

AMENDED AND RESTATED
DEVELOPMENT AND TAX INCREMENT
FINANCING PLAN
FOR THE
LUDINGTON DOWNTOWN DEVELOPMENT AUTHORITY

LUDINGTON DOWNTOWN DEVELOPMENT AUTHORITY
400 S. Harrison Street
Ludington, Michigan 49431
231-845-6237

Created: November 12, 1984
Revised: June 27, 1988
Revised: December 18, 1989
Revised: October 25, 2004
Revised: July 14, 2008

LUDINGTON DOWNTOWN DEVELOPMENT AUTHORITY

Board Members 2008

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SUMMARY OF TIF PLAN

Michigan's Downtown Development Authority Act. Public Act 197 of 1975, sets forth the requirements for the Development and Tax Increment Financing (TIF) Plan at Sec. 14, MCL Sec. 125.1664): This summary is provided as an overview of the Plan's basic requirements:

1. A development plan as provided in Section. 17 of the Act:
The DDA has prepared a Development Plan for the Central Business District which is set forth in detail in the Tax Increment Financing Plan narrative.
2. A detailed explanation of the TIF procedure: This information is set forth in detail in the Plan narrative.
3. The duration of the program: The duration of the plan as amended on 2004 was extended 15 years to October 25, 2019.
4. Compliance with Section 15 of the Act relating to the amount of tax increment to be transmitted to the DDA, expenditure of funds by the DDA and annual reporting requirements: Procedure meeting the requirements of this section is set forth in detail in the Plan.
5. A statement of the estimated impact of the TIF Plan on the assessed values of all taxing jurisdictions in which the development area is located: This subject is discussed in detail in the Plan. A chart which accompanies the Plan provides an estimated projection of the relative impact of the Plan on all taxing jurisdictions.
6. A clear statement of the portion of the captured assessed valuation to be used under the plan. The DDA will "capture" twelve percent (12%) of the available Tax Increment Revenue.

The detailed Tax Increment Financing Plan will be distributed to interested parties.

Respectfully,
Downtown Development Authority
Heather L. Venzke Loney
Community Development Director

Development & Tax Increment Financing Plan
For The
Ludington Downtown Development District

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PART 1: THE DEVELOPMENT PLAN

SECTION 1: The Development and Tax Increment Financing Plan for the Downtown Ludington Board has had several updates and changes since the creation of the Downtown Development Authority on November 12, 1984 under Ordinance 794. In order to create one comprehensive document it is necessary to amend and restate the original plan and incorporate all amendments and changes. It is also necessary to update the plan with the current conditions of Downtown Ludington. The Downtown Development Authority was created by Ordinance 794 on November 12, 1984. On June 27, 1988 by Ordinance 843 the Downtown Development Authority was expanded to include several additional Blocks and Lots. Furthermore, on December 18, 1989 the Ludington City Council passed Ordinance 864 which served to designate the boundaries of the development area, to declare that the Development & TIF plan prepared & submitted by the DDA constituted a public purpose and to approve the plan. The plan was amended once more on October 25, 2004 by Ordinance 118-04 to extend the plan for an additional 15 years.

(1.1) Federal and State government budgets in recent years have reduced funds available for public improvement projects. Communities have been required to look to other mechanisms to assist in stimulating economic recovery and growth and new methods to promote public improvements.

(1.2) Public Act No. 197 of 1975 (P.A. 197) was passed by the Michigan State Legislature to allow for the creation of Downtown Development Authorities, commonly known as DDAs to develop and implement plans to prevent property value deterioration in business districts. DDAs are intended to encourage economic development and activity, to encourage historic preservation and to develop and implement plans to preserve and promote the downtown area.

(1.3) P.A. 197 also provides a number of ways to finance DDA activities. One such way is that the DDA may use a mechanism known as Tax Increment Financing (TIF) to fund the public share of community development projects. TIF provides several ways for the DDA to accomplish its goals. Approval of the City Council is required for implementation of Tax Increment Financing by a DDA.

(1.4) This Plan has been prepared in response to a need to revitalize Ludington's downtown. It represents the current priorities of the DDA and has been structured to allow re-evaluation as needed.

(1.5) The Downtown Ludington Board proposes an amendment to the existing Development and Tax Increment Financing Plan for the Ludington Downtown Development Authority to provide an opportunity to assist in the overall revitalization of Downtown Ludington.

(1.6) Ludington's Central Business District is adversely affected by the "big box" developments to the east of the City limits. In order to stay competitive, the City,

downtown retailers and property owners need to work together to strengthen and improve the downtown market. The amended TIF plan will allow the DDA to address infrastructure needs, the elimination of blight and declining property values in the neighborhood. Business and property owners will be encouraged to use additional funding mechanisms, such as the DDA Façade Grant & Loan Program, the SCORE program and Brownfield Incentives, in order to rehabilitate buildings and attract and improve businesses. The board will also continue to utilize the 2-mill property tax capture, estimated at \$46,500 for fiscal year 2008, to address downtown needs

(1.7) Terms.

- a. “DDA” shall mean the Ludington Downtown Development Authority.
- b. “DDA Act” shall mean the Downtown Development Authority Act Public Act 197 of 1975 being MCL 125.1651 et seq.
- c. “DDA District” shall mean the Downtown Development District as previously established by City Ordinance the description of which is contained in Section 6.1.
- d. “TIF” shall mean Tax Increment Financing which is described in Part 2 of this Plan.

