

**Tax Increment Finance Authority of the City of Albion
Financing and Development Plan**

November 2013 Revision

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Introduction

A resolution of the Albion City Council created the Tax Increment Finance Authority of the City of Albion (TIFA) on May 3, 1982 under Public Act 450 of 1980. Financing and Development Plans were adopted by the Council November 7, 1983. An amendment to the original plans was adopted by City Council on October 20, 1997. A further amendment was adopted by City Council on December 3, 2007. TIFA continues to operate under those plans today.

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TIFA has had significant, quantifiable success in improving the economic health of the Tax Increment District and of the City overall (See **Appendix C** for details.) The Albion Industrial Park has been an economic engine helping to drive Albion's growth and renewed prosperity. This success may be traced in part to the goals of the original and amended Financing and Development Plans.

However, circumstances change over time. The economic and social realities of November 1983, October 1997, and December 2007 are not present in 2013. This revision of the TIFA Financing and Development Plan is designed to adjust the goals of TIFA to current conditions and to anticipate, as much as possible, the needs of TIFA and the City of Albion in the future. As accurate and precise projections over a 10-year span are difficult to formulate, this plan is designed to provide the flexibility needed to guarantee TIFA maximum future effectiveness while remaining responsible to the public.

TIFA seeks to continue the successful path of Industrial Park development and expand in new directions, maximizing the resources of the district through a comprehensive, pro-growth strategy. By building on the accomplishments of the past, revitalizing "obsolete" industrial sites, and encouraging the development of new and expanding enterprise, the plan will continue to facilitate growth and opportunity where before there were only uncertain prospects of economic success. TIFA will focus on the areas delineated in the Development Plan, while watching for opportunities elsewhere in the TIF District.

This plan is written and adopted in accordance with Public Act 450 of 1980, as amended. (MCL 125.1801 to 125.1830) The structure of the plan reflects the structure of those sections in the Act mandating the contents of the financing and development plans, namely Sec. 13(2) and Sec. 16(2), respectively.

Division I: Financing Plan

Section A. Development of Captured Assessed Values. While the overall health of the development area is good, some sections have not shared fully or adequately in its renaissance. The projects included in the plan will stimulate economic growth by improving transportation and information infrastructure throughout the district. The plan will improve aesthetic values and contribute to the overall quality of life in the city, improving its attractiveness as a place for new and expanding business. The plan also provides for the redevelopment of sites that are currently inactive, thereby increasing their economic value. Finally, the plan offers incentives for economic growth in the Development Area in the form of high-quality construction sites at highly competitive prices, lease property and an incubator program.

The enactment of this Financing and Development Plan will result in the development of captured assessed values that could not otherwise be expected. There can be no reasonable expectation that, in the absence of TIFA, the improvements detailed in this plan would be undertaken, or that any increased economic activity which results from the improvements thus implemented would otherwise occur.

Section B. *Estimated Captured Assessed Values.* Estimated captured assessed values for the years 2014 through 2023 are detailed in **Appendix A, Section 1 and 2**. Two scenarios are presented, one representing no change to current personal property tax legislation and the second representing values if personal property parcels are removed from the TIF base. Other scenarios are possible.

Section C. *Estimated Tax Increment Revenues.* Estimated tax increment revenues for the years 2014 through 2023 are detailed in **Appendix A, Section 1 and 2**. Again, two scenarios are presented, one with no change to current personal property tax legislation and the second reflecting removal of personal property tax parcels from the base. Captured revenues are to be used by TIFA in accordance with this plan.

Section D. *Tax Increment Procedure.* The TIFA of the City of Albion was established by the Albion City Council in 1982. The municipal treasurer transmits to the TIFA that portion of the tax levy of all eligible taxing bodies paid each year on real and personal property in the development area on the Captured Assessed Value. The Authority expends the tax increments received only in accordance with the tax increment financing plan. Surplus funds may be retained by the Authority for the payment of the principal and interest on outstanding tax increment bonds or for other purposes that by resolution of the board are determined to further the development program.

