuance of this plan.
- C. Costs provided for the various development projects enumerated in Table 1 and Table 2 are estimated costs in 2016 dollars. Final costs are determined after the Authority authorizes the final designs and will vary depending on the year authorized.

Operating Agreement Between Downtown Development Authority and Local Unit of Government Regarding Use of Tax Increment Revenues.

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

Agreements Between Downtown Development Authority and other Development Authorities.

The Downtown Development Authority has no agreements with other development agencies.

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

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

Relationship to Community Master Plan

The Development Plan indicates the need to revitalize the business areas of the community, which is an integral component of the community's redevelopment program and master plan. If it is determined that any portions of the Master Plan conflict with the provisions of the Downtown Development Plan, then the Development Plan shall be adopted as a component of the Master Plan pursuant to Section 39 of Act 33 of 2008; the Michigan Planning Enabling Act.

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

Annually the Authority shall submit to the City of Bessemer and the State Tax Commission a report on the status of the tax increment financing account. The report shall include those items enumerated in

Section 15 (3) of Act 197 of 1975 (MCL 125.1665). Further, the report shall be published in a newspaper of general circulation.

Exhibit A

ORDINANCE NUMBER 274

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF BESSEMER BY ADDING A NEW CHAPTER, WHICH NEW CHAPTER SHALL BE DESIGNATED AS CHAPTER 53 OF SAID CODE.

CHAPTER 53: DOWNTOWN DEVELOPMENT AUTHORITY

5.301: DOWNTOWN DEVELOPMENT AUTHORITY ESTABLISHMENT

A downtown Development Authority and a Downtown Development District, pursuant to Act 197 of the Public Acts of 1975, State of Michigan, being MCLA 125.1651, et al, is hereby established.

5.302: MEMBERS, TERM APPOINTMENT

In accordance with Section 4 of Act 197, Public Acts of 1975, the Downtown Development Authority shall consist of nine (9) members to be appointed by the Mayor, one of which will be the Mayor, whose term will coincide with his term as Mayor. The eight other members, exclusive of the Mayor, shall serve for a term of four (4) years and until his successor shall be appointed and qualified. Members of the first Board shall be effective until confirmed by the Common Council. Members shall serve without compensation but shall be reimbursed for any actual and necessary expenditures. The Chairman of the Board shall be elected by the Board. Not less than a majority of the members shall be persons having an interest in property located in the downtown district, and not less than one of the Members shall be a resident of the downtown district.

5.303: POWERS AND DUTIES

The Downtown Development Authority shall have all the powers and duties vested or permitted to be vested in Downtown Development Authorities by Act 197, Public Acts of 1975 for the State of Michigan, as heretofore or hereafter amended, it being the intention of this Chapter and duties vested or permitted by law, subject to applicable superintending control by the Common Council of the City of Bessemer.

5.304: EMPLOYEES

The Downtown Development Authority shall select and appoint such employees as it shall deem necessary for the proper exercise of its powers, functions and duties in accordance with Act 197, Public Acts of 1975.

5.305: TAXING POWER, RATE

In addition to other financing as may be permitted under the Act, the Downtown Development Authority may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the Downtown Development District, with the exception of any one or two family dwellings within the District. The tax shall not be more than two (2) mills. The tax shall be collected as provided in Act 197, Public Acts of 1975.

5.306: DOWNTOWN DEVELOPMENT DISTRICT BOUNDARIES

The Downtown Development District will include all of the land described as follows:

- Lots 1 through 88, Mill Site Addition
- Lots 1 through 13, Block 1, Original Plat
- Lots 7 through 10, Block 2, Original Plat
- Lots 7 and 8, Block 3, Original Plat
- Lots 1 and 2, Block 4, Original Plat
- Lots 1 and 2 and 13 and 14, Block 5, Original Plat
- Lots 1 through 10 and Lots 15, 16, and 17, Block 6, Original Plat
- Lots 8 through 16, Block 4, Hibbing Addition
- Lots 8 through 14, Block 5, Hibbing Addition
- Lots 13 and 14, Block 12, Hibbing Addition

Unplatted land along the South Side of US-2 from Sophie Street to Eastern limits of City of Bessemer which includes the abandoned Chicago & Northwestern Railroad Right-of-way.

Adopted and approved by the Common Council of the City of Bessemer, this 4th day of May, 1987.

Joseph C. Bonovetz
Joseph C. Bonovetz, Mayor

ATTEST:

Bruce W. Carlson
Bruce W. Carlson, City Clerk/Manager