SECTION 2: RECENT HISTORY OF COMMERCIAL DEVELOPMENT

(2.1) Ludington reached its population peak at the turn of century. Political developments in the State of Michigan during the 1950's, in particular the strong township government movement which culminated in Michigan's most recent state constitution, discouraged annexation of adjacent territories. Ludington's last territorial expansion took place in the early 1970's. The concurrent emergence of strong township government in the surrounding area eliminated any further direct control by the city over the zoning and land use of the surrounding areas.

(2.2) Ludington's influence over commercial growth and development in the area has continued to decline as a constantly increasing percentage of the county's commercial growth takes place outside of the city's boundaries. Ludington's Central Business District enjoyed a slight resurgence in the early 1970's during the construction phase of the Consumers Power Pumped Storage Project located south of town. This resurgence was a result of ample vacant buildings within the downtown area to meet demands for new business locations and the fact the downtown area was at that time the predominate retail and commercial center of the county. In the past few years, however, there has been increased density in the DDA area brought on by significant condominium development as well as marina development and a new downtown grocery store.

(2.3) Aggressive commercial development in Pere Marquette Township and Amber Township along the US 10 corridor directly to the east of Ludington city limits made that area the location of choice for new businesses drawn to the community. Many existing businesses moved from Ludington's downtown to the Pere Marquette Township and Amber Township US 10 corridor to capture the business associated with the higher volume traffic at that location. Many downtown businesses were unable to compete with

the Big Box store developments in this area. The rapid growth along the strip was driven by the natural traffic flow to and from the city and the development of East Ludington Avenue as the primary artery in and out of the City of Ludington.

(2.4) The county has enjoyed significant population growth since early 1970. All of this growth has taken place outside of the City of Ludington. The increased traffic resulting from greater population, improved roads and a more mobile society has accelerated the pressure for commercial growth. This commercial growth has continued to occur to the east of the city limits finding there ample development space locations and receptive local government. The addition of sewer and water to Pere Marquette and Amber Townships has provided significant impetus to commercial expansion outside of the city limits.

(2.5) Ludington's downtown area experienced some investment during this same period. A substantial obstacle to the downtown area's viability was overcome by the establishment of a parking authority in the early 1970's. This authority enabled the city to acquire and develop ample parking to serve the majority of the downtown's existing business locations.

(2.6) The last few years have witnessed a growing vacancy rate in the area identified as the Central Business District as the mix of commercial business has continued to decline. The central business district lost several major general line retailers, including Montgomery Ward & Company and JC Penny. While other retailers now occupy such buildings, no major retailer replaced these lost businesses. Also in 2007 Fifth Third Bank left their downtown location to build a new site on the US-10 corridor.

(2.7) Many replacement businesses in the Central Business District have been aimed at and have catered to only a seasonal market for tourist and summer residents. There are presently several vacant business units within the DDA district.

(2.8) The city's leaders, recognizing a trend of deterioration in the Central Business District, established the Ludington Downtown Development Authority in 1984 under the authority of Public Act 197. The statutory steps leading to creation of the DDA required the City Council to determine it necessary to:

1. Halt property value deterioration and increase property tax valuation where possible in the business district;
2. To eliminate the causes of that deterioration, and
3. To promote economic growth.

SECTION 3: VALUES

(3.1) The Downtown Area is still struggling with empty storefronts and a lack of consistent theme. Many older properties in the downtown are deteriorating making rehabilitation more costly and less likely to be completed by property owners without assistance. One block of downtown is home to an old bowling alley, which is now vacant

and functionally obsolete. This block is of major concern in the downtown area as it breaks the flow of traffic from the beach.

(3.2) This document encompasses a development plan for the downtown and is intended to act as a guide for future development and redevelopment. The maintenance of a significant retail shopping and commercial center within the traditional Ludington Central Business District is the primary goal of the DDA.

SECTION 4: THE PLANNING PROCESS

(4.1) The process for creating a Development Plan is a compilation of the expressions of the people involved and the physical characteristics of the community. The process which the DDA board used to originally develop this plan contains three basic elements:

1. PLANNING

- Define Major Issues

- Set Goals/Objectives
 - Practical Goals
 - Fresh Image/Visibility
 - More Tourism/more local business -Physical Improvements

- Develop a Workable Plan both:
 - "Long-Range and "Short-Range"

- Public Involvement to
 - Generate Enthusiasm and Support
 - Maintain Communication
 - Provide Facts

2. FEASIBILITY

- Define Revenue Sources and Leverage Dollars
 - Tax Increment Financing
 - Bonds -Millage
 - Foundations

- Phasing -"Bite Size Pieces"
 - Determine the "Best" Priorities
 - Visible vs. Non-Visible Improvements
 - Necessary vs. Desirable Improvements

3. IMPLEMENTATION

- Credibility
 - Initial Project Must Be Built Fast
 - First Effort must Be Successful

- Communication
 - Contributors Must Be Continuously Informed
 - Short-Term Projects Gain Support, Visibility and Action
 - Long-Term Goals Need to Be Re-emphasized Many Times
- Project Schedule
 - Set Definite Time Frames
 - Make Committees Accountable

(4.2) The DDA completed a Central Business District Master Plan in late 1986 and a Core Area Project Plan in early 1989. The Master Plan proposed tax increment financing as a source of funds for public improvements. The DDA further completed and Economic Enhancement Study in 2003 to direct the approach to rehabilitation of the Downtown retail district.

(4.3) Project goals are to attract additional tourist dollars and to retain the local clientele. The goal to sustain existing businesses is enhanced by attempting to draw new business into the downtown area and promote Ludington as a community which has a high quality environment in which to live and do business.

