



MEMORANDUM

City Council

July 17, 2023, at 7:00 PM

TO: City Council

FROM: Rich LaBombard, City Manager

SUBJECT: DDA Development Plan and Tax Increment Financing Plan – First Public Hearing - Ordinance 05-2023

The Douglas Downtown Development Authority (DDA) was created by City Council in 1997 and expanded in 2006. The DDA is designed to serve as a catalyst in the development of the community's downtown district. The DDA provides for a variety of funding options including tax increment financing mechanism, revenue from which can be used to fund public improvements in the downtown district. The DDA is required to prepare a tax increment financing plan and may create a development plan to submit for approval to the local municipality. A development plan describes costs, location, and resources for the implementation of public improvements in the DDA district. A tax increment financing plan includes the development plan and details the tax increment procedure, any bonded indebtedness to be incurred, and the duration of the program.

At the May 31, 2023, DDA meeting, the DDA recommended the adoption of the Development Plan and Tax Increment Financing Plan to the City Council. The City Council is required to hold a public hearing prior to adoption of the development and TIF plan. The City Clerk noticed the time and place of the public hearing twice in the local newspaper and posted the notice in 20 conspicuous and public places in the downtown district at least 20 days prior to the hearing. Notice was mailed to all the property taxpayers of record in the downtown district not less than 20 days prior to the hearing. Certified mailings were sent out not less than 20 days prior to the hearing to all the governing bodies of each taxing jurisdiction levying taxes subject to the TIF capture.

There was discussion raised at the DDA meeting from the Interurban Transit Authority regarding the tax capture from the Interurban's millage in the amount of approximately \$1,000 per year since 2021. The Interurban exempted itself from the DDA expansion that occurred back in 2006 but did not exempt itself from the origin of the DDA district in 1997. Therefore approximately \$1,000 of Interurban millage comes to the DDA budget. It is unclear if the Interurban can exempt itself from capture at this time an updated plan is being considered. I've recommended the Interurban contact their attorney for an opinion.

Following the public hearing, City Council shall determine if the development plan and TIF constitutes a public purpose. If the plan constitutes a public purpose, the City Council shall then

approve or reject the plan or approve it with modification by ordinance based on the following considerations.

1. The findings and recommendations of a development area citizens council, if a development area citizen council was formed (Douglas does not require a citizens council).
2. The plan meets the requirements set forth in section 217(2) of Michigan Public Act 57 of 2018. An act to provide for the recodification and establishment of certain tax increment finance authorities.
3. The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.
4. The development is reasonable and necessary to carry out the purposes of this part.
5. The land included within the development areas to be acquired is reasonably necessary to carry out the purposes of the plan and of this part in an efficient and economically satisfactory manner.
6. The development plan is in reasonable accord with the master plan of the municipality.
7. Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.
8. Changes in zoning, streets, street levels, intersections and utilities are reasonably necessary for the project and for the municipality.

The City attorney has reviewed the ordinance.

This ordinance will require two public hearings prior to approval. The second public hearing will be on August 7, 2023.

I recommend the City Council open a public hearing to receive public comment verbally or in writing with reference to the Downtown Development Authority's updated Development Plan and Tax Increment Financing Plan.