It should be noted that the passage of state Proposal A in 1994 dramatically reduced TIFA revenue potential. In 1997, TIFA captured 24.0346 mills. Without Proposal A, this would have increased by 34.4022 mills, a difference in revenue of approximately \$198,000. It should also be noted that the closing of Harvard Industries in 2002 caused a further significant decrease in revenue. In 2006, that decrease was \$95,000.

Currently, there is much uncertainty about the impact of the proposed elimination of the Personal Property Tax (PPT). Although approved by the legislature, the elimination is subject to a vote of the people in August 2014. And proposed "fixes" to the legislation, such as replacement from another source of all or part of the captured tax revenue lost with PPT elimination, or changes to the base value of the development area, have yet to be enacted into law. Thus it is difficult to accurately project future tax revenues.

Section E. *Bonded Debt Limit.* The amount of bonded debt to be incurred by the TIFA under this plan shall not exceed \$2,000,000.00 at any time.

Section F. *TIFA/Municipal Expenditures, Municipal Indebtedness, and Advance Amounts.* Operating expenses (\$110,420 in 2013) are fully funded through district tax capture revenues (\$210,000 in 2013). Expenditures not included in the operating budget have been funded through grants - including those offered through Community Development Block Grants (CDBG) and the US Environmental Protection Agency (USEPA) - and TIFA will continue to seek both public and private grant funding as an alternate source. TIFA's only current debt is a loan balance of approximately \$11,500

from a loan from Michigan Department of Environmental Quality to demolish a building adjacent to the Industrial Park.

Indebtedness incurred by the City is expected to be limited to bonded debt for payment of the City's portion of the cost of any future infrastructure improvements.

Section G. *Costs to be Paid by Tax Increment Revenues.* Costs of the plan are anticipated to be paid from tax increment revenues as received, with the remainder of costs paid by both public and private sources, including but not limited to bonds, grants, loans, land contracts, and donations.

Section H. *Duration of the Plan.* This Financing and Development Plan shall remain in effect until amended or replaced.

Section I. *Impact on Other Taxing Jurisdictions.* The cumulative impact on other taxing jurisdictions in which the development area is located will be positive. Growth and development in the Development Area will be positive for all jurisdictions, leading to an improved employment base, population growth, greater commercial traffic, positive community exposure, and generally increased economic activity in the City and surrounding areas. As noted in **Section A**, there could have been no reasonable expectation of these improvements or those proceeding from the previous iterations of this plan without the involvement of TIFA.

This revision will result in a very small decrease in direct tax revenues to other taxing jurisdictions due to the changed base value of land in the development area. However, it is anticipated that future growth in the Development Area will cause the positive community-wide outcomes mentioned in the previous paragraph to far exceed the minimal reduction in direct revenues.

Division II: Development Plan

Section A. *The Development Area - Tax Increment District Context.* The single Development Area incorporates a portion of the Tax Increment District, including the Industrial Park and some adjacent areas. A map of the district is included in **Appendix B, Section 1**. The Development Area is outlined on the map.

Section B. *The Development Area - Neighborhood Context.* The map included in **Appendix B, Section 1** shows the boundaries of the Development Area in relationship to highways, streets, and other landmarks.

Section C. *Existing Public Facilities, Land Use, and Legal Description.* Existing streets are illustrated in the map in **Appendix B, Section 2**. **Public Facilities within the Development Area** also include **McClure Park**, the **Sewage Treatment Plant**, the **Municipal Water Department**, and utility lines throughout the district.

Current land use is illustrated in the map in **Appendix B, Section 2**. A current zoning map is shown in **Appendix B, Section 3**. A legal description of the Development Plan area is included in **Appendix B, Section 4**.