(4.4) The Central Business District Master Plan was designed to address both short and long range plans for Ludington. It begins to focus on the "image" Ludington projects on Ludington Avenue, the primary Business Route. This major East-West connector is the main artery which links the world with Mason County's Lake Michigan Shore including the Ludington State Park, Epworth Assembly, Lower Hamlin Lake and its environs, the developing southern end of Hamlin Township and the Northwest corner of Pere Marquette Township. It is also the major artery for access to Michigan's oldest cross-lake ferry service, Ludington's only municipal marina and the primary public boat launch site for utilizing Mason County's number one tourist attraction -Lake Michigan. The 2003 study further expanded and updated the needs of this area. The DDA Board has also undergone strategic planning sessions in 2007 to identify and rank needs and goals for the Downtown area.

(4.5) Entering Ludington from the east coming from US 31 and continuing west on US 10, along Ludington Avenue the traveler must pass through the Pere Marquette Township commercial development strip before entering the City of Ludington. The Central Business District is reached only after traveling through several blocks of primarily residential use. Once within the city limits, the impression is that the commercial center has been passed along Ludington Avenue. When the traveler reaches Ludington's downtown the growth and development seen on US 10 outside of the city limits is no longer apparent. Many building fronts along Ludington Avenue, while providing some color and architectural interest, fail to provide an image of health and viability for the central business district. The ample parking which exists just to the north and south of these business locations becomes known only to those who are willing to explore without direction. Some parking lots are unattractive, uninviting and appear

neglected or forgotten. The alley areas are criss-crossed with power poles and wires which clutter the atmosphere and detract from existing architectural features.

(4.6) The problems identified coupled with the congestion of heavy traffic in both directions on Ludington Avenue in Ludington's Central Business District present challenges. The recent use of the petunias along Ludington Avenue has shown that the Central Business District can be more attractive and appealing. Recent façade improvements to buildings and the closing of the North James Street Area to create a pedestrian plaza have also begun the transformation of the downtown area into a walkable community.

(4.7) Ludington also has some distinct advantages which, when properly developed and promoted will assist in stimulating use, activity and business in the Central Business District. The advantages are:

- -Ample Adjacent Parking Capacity
- -Wide Streets Conducive to Traffic Flow -Wide Sidewalks which can accommodate beautification improvements -Room for Commercial Expansion, Redevelopment and New Development -Location in a Prime Tourist and Recreation Area
- -Historically Significant Buildings
- -Public-owned waterfront visible from and adjacent to the District
- -Strong Desire to Carefully Plan and Promote Development -Aesthetic Natural Features. -Community Pride and Positive Attitudes
- -Progressive Local Government

SECTION 5: THE DEVELOPMENT AREA

(5.1) Ludington's development concept originated from a concerned Municipal Administration, and concerned Merchants, Business Leaders, DDA and citizens. The Ludington Downtown District, which will also be the Development Area under this plan, is shown in Exhibit (1). A legal description of the area is set forth in Section 6.1. This area was carefully considered to insure that the full downtown commercial area would be covered so that direct beneficiaries of the TIF Plan would be within the district.

(5.2) The development plan basically recognizes the unique prime waterfront location of the community and seeks to carefully develop existing features into a recognizable commercial, shopping, service and recreation center adjacent to that waterfront. Promoting the district by adding appealing features will encourage travelers, visitors and residents to take notice and to stop and discover the friendliness and pleasant shopping atmosphere downtown Ludington has to offer. The Municipal Marina and PM Steamers Restaurant are examples of the kind of investment which this plan is intended to encourage. More recently The Jamesport Brew Pub, several condominium developments and a new downtown Grocery Store have developed or located within the DDA district.

(5.3) The objective is to increase the number of people who stop, to promote their use of the downtown. This will be accomplished by providing street furnishings,

signage, lighting, coordinated pavement patterns, special features, and landscaping along Ludington Avenue and James Street. The intersection of Ludington Avenue and James Street will be the focal point. The design harmony and careful utilization of amenities will identify the downtown as a unified area and promote a tie to the waterfront as a relationship which Ludington wishes to develop.

SECTION 6: DDA DISTRICT

(6.1) Downtown Development District --Boundaries. Pursuant to the requirements of 197 P.A. 1975, the boundaries of the Downtown Development District are described as follows and as recorded in Ordinance 843 on June 27, 1988:

All the part of the Original Plat of the City of Ludington lying within the following described boundaries: Commencing at the intersection of Danaher Street and Rath Avenue, thence running north along Rath Avenue to Filer Street, thence west along Filer Street to the east line of Lot 8. Block 55, Original Plat, thence north along the east line of Lot 8 to the alley in said Block 55, thence west along the north line of Lots 7 & 8 to the west line of Lot 7 of said Block, thence south along the west line of Lot 7 to Filer Street, thence west along Filer Street to William Street, thence north along William Street to Loomis Street, thence west along Loomis Street to the west line of Lot 11. Block 48, Original Plat, thence north to the alley in said Block 48, thence west to northeast corner of Lot 7. Block 48, thence south along the east line of Lot 7 to Loomis Street, thence west along Loomis Street to west line of Lot 9, Block 49, thence north along said west line to alley in Block 49, thence east along the alley to Lewis Street, thence north along Lewis Street to Ludington Avenue, thence east along Ludington Avenue to the east line of Lot 7. Block 29, Original Plat, thence north along said east line of Lot 7 to the southwest corner of Lot 3 of said Block, thence east along the south line of Lot 3 to the southeast corner of Lot 3. thence north along the east line of Lot 3 to Court Street, thence east along Court Street to Robert Street, thence south along Robert Street to the alley in Block 27, Original Plat, thence east along the alley of said Block to the west line of Lot 3, thence north along the west line of Lot 3, Block 27 to Court Street, thence east along Court Street to Rath Avenue, thence north along Rath Avenue to a point 10 feet south of the north line of Lot 9, Block 19. Original Plat, thence easterly parallel with the north line of Lot 9 to the alley in said Block, thence, South along said alley to the north line of Lot 5. Block 19. thence east along north line of Lot 5 to James Street, thence north along James Street to north line of Lot 9, Block 20, Original Plat, thence east along north line of Lot 9. Block 20 to the alley in said Block, thence South along said alley to the north line of Lot 5, Block 20, thence east along the north line of Lot 5 to Harrison Street, thence north along Harrison Street to the north line of Lot 9, Block 21, Original Plat, thence east along the north line of Lot 9 of said Block 21 to the alley, thence south along the alley to Court Street, thence east to a point 48 feet west of the southeast corner of Lot 5, Block 21, thence north 120 feet to the north line of Lot 4, thence east along the north line of Lot 4 to Rowe Street, thence southerly along Rowe Street to the northeast corner of Lot 1, Block 24, Original Plat, thence west 60 feet to the west line of Lot 1, thence south 70 feet along said west line, thence east 60 feet to Rowe Street, thence south along Rowe Street to the alley in Block 23, Original Plat, thence east along said alley to

the east line of Lot 4 of said Block; thence south along the east line of Lot 4 to Ludington Avenue, thence west along Ludington Avenue to Rowe Street, thence south along Rowe Street to Loomis Street, thence west along Loomis Street to Harrison Street, thence south along Harrison Street to a point 35 feet south of the northeast corner of Lot 1, Block 40. Original Plat, thence west 60 feet to the west line of Lot 1, thence south along the west line of Lot 1, 70 feet thence east to Harrison Street, thence southerly along Harrison Street to the northeast corner of Block 43, Original Plat, thence west 90 feet along the north line of Lots 1 & 2 of said Block, thence south to the east-west alley in Block 43. Original Plat, thence west along said alley to the east line of Lot 7, Block 3, thence south along the east line of Lot 7 and continuing south across Foster Street and south along the east line of Lots 4 & 7, Block 60, Original Plat to Danaher Street, thence west along Danaher Street to James Street, thence northerly along James Street to a point 70 feet south of the northeast corner of Lot 10, Block 59, Original Plat, thence west 60 feet to the west line of Lot 10, thence north 30 feet, thence west 60 feet to the west line of Lot 9, thence north 40 feet to the alley in Block 59, thence west along the alley to a point 30 feet west of the northeast corner of Lot 7, Block 59, thence south to Danaher Street, thence west along Danaher Street to the point of beginning:

EXCEPT the east half of Lot 8 and the west 7 feet of Lot 9, Block 40 Original Plat;

ALSO EXCEPT Lot 7, Block 41. Original Plat;

ALSO EXCEPT Lots 3 & 4. Block 42, Original Plat.

ALSO DESCRIBED AS:

All of Blocks 25, 26, 28, 34, 35, 36 46, 47, and 54; and

Lots 5, 10 and the south 50 feet of Lot 9, Block 19;

Lots 5, 9 and 10; Block 20

Lots 9 and 10 and the East 48 feet of Lots 4 and 5, Block 21;

Lots 3 and 4, Block 23, Block 24 except the North Half of Lot 1;

Block 27 except Lots 4 and 5 thereof;

Lots 1, 2, 8, 9 and 10, Block 29;

Block 40 except the North 70 feet of the South 100 'feet of Lot 1, also except the East Half of Lot 8 and the West 7 feet of Lot 9;

Block 41 except Lot 7;

Block 42 except Lots 3 and 4:

The West Half of Lot 2 and all of Lots 3- 7 inclusive, Block 43;

Lots 1-7 and Lots 11 and 12, Block 48;

Lots 9 -12, Block 49;

Block 55 except Lots 7 & 8;

Lots 1 -6, the West Half of Lot 7, the North 40 feet of Lot 9, and the North Half of Lot 10, Block 59; and

Lots 4 -7, Block 60;

All in the Original Plat of the City of Ludington.

(Insert Map)

(6.2) The capital intensive development area will be the Central Business District. The first block of North James Street will be a pedestrian plaza. Property owners will be encouraged to renovate buildings to reveal the genuine historical aspects of some structures and to improve entrances fronting on the primary parking areas, inviting

shoppers to enter and explore. New buildings will be encouraged to utilize unique and appealing architectural features. The enhanced atmosphere will invite those who stop to linger. Long range goals are to have overhead power lines and poles eliminated by burial of power lines to expose existing architectural features and offer opportunities to enhance the appearance of existing buildings.

(6.3) Once the core business district is developed, attention will be turned toward linking the business district with the waterfront and the stores South on James and Rath Avenues. The same features which are applied to the core area should be extended on James Street and East and West on Ludington Avenue to carry the theme through out the district and unify the entire area.

SECTION 7: THE DEVELOPMENT PROJECTS

(7.1) TIF funds will be used for a broad range of projects in order to assist in the elimination of blight and the improvement of infrastructure in the district. Funds will be used to halt deteriorating property values and increase property tax valuation to promote economic growth and employment in the downtown. Projects will be selected based on the potential for positive impact on the downtown district. Potential projects could include, but are not limited to, property acquisition, streetscaping, parking lot improvement and construction, utility relocation and upgrades, street improvements and signage. Projects will address the needs of downtown merchants, suggestions and recommendations from City and County-wide studies and board recommendations.