Section D. *Improvement Descriptions, Costs, and Time Frames.* The Development Plan shall be accomplished through a series of specific improvement projects. The projects are detailed in the following table:

Project Name	Description	Estimated Cost	Date
<i>Transportation Infrastructure</i>	Installation of additional entrance signs for the Industrial Park; other functional and aesthetic improvements to development area streets.	\$65,000	2014-ongoing
<i>Information Technology Infrastructure</i>	Installation of information technology infrastructure, linking businesses through fiber optic, Wi-Fi or other data connections.	\$200,000	2016-2020
<i>Greenspace Program</i>	Establishment of wetland preserve and recreation area in Industrial Park; improvement of existing greenspaces in development area.	\$200,000	2018-2020
<i>Incubator Program</i>	Staff and support for the incubator program in the Industrial Park for new or expanding businesses; renovate building; purchase backup generator.	\$375,000	2014-ongoing
<i>Speculative Building(s)</i>	Construction of speculative industrial building(s) in the Industrial Park to attract new or expanding businesses.	\$750,000	2017-ongoing
<i>Vacant Major Manufacturing Sites</i>	Acquisition/marketing/use analysis/preservation of vacant Harvard, Union Steel, & Pickens Plating sites for redevelopment	\$850,000	2015-ongoing
<i>Property Investment</i>	Acquisition of Austin Ave. and other properties for redevelopment and/or sale.	\$350,000	2014-ongoing
<i>Industrial Park Lots</i>	Marketing and sale of lots	\$50,000	2014-ongoing
<i>Other Acquisitions</i>	Acquisition of other properties in development area for (re)development.	\$250,000	2014-ongoing
All Improvement Projects		\$3,090,000	

Section E. *Improvement Location, Extent, Character, and Cost.* The location, extent, character, and cost of each improvement project is summarized in the table included in **Section D** above.

Section F. *Improvement Construction.* To the extent that it is known, planned construction and estimated time of completion for each improvement project are summarized in the table included in **Section D** above.

Section G. *Open Spaces.* Open space in the Development Area will be maintained and enhanced through three independent but complementary measures. As detailed above, the Greenspace Program will increase the net amount of usable open space in the Development Area by working with the Industrial Park community and the City of Albion. Protective Covenants now in place mandate the preservation and enhancement of open space in any development in the Industrial Park Addition. Finally, the TIFA will work in cooperation with the city and all developers on site review, zoning enforcement and aesthetic improvement of all projects.

Section H. *Property Transactions.* Property owned by TIFA and by others, such as the City of Albion, the Calhoun County Treasurer, or the County Land Bank, may be transferred from or to TIFA as necessary to aid redevelopment.

TIFA may conduct other property transactions with public or private entities in addition to the above as deemed necessary to the fulfillment of this plan. Currently there are no plans in place to effect such a transfer.

Section I. *Zoning, Infrastructure, and Utility Changes.* Entrance and directional signage will be added to complement the infrastructure enhancements already in place in the Industrial Park. Highway signage directing traffic to the Industrial Park will continue to be sought from the Michigan Department of Transportation.

Implementation of the Information Technology improvements will entail working with businesses and providers to ensure that high speed access is available as needed. Development of greenspaces may require the installation of utilities, pedestrian lamps, and/or trails, paths, etc.

Some zoning changes may be required if any property on the borders of existing industrial areas is acquired for industrial development.

Section J. *Cost, Financing, and Financial Ability.* The total cost of all improvement projects (as outlined in **Section D**) is \$3,090,000. Costs of the plan are anticipated to be paid from tax increment revenues as received, with the remainder of costs paid by both public and private sources, including but not limited to bonds, grants, loans, and donations. Since its 1982 inception, TIFA has arranged project financing through bonds issued by the City and grants and loans from federal and state sources, as well as creatively partnering with the private sector.

Section K. *Beneficiary of Development.* The improvement projects in the development plan are undertaken for the benefit of the public generally, and not for any specific person or persons, natural or corporate.

Section L. *Bid Procedures.* Bid procedures shall follow all state and municipal requirements.

Section M. *Population and Displacement.* There are no residences in the development area. The plan projects no displacement of residents.

Section N. *Relocation Plan.* No displacement or relocation of residents is projected under the plan.

Section O. *Relocation Expenses.* No displacement or relocation of residents is projected under the plan.

Section P. *P.A. 227 of 1972 Compliance.* No displacement or relocation of residents is projected under the plan.