(7.2) Development Projects which have been identified as having a high priority are:

1. Completion of a plaza area in the first and second blocks north of Ludington Avenue on James Street.
2. Maintenance of the plaza area.
3. Installation of trees, benches and other improvements which would provide a park-like atmosphere on Ludington Avenue and South James Street in the Central Business District
4. Improvement of parking lots in the DDA District to provide uniform landscaping and identification.
5. Promotion of activities which will link the downtown to the waterfront area.
6. Alley improvements and burial of overhead wiring in the core business district.
7. Create a marketing strategy to actively recruit new businesses to downtown. Also implement a full marketing approach for downtown.
8. Create a signage plan/design for the Downtown Area. The signage design will include way-finding, store & shopping identification as well as identification of key features and historic places.

(7.3) Some specific projects are identified in detail below, however if there are other eligible projects within the Downtown Development District, TIF funds could be used for those projects. These specific projects are not intended to be exclusive.

1. **COMPLETION OF PLAZA ON NORTH JAMES:** The Purpose of selecting this block is to provide a sheltered area off the main street, which is a state highway. Development of a sheltered area will allow downtown visitors to rest in a peaceful and pleasant atmosphere on the pedestrian level which is close to the businesses but is away from the traffic. It will also create a positive visual impression for those who work, shop and visit the Central Business District. Common physical elements will be used throughout the entire beautification project in the DDA District to provide unity within the entire downtown district. The area will serve as a center of downtown activities-recreational, promotional or business sales as needed. A protected area is planned to provide shelter from the weather. This improvement could be used as a Farmers Market, for planned promotional activities or by other community groups.
2. **MAINTENANCE OF THE PLAZA AREA:** The DDA pledges to maintain the plaza area developed on North James Street during the term of the TIF Plan. Funds from the TIF would be used to keep the plaza and park area clean and attractive during all seasons of the year.
3. **CORE AREA STREETSCAPE:** The physical elements used in the plaza beautification will be extended one block in each direction from the Ludington Avenue and James Streets Intersection. Trees and sidewalk improvements will maintain a theme consistent with the tone established in the plaza area.
4. **PARKING LOT IMPROVEMENTS:** The plan contemplates the creation of some green areas within the existing parking lots. The present parking layout will be revised and the lots restriped to obtain a net increase in available parking spaces.
5. **PROMOTION ACTIVITIES:** The DDA will encourage and promote the use of the downtown area and open spaces therein to provide a link between the core area and the waterfront area to the west. This focus and activity is intended to promote and encourage commercial development in the areas of the District which are presently open space.
6. **ALLEY IMPROVEMENTS:** Widening of the alley lying North of Ludington Avenue within the core area would permit easy traffic flow in both directions facilitating easier access to existing parking and business locations in the core area. The elimination of overhead wiring could be accomplished concurrently or as an independent project depending upon the availability of funds and then existing priorities. In addition, alley renovation is necessary to clean up rear building entrances, providing additional access and convenience to parking for downtown businesses and patrons.
7. **MARKETING & RECRUITMENT:** Establishing tools to effectively market downtown Ludington to potential businesses is crucial to the growth and expansion of the downtown retail district. Creating an overall marketing plan for

Downtown events, board activities, and overall improvements will also help to generate support and increase communication about Downtown Ludington.

8. **SIGNAGE:** Establishing consistent signage throughout the downtown area is a key factor in creating an identity for Downtown Ludington. Directional and way-finding signage is essential for identifying key places and historic buildings as well as shopping and retail areas.

SECTION 8: EXISTING LAND USE

(8.1) The development area is as described in Section 6.1 of this document. The entire development area is primarily commercial uses. Most of the buildings have been converted to commercial use in some capacity. Many of the residential units are occupied -primarily along Ludington Avenue and along South James Street. There are condominium developments within the DDA area, and several new small condominium and apartment units in the core downtown area. However, none of these units yield the 100 residents needed for consideration of a board position on the DDA.

(8.2) There are some land uses which are light industrial -most notably Harrington Tool on the Northwest corner of Ludington and Rath Avenues and the House of Flavors Ice Cream production facility at the Northwest corner of William Street and Ludington Avenue. Some commercial locations have been converted to service uses such as professional offices and beauty shops.

(8.3) A financial institution building, office buildings housing insurance agencies, beauty shops, law offices, a small power equipment sale and repair facility, two restaurants and physicians' offices all are structures which have either been constructed or remodeled to their existing use within the last decade. Most remodeling within the district has been conversion from residential or commercial use to personal services or professional offices. Although there have been several condominium developments in and around the area as well as apartment renovations. This area also includes a new grocery store and a few new retailers.

(8.4) The number of individual retail locations within the central business has suffered a slow but steady decline. However, the primary image projected remains that of a commercial area. Some of the structures exhibit unique architectural features, a mix of both historical and modern construction. There are plans to develop the area currently occupied by a functionally obsolete bowling alley into a new office center and a new hotel/conference center project on the adjacent block. There are currently no plans for open space in the plan, there are no desired zoning changes, no plan to lease or sell any public land, or to convey it privately in anyway

SECTION 9: LAND USES CHANGES

(9.1) The City's Planning Commission adopted a comprehensive land use and development plan for the city on May 4, 2004. This plan was developed to guide the city

in development and land use issues. The proposed land use for the downtown development district is primarily commercial. Appendix B, obtained from the City's land use plan, shows existing land uses within the DDA's Development District. No changes are planned to existing land uses.

SECTION 10: PROPERTY ACQUISITION

(10.1) The public facilities improved by the DDA under this Plan will be owned by the City of Ludington. The DDA may acquire property or an interest in property to accomplish the purposes of the Development Plan. All acquisitions shall comply with all state, federal, and local laws.

SECTION 11: RESIDENTS IN THE DISTRICT/CITIZEN ADVISORY COMMITTEE

(11.1) As of the date of this amendment, there are less than 100 residents in the DDA District, and as such a Citizen Advisory Committee is not necessary. At such time as there are 100 residents in the DDA District, a Citizen Advisory Committee shall be formed in accordance with the DDA Act.

(11.2) No residents will be displaced because of this development plan, therefore no priority for relocation has been established.

SECTION 12: DISPLACEMENT AND RELOCATION OF INDIVIDUALS AND BUSINESSES

(12.1) The projects described in this plan will not displace any individual or businesses. Therefore no provision is made for relocation of any displaced individuals or business firms.

SECTION 13: PERIODIC REVIEW

(13.1) This plan is an attempt to meet current needs and priorities of the downtown. The DDA will review projects and priorities at periodic intervals to determine if changes should be made to financing and implementation mechanisms contained in this plan. Any changes would be made in accordance to P.A. 197 and would allow for public input, review and comment.

PART 2 THE FINANCIAL PLAN

STATEMENT OF PROPOSED METHOD OF FINANCING THE DEVELOPMENT PURSUANT TO SECTION 14 OF THE ACT.

(14.1) Additional Definitions

A. “Assessed value” means one of the following:

- (i). For valuations made before January 1, 1995, the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.155.
 - (ii). For valuations made after December 31, 1994, the taxable value as determined under section 27a of the General Property Tax Act, 1893 PA 206, MCL 211.27a.
- B. “*Captured assessed value*” means the amount in any one 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 MCL 125.1651(z), exceeds the initial assessed value. The State Tax Commission shall prescribe the method for calculating captured assessed value.
- C. “*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 was approved (being December 18, 1989), as shown by the assessment roll of the municipality as equalized at the time the ordinance was 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 MCL 125.1651(z).
- 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 the act.
 - (ii) Tax increment revenues do not include any of the following:
 - a. Ad valorem property taxes attributable 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) of the Act or specific local taxes attributable to such ad valorem property taxes.

SECTION 15: METHOD OF FINANACING THE DEVELOPMENT

(15.1)

A. The development described in this Plan shall be financed from one or more of the following sources:

(i) Donations to the authority for the performance of its functions.

(ii) Proceeds of a tax imposed pursuant to section 12 of the Act. Section 12 authorizes the City Council to levy an ad valorem tax on all real and tangible personal property not exempt by law and is finally equalized in the downtown district. Such tax shall not be more than 2 mills, and shall be subject to any applicable Headlee millage reduction rate.

(iii) Revenues from any property, building, or facility owned, leased, licensed, or operated by the authority of under its control.

(iv) Proceeds of a tax increment financing plan, established under sections 14 to 16 of the Act as described in this Plan.

(v) Proceeds from a special assessment district created as provided by law.

(vi) Money obtained from other sources approved by the governing body of the municipality or otherwise authorized by law for use by the authority or the municipality to finance a development program.

B. While it is anticipated that at some time in the future bonds, including but not limited to revenue bonds and general obligation bonds or special assessment bonds, may be issues for the financing of the improvements identified in this Plan, the use of such bonds shall require further amendment to this Plan.

SECTION 16 EXPLANATION OF TAX INCREMENT FINANCING PROCEDURE

(16.1)

A. The following explanation is intended to be a general description of Tax Increment Financing (TIF). TIF is subject to the provisions of the Act and this Plan. TIF is a method of raising revenues used by many municipal entities to

finance public improvements. TIF captures all or a portion of the increase in the assessed value over and above the initial assessed value and uses such revenues (tax increment revenues) to pay for the improvements identified in this Plan. Since the improvements are intended to improve the economic climate and increase property values in the DDA the Act allows for the capturing of these increases to pay for the cost of such improvements or future improvements.

The amount by which the current Assessed Value of the property in the DDA District exceeds the Initial Assessed Value is referred to as the Captured Assessed Value. The taxes levied on such Captured Assessed Value other than those taxes attributable to the State Education Tax and local and intermediate school districts, represent the Tax Increment Revenues. There are other specific statutory exceptions or exemptions from the capture of such Tax Increment Revenues. Captured Assessed Values will be different each year as property values increase or decrease in the DDA District, and thus Tax Increment Revenues will increase or decrease accordingly.

The economic theory which justifies TIF is the assumption that the Tax Increment Revenues used to pay for improvements is attributable to implementation of the Downtown Development Plan and that such growth in values would not have occurred without public investment in improvements described in this Plan. Although other taxing units may not receive the increase or all of the increase in the taxes as a result of the increase in the captured assessed value, they do receive the portion of such taxes other than tax increment revenues that are captured by the DDA and they receive at the completion of the Plan greater revenues with a significantly stronger commercial tax base. They are further rewarded with general economic vitality in the community.

SECTION 17: TAX INCREMENT REVENUES

(17.1)

- A. The DDA will “capture” 12% of the tax increment revenues (the captured revenues) resulting from all ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than State Education Tax and local or intermediate school districts upon the captured assessed value of real and personal property in the DDA District. For purposes of determining any tax increment revenues the initial assessed value is \$6,675,800, which was the state equalized value on December 18, 1989, the date upon which the Ordinance was approved adopting the tax increment financing plan. The remainder of the tax increment revenues generated by the increase in the captured assessed value over the initial assessed value, other than the captured revenues, shall be distributed to the respective taxing jurisdictions, subject to other laws or regulations, such as other statutes which provide for capture of similar tax increment financing revenues such as under the Brownfield Redevelopment Authority Act. The captured revenues shall be distributed to the DDA and shall be used for the public purposes described in this Plan.