Section Q. *Other Pertinent Information.* Information on the activities of TIFA prior to the adoption of this plan is contained in **Appendix C**.

Appendix A

1. Captured Assessed Value and Tax Increment Revenues (Table)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed Taxable Value	11,677,183	11,210,096	7,124,993	6,839,994	6,566,395	6,303,740	6,051,591	5,809,528	5,577,147	5,354,062
Captured Assessed Taxable Value	7,238,246	6,771,159	2,686,056	2,401,057	2,127,458	1,864,803	1,612,654	1,370,591	1,138,210	915,125
Taxes Captured	221,936	207,615	82,358	73,620	65,231	57,178	49,447	42,025	34,899	28,059
2014 forward is estimate removing Personal Property <40,000 2016 forward is estimate removing all industrial personal property Estimates based on 4% decrease in value every year										

Projection based on current values and expected growth

2. Alternate Captured Assessed Value and Tax Increment Revenues (Table)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Captured Assessed Taxable Value	7,238,246	6,771,159	4,813,312	4,620,780	4,435,949	4,258,511	4,088,171	3,924,645	3,767,660	3,616,954
Taxes Captured	221,936	207,615	147,584	141,681	136,014	130,573	125,350	120,336	115,523	110,902

Projection is estimate assuming personal property parcels are removed from TIF base

Appendix B

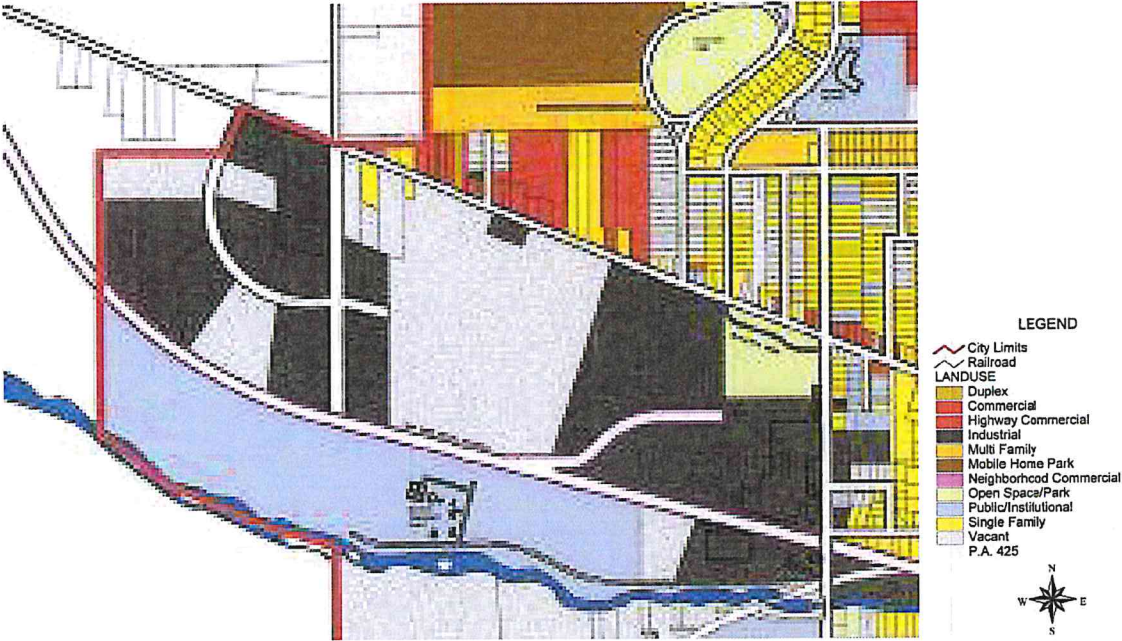
1. General Overview (Map)