SECTION 18: IMPACT ON TAXING UNITS

(18.1) Notice will be given to taxing jurisdictions as provided by the DDA Act that will describe the impact of such proposed capture of tax increment revenues upon taxing units, and shall provide such taxing units with a reasonable opportunity to meet with the City Council of the City of Ludington to discuss the proposed Tax Increment Financing Plan and the taxing jurisdictions may present their recommendations at the public hearing on the amendment to the Tax Increment Financing Plan regarding the proposed capture of tax increment revenues as provided in the DDA Act. Pursuant to amendments to the DDA Act, the DDA may no longer capture certain school revenues levied for school operating purposes as described in the DDA Act.

A. The following taxing units will be affected by the Tax Increment Financing Plan:

City of Ludington
County of Mason
West Shore Community College
Mason County Medical Care Facility
Mason County Senior Citizens Center
Ludington Mass Transit Authority

The precise impact on each taxing unit will depend upon future increases or decreased in the captured assessed value. The attached Appendix A shows the estimated impact of the captured revenues upon each of the taxing units in greater detail. Such schedule assumes an annual increase in the assessed value of real and personal property in the DDA of 8%.

SECTION 19: DURATION OF CAPTURE

A. The TIF financing shall continue for the remainder of the Development Plan and until October 25, 2019. The capture of tax increment revenues shall be applicable to taxes for 2008 through and including 2019 taxes.

SECTION 20: USE OF CAPTURED TAX INCREMENT REVENUES.

A. Captured tax increment revenues shall be transmitted to the Authority and shall be used for the following public purposes:

- Completion of a plaza area in the first and second blocks north of Ludington Avenue on James Street.
- Maintenance of the plaza area.
- Installation of trees, benches and other improvements which would provide a park-like atmosphere on Ludington Avenue and South James Street in the Central Business District
- Improvement of parking lots in the DDA District to provide uniform landscaping and identification.
- Promotion of activities which will link the downtown to the waterfront area.

- Alley improvements and burial of overhead wiring in the core business district.
- Create a marketing strategy to actively recruit new businesses to downtown. Also implement a full marketing approach for downtown.
- Create a signage plan/design for the Downtown Area. The signage design will include way-finding, store & shopping identification as well as identification of key features and historic places.
- Overall maintenance and upkeep of the downtown area
- Additional public infrastructure projects as identified by the DDA.

SECTION 21: ESTIMATED COST OF DEVELOPMENT

(21.1) The total cost of the development, including funds for promotion and marketing of the Downtown District to encourage new businesses to locate in the Downtown District and to retain existing businesses and encourage their expansion in the Downtown District and administrative costs associated with design of the development and financing costs is estimated to be \$69,000.00 per year. The cost will adjust based on project and the overall development of the Bowling alley block.

(21.2) A schedule of approximate costs and completion time is shown in Section 22. Detailed estimates of the costs for each project to be completed under the Plan, including, but not limited to, administrative expenses, engineering services, surveys and planning costs, legal and financial consultant fees and expenses, and capitalized interest on any bonds issued to pay the costs of the above projects, real estate purchases, site clearance, relocation expenses and contingencies, will be finalized upon completion of planning for each project. The financing of the costs involved in the Downtown Development Plan will be accomplished as described in Section 15 of this Plan:

SECTION 22: PROJECTED COSTS

- (22.1) A. Plaza 100 Block of North James Street Construction of plaza which includes: Design phase will begin in 2009. Construction will commence incrementally, until the project can be completed using the TIF capture revenues.
1. Redesign and replacement of surface with combination of either stamped concrete or concrete
 2. Landscaping
 3. Purchase and install tables
 4. Install benches and trash receptacles
 5. Brick Planters
 6. Install pergola or covered portion of south ½ of block \$500,000.00
- (22.2) B. Parking Lots North of Ludington Avenue
1. Seal coat and re-stripe
 2. Bury Power Lines \$450,000.00
- (beginning 2011, ongoing)

(22.3)	C.	Façade Program (ongoing program beginning 2008)	\$15,000 per year
(22.4)	D.	Replacement of Benches (beginning 2009, completion 2011)	\$31,500
(22.5)	E.	Replace Trash Cans (beginning 2009, completion 2011)	\$34,000
(22.6)	F.	Signage (design phase commencing in 2009, completion 2012)	\$150,000
(22.7)	G.	Retailer Recruitment Packets (commencing 2009, ongoing)	\$1,100 per year
(22.8)	H.	Marketing Initiatives (commencing 2009, ongoing)	\$60,800
		Project Management (ongoing)	\$56,000.00
			TOTAL \$ 1,298,400.00

(22.9) A table of revenues, attached to this Development Plan as Appendix A indicates the sources of income available to the DDA to pay the costs of the development, based on captured assessed value of real and personal property within the Development Area at the rates shown on the Table. Incremental steps or phasing to each project will make the projects feasible through a 12% captured revenues and other revenues identified in this Plan.

SECTION 23: PROCEDURE FOR ADOPTING THE PLAN

(23.1) The Downtown Development Plan and the Tax Increment Financing Plan may be adopted by following the statutory procedure:

1. DDA Approval -The Downtown Development Authority may adopt a plan and transmit it to the City Council.
2. Public Hearing Notice -The City Council shall give notice of a Public Hearing on the Plan.
3. Opportunity to Meet -Before the public hearing, the City Council shall provide a reasonable opportunity to taxing jurisdictions levying taxes subject to meet with the City Council.
4. Duty to Inform -The authority shall fully inform such taxing jurisdictions of the fiscal and economic implications of the proposed plan.
5. Public Hearing -The public hearing shall be open to public input and comment.
6. Adoption of the Plan -Following the Public Hearing the City Council may adopt the Plan, with or without modifications.

SECTION 24: ANNUAL REPORTING REQUIREMENT

(24.1) According to Public Act 197, Section 15, the DDA must submit annual report to the City Council and the state tax commission on the status of the tax increment financing account. The report must include:

- a. the amount and source of revenue in the account;
- b. the amount and purpose of expenditures from the account;
- c. the amount of principal and interest on any outstanding bonded indebtedness;
- d. the initial assessed value of project area;
- e. the captured assessed value retained by the Authority;
- f. the tax increments received;
- g. any additional information the City Council or the state tax commission considers necessary.

DOWNTOWN DEVELOPMENT AUTHORITY: TIF PROJECTION

by Rich Dykstra, City Assessor
June 9, 2008

USING 1989 AS BASE YEAR

NOTE: These are projections only; final values are subject to (1) Headlee rollbacks, (2) actual annual millage rates & (3) actual taxable values
This projection is based on 2007 millage rates only and are projected out 10 years using only the 2007 millage rate.
This projection is based on an 8% per year increase in captured taxable values. Eight percent has been the historical trend over the past several years.

**BASE YEAR
TAXABLE VALUE
1989
\$6,675,800**

NOTE: 2008 VALUES ARE PROJECTIONS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Taxable Value >>>	\$26,523,362	\$ 28,645,231	\$ 30,936,849	\$ 33,411,797	\$ 36,084,741	\$ 38,971,520	\$ 42,089,242	\$ 45,456,381	\$ 49,092,892	\$ 53,020,323	\$ 57,261,949	
Captured TV >>	\$19,847,562	\$ 21,435,367	\$ 23,150,196	\$ 25,002,212	\$ 27,002,389	\$ 29,162,580	\$ 31,495,587	\$ 34,015,233	\$ 36,736,452	\$ 39,675,368	\$ 42,849,398	
2008 Millage Rates remain unchanged for 10 yrs.												
CITY TAX												
Operating	11.5675	247,954	267,790	289,213	312,350	337,338	364,325	393,471	424,949	458,945	495,660	
Refuse	2.7762	59,509	64,270	69,411	74,964	80,961	87,438	94,433	101,988	110,147	118,958	
Police Pension	1.0150	21,757	23,497	25,377	27,407	29,600	31,968	34,525	37,287	40,270	43,492	TOTALS
Sub-Total	15.3587	\$ 329,219	\$ 355,557	\$ 384,001	\$ 414,722	\$ 447,899	\$ 483,731	\$ 522,430	\$ 564,224	\$ 609,362	\$ 658,111	\$ 4,769,257
2007 Millage Rates remain unchanged for 10 yrs.												
COUNTY TAX												
Operating	5.0968	109,252	117,992	127,431	137,626	148,636	160,527	173,369	187,238	202,217	218,395	
Soldier's relief	0.0029	62.16	67.14	72.51	78.31	84.57	91.34	98.64	106.54	115.06	124.26	
Med. Care Facility	0.9646	20,677	22,331	24,117	26,047	28,130	30,381	32,811	35,436	38,271	41,333	
Dist. Library	0.4935	10,578	11,425	12,339	13,326	14,392	15,543	16,787	18,129	19,580	21,146	
Fire district	0.3000	6,431	6,945	7,501	8,101	8,749	9,449	10,205	11,021	11,903	12,855	
Senior Citizens	0.2220	4,759	5,139	5,550	5,995	6,474	6,992	7,551	8,155	8,808	9,513	
Jail	0.5800	12,433	13,427	14,501	15,661	16,914	18,267	19,729	21,307	23,012	24,853	TOTALS
Sub-Total	7.6598	\$ 164,191	\$ 177,326	\$ 191,512	\$ 206,833	\$ 223,380	\$ 241,250	\$ 260,550	\$ 281,394	\$ 303,905	\$ 328,218	\$ 2,378,558
2007 Millage Rates remain unchanged for 10 yrs.												
W.S.C.C.	3.0907	66,250	71,550	77,274	83,456	90,133	97,343	105,131	113,541	122,625	132,435	
L.M.T.A.	0.9000	19,292	20,835	22,502	24,302	26,246	28,346	30,614	33,063	35,708	38,564	TOTALS
		85,542	92,385	99,776	107,758	116,379	125,689	135,745	146,604	158,332	170,999	\$ 1,239,211
ANNUAL TOTALS >>>	\$ 578,952	\$ 625,268	\$ 675,290	\$ 729,313	\$ 787,658	\$ 850,671	\$ 918,724	\$ 992,222	\$ 1,071,600	\$ 1,157,328	\$ 1,239,211	\$ 8,387,026
12% of each column>>>	69,474.25	75,032.19	81,034.77	87,517.55	94,518.96	102,080.47	110,246.91	119,066.66	128,591.99	138,879.35	1,006,443.11	

TOTAL DDA-TIF REVENUE,
FIRST FIVE YEARS TIF>>>>>>> \$ 407,578

TOTAL REVENUE,
SECOND FIVE YEARS TIF>>>>>>> \$ 598,865

TOTAL REVENUE,
TEN YEARS TIF >>>>>>> \$ 1,006,443