Source: City of Albion

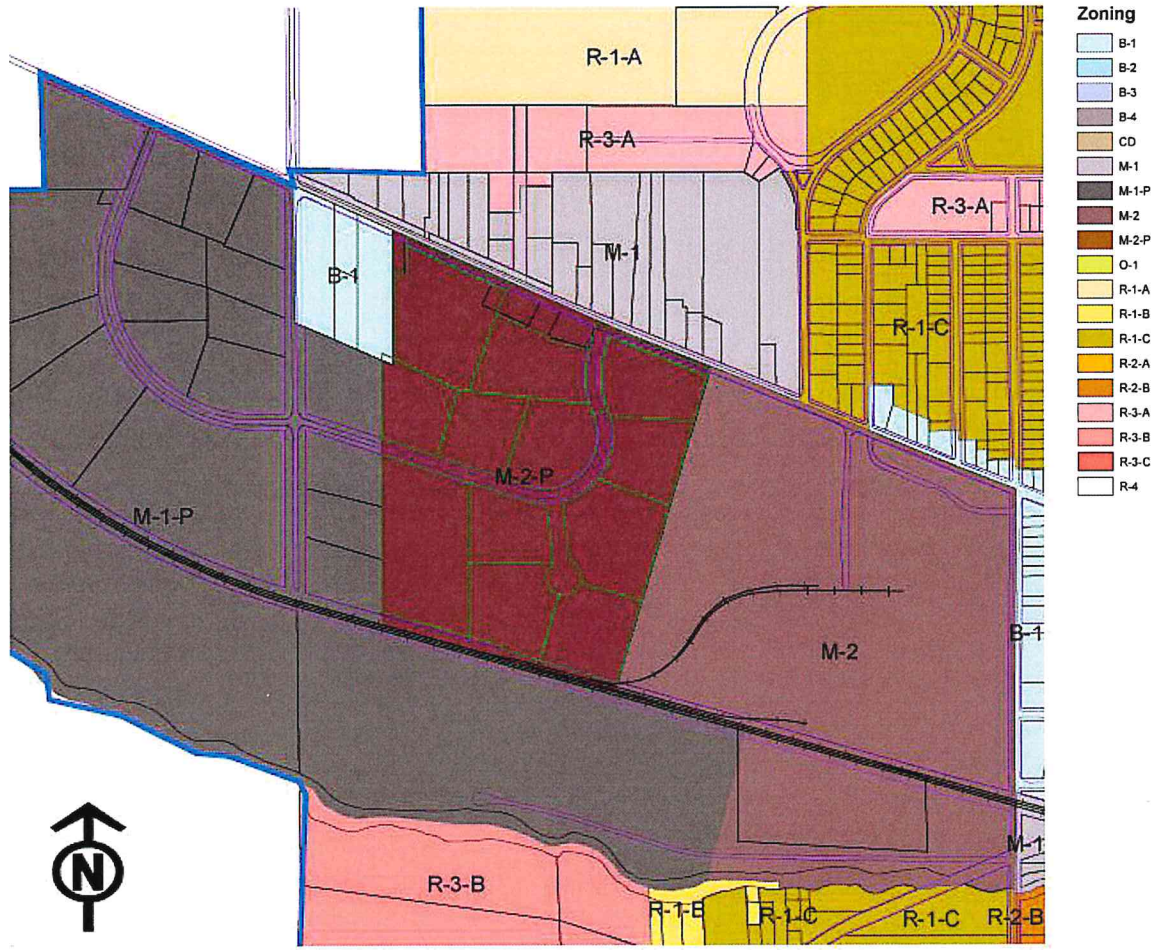
Albion St

2. Land Use (Map)



Source: City of Albion Comprehensive Plan 1990

3. Zoning Map



Last Updated: 11/14/2007

Source: City of Albion

4. Legal Description of Development Area, revised 2013

That part of Sections 33 and 34, Town 2 South, Range 4 West, City of Albion, Calhoun County, Michigan, described as:

Beginning at the intersection of the center line of Industrial Avenue (27 Mile Road) and the South line of Austin Avenue; thence Northwesterly on the South line of Austin Avenue 825 feet, more or less, to the West line of Elliott Road; thence South $20^{\circ}25'30''$ West on the West line of Elliott Road 342.2 feet; thence South $89^{\circ}56'30''$ West 901.58 feet to the West line of the city limits as of November 1983; thence Southerly along the West city limit line 2,150 feet, more or less, to the Kalamazoo River; thence Southeasterly along the Kalamazoo River to the West line of Albion Street; thence Northerly on the West line of Albion Street to the South line of Austin Avenue; thence Northwesterly on the South line of Austin Avenue 2,046 feet, more or less; thence Southwesterly perpendicular to Austin Avenue, 220 feet; thence Northwesterly 220 feet; thence Northeasterly 250 feet, more or less, to a point on the South line of Austin Avenue that is 220 feet Southeasterly of the intersection of the West 1/16th line of Section 34 and the South line of Austin Avenue; thence continuing Northeasterly to the North line of Austin Avenue; thence Southeasterly on the North line of Austin Avenue to a point that is 427.3 feet, more or less, East of the West 1/16th line of Section 34, which is on the West line of the property described in an instrument recorded in Liber 876, on Page 644; thence North $4^{\circ}22'00''$ East 776.88 feet to the North 1/16th line of Section 34; thence Westerly on the North 1/16th line to the Northeast corner of lot No. 1, PLEASANT VIEW ADDITION TO THE CITY OF ALBION, CALHOUN COUNTY, MICHIGAN, according to the plat thereof recorded in Liber 5 of plats, on Page 36; thence Southerly 66 feet; thence Westerly 198 feet; thence Southerly 132 feet to the Southeast corner of lot No. 12 of the plat; thence Westerly 132 feet to the East line of lot No. 15 of the plat; thence Southerly on the East line of lot No. 15 and the extension thereof to the South line of Austin Avenue; thence Northwesterly on the South line of Austin Avenue 466.7 feet, more or less, to the Northeast corner of the property described in an instrument recorded in Liber 1189, on Page 656; thence Southerly 165 feet; thence Northwesterly 66 feet; thence Southerly to a point that is 660 feet South of the South line of Austin Avenue; thence Northwesterly 557.4 feet, more or less, to the center line of Industrial Avenue; thence Northerly on the center line 660 feet to the place of beginning.

EXCEPT a parcel of land in the City of Albion, Calhoun County, Michigan, described as beginning 476.75 feet Northwest of the intersection of the former New York Central Railroad and N. Albion Street; thence North $73^{\circ}8'$ West 999.1 feet; thence South $1^{\circ}41'$ West 591.5 feet; thence South $18^{\circ}40'30''$ East 964 feet, more or less, to a point that is 365 feet South $1^{\circ}44'30''$ East of the point of beginning; thence Northerly to the place of beginning [*reference*—former Union Steel Products Co. plant No. 4].

ALSO EXCEPT a parcel of land in the City of Albion, Calhoun County, Michigan, described as beginning at the Northwest corner of Section 34, Town 2 South, Range 4 West; thence South $00^{\circ}15'27''$ West on the West line of Section 34 a distance of 2,373.40 feet; thence South $89^{\circ}44'33''$ East perpendicular to the West line of Section 34 a distance

of 2,105.40 feet to the Northeast corner of lot No. 20, INDUSTRIAL PARK SUBDIVISION NO. 2, according to the plat thereof recorded in Liber 23 of plats, on Pages 37 to 41, in the office of the register of deeds for Calhoun County, Michigan; thence North 16°34'45" East 7.04 feet to the Southwesterly line of Austin Avenue; thence South 67°22'39" East on the Southwesterly line of Austin Avenue 880.58 feet to the point of beginning of this exception description; thence continuing South 67°22'39" East on the Southwesterly line of Austin Avenue 805.67 feet to the West line of N. Albion Street; thence South 01°08'00" West on the West line of Albion Street 285.32 feet; thence North 87°37'34" West 219.70 feet; thence South 01°51'35" West 19.30 feet; thence North 89°27'58" West 446.78 feet; thence North 89°54'29" West 99.68 feet; thence North 02°43'07" East 601.71 feet to the Southwesterly line of Austin Avenue and the point of beginning, containing 7.76 acres, more or less [*reference—McAuliffe Park*].

Appendix C

An Overview of TIFA Activities, 1983-2013

Since its establishment in 1982 and the adoption of Financing and Development Plans in 1983 and 1997, TIFA (in partnership with the Albion Economic Development Corporation, or EDC, and the Brownfield Redevelopment Authority, or BRA) has facilitated significant, quantifiable growth in the Tax Increment District, and has thus improved the economic health of the entire Albion community. In cooperation with City Council and staff, the Greater Albion Chamber of Commerce, and other agencies, EDC/TIFA has been a major contributor to improvements in the economic climate in the city.

In 1983, the City of Albion acquired the Albion Area Industrial Corporation's speculative building in the original Industrial Park. EDC/TIFA operated the "Business Service Center" in the building, providing incubator space and services to new businesses, until 1992. From 1992 to 2000, TetraPak, a packaging equipment manufacturer, subleased the entire building from EDC, providing up to 20 jobs and a source of additional revenue in support of economic development efforts. Since then, TetraPak has continued to occupy a portion of the building, with the balance having returned to incubator use in the form of the Albion Business Incubator.¹ With the assistance of the City, the incubator roof has been replaced, protecting the building from damage.

In 1994, TIFA acquired the Mymachod farm adjacent to the original Industrial Park. The former Mymachod residence on-site was converted to a new headquarters for EDC/TIFA. The farm itself, encompassing approximately 60 acres and zoned M-2 Heavy Industrial, was added to the Industrial Park.

The City, in partnership with TIFA, issued bonds for the construction of a road and public utilities in the new portion of the park. Construction on the new road, from the eastern terminus of Elliott Road in the original park to Austin Avenue, began in the summer of 1996. The first phase of the road was completed that fall, and was subsequently named "Burstein Drive" in honor of former Albion Mayor and former EDC/TIFA President Victor S. Burstein. The final phase of the road and public utilities was completed in 1999, making the park addition completely available to new companies.²

The Industrial Park has grown from 6 manufacturers in 1983 to 10 in 2013, with 17 "partners" overall. The original park is full and five lots in the new section have been sold. One of those lots is occupied by a 20,000 square foot building built by TIFA in collaboration with a private developer as a speculative building and now occupied by Ossur Albion, a cutting edge prosthetics manufacturer based in Iceland.³ Additions such as Van Diest Supply Company, Great Lakes Water Jet, and SEMCO along with expansions at Albion Machine & Tool, D & D Maintenance, Team One Plastics and others have led the job creation and retention efforts. While adopting operating efficiencies to remain competitive in a global economy, Industrial Park companies now employ over 375 persons. The construction of the Georgia Pacific facility included a rail siding for delivery of its raw materials.⁴

The park has also improved both aesthetically and functionally since 1983, with the construction of roads, a new entrance sign, and landscaping improvements. EDC/TIFA staff have also worked with Industrial Park partners and City staff on vigorous code enforcement within the park and district generally. A protective covenant is now in place in the park addition ensuring aesthetically and operationally compatible facilities.⁵ The park enjoys Certified Business Park status with the Michigan Economic Development Corporation, due to the establishment and maintenance of high standards throughout the park.

The Brown Weld property was acquired in 1997 and subsequently rezoned residential, ensuring appropriate redevelopment of this property near the Urban Renewal land along Erie Street. This property lies along the Kalamazoo River and has been deeded to the city.⁶ Nearly all of the vacant residential and commercial properties adjacent to the Industrial Park on Austin Avenue have also been acquired and existing buildings demolished, thus enhancing the appearance and marketability of the Industrial Park. And through the BRA, the vacant 80,000 square foot Union Steel facility in the TIF district has been demolished, thus preparing it for redevelopment.⁷

¹ Cf. Section D-4 of the 1997 Development Plan.

² Cf. Section D-1 of the 1997 Development Plan.

³ Cf. Sections D-5,6 of the 1997 Development Plan.

⁴ Cf. Section D-8 of the 1997 Development Plan.

⁵ Cf. Section D-1 of the 1997 Development Plan.

⁶ Cf. Sections D-3,7 of the 1997 Development Plan.

⁷ Cf. Section D-7 of the 1997 Development Plan.