



DATE: August 17, 2023
TO: Alpena County Commissioners
COPY: Mary Catherine Hannah, County Administrator
FROM: Anne Gentry, Downtown Development Authority
RE: Interlocal Agreement: Alpena Downtown Development Boundary Expansion & Amended and Restated Downtown Development and Tax Increment Financing Plan (TIF)

Dear Commissioners,

Since the last meeting of the Finance Committee, we have prepared two options for an Interlocal Agreement. This agreement would be approved by you and then included in the approval of the Boundary Expansion & 2023 Downtown Development and Tax Increment Financing Plan by Alpena City Council.

We have two options prepared for your consideration:

Option A is a 30-year agreement that includes the table of payments that you saw at your last meeting. Payment amounts would increase in five year increments. We have added an option for reduced annual payments if key milestones are not reached in year 10 and year 20.

Option B reduces the length of your commitment to 25 years instead of 30, but still has the same total contribution (\$375,000) just spread out differently. We have an option to reduce the annual payment amount at year 15 if the taxable value of the district has not increased as forecasted.

As we shared at your last meeting:

- This agreement is not a tax capture. Meaning, as properties are improved and property values increase, the County will see the additional tax revenues across all of its associated millages.
- Both options have options to review the annual payment at certain milestones. This would be triggered if the taxable value of the expanded district has not increased as forecasted.

Economic development does not happen overnight. It has taken thirty years and more to get our current DDA district to what it is today. The steps we take today will set these areas up for investment and growth in the future.

We appreciate your consideration to come up with a solution to move this boundary expansion forward.

A handwritten signature in black ink, appearing to read "Anne Gentry".

Anne Gentry
Executive Director

		2.00% Annual Increase		County Capture		Operating		ACCollege		City	
				9.5467		4.7936		Operating		Operating Extra Voted	
Base	12/30/2021	\$6,964,212	Increase in BV	County Oper Avg 5 yr increment		OP Mlge Only	Option A	Option B	2,4957	16.1066	1
1	12/31/2022	\$7,103,496	\$139,284			\$668	\$2,500	\$7,500	\$348	\$2,243	\$139
2	12/31/2023	\$7,245,566	\$281,354			\$1,349	2,500	7,500	702	4,532	281
3	12/31/2024	\$7,390,477	\$426,265	\$2,057	\$10,286	\$2,043	2,500	7,500	1,064	6,866	426
4	12/31/2025	\$7,538,287	\$574,075			\$2,752	2,500	7,500	1,433	9,246	574
5	12/31/2026	\$7,689,053	\$724,841			\$3,475	2,500	7,500	1,809	11,675	725
6	12/31/2027	\$7,842,834	\$878,622			\$4,212	5,000	12,500	2,193	14,152	879
7	12/31/2028	\$7,999,691	\$1,035,479			\$4,964	5,000	12,500	2,584	16,678	1,035
8	12/31/2029	\$8,159,684	\$1,195,472	\$5,746	\$28,730	\$5,731	5,000	12,500	2,984	19,255	1,195
9	12/31/2030	\$8,322,878	\$1,358,666			\$6,513	5,000	12,500	3,391	21,883	1,359
10	12/31/2031	\$8,489,336	\$1,525,124			\$7,311	5,000	12,500	3,806	24,565	1,525
11	12/31/2032	\$8,659,122	\$1,694,910			\$8,125	10,000	15,000	4,230	27,299	1,695
12	12/31/2033	\$8,832,305	\$1,868,093			\$8,955	10,000	15,000	4,662	30,089	1,868
13	12/31/2034	\$9,008,951	\$2,044,739	\$9,819	\$49,093	\$9,802	10,000	15,000	5,103	32,934	2,045
14	12/31/2035	\$9,189,130	\$2,224,918			\$10,665	10,000	15,000	5,553	35,836	2,225
15	12/31/2036	\$9,372,912	\$2,408,700			\$11,546	10,000	15,000	6,011	38,796	2,409
16	12/31/2037	\$9,560,371	\$2,596,159			\$12,445	15,000	20,000	6,479	41,815	2,596
17	12/31/2038	\$9,751,578	\$2,787,366			\$13,362	15,000	20,000	6,956	44,895	2,787
18	12/31/2039	\$9,946,610	\$2,982,398	\$14,315	\$71,576	\$14,296	15,000	20,000	7,443	48,036	2,982
19	12/31/2040	\$10,145,542	\$3,181,330			\$15,250	15,000	20,000	7,940	51,240	3,181
20	12/31/2041	\$10,348,453	\$3,384,241			\$16,223	15,000	20,000	8,446	54,509	3,384
21	12/31/2042	\$10,555,422	\$3,591,210			\$17,215	20,000	20,000	8,963	57,842	3,591
22	12/31/2043	\$10,766,530	\$3,802,318			\$18,227	20,000	20,000	9,489	61,242	3,802
23	12/31/2044	\$10,981,861	\$4,017,649	\$19,280	\$96,398	\$19,259	20,000	20,000	10,027	64,711	4,018
24	12/31/2045	\$11,201,498	\$4,237,286			\$20,312	20,000	20,000	10,575	68,248	4,237
25	12/31/2046	\$11,425,528	\$4,461,316			\$21,386	20,000	20,000	11,134	71,857	4,461
26	12/31/2047	\$11,654,039	\$4,689,827			\$22,481	22,500		11,704	75,537	4,690
27	12/31/2048	\$11,887,119	\$4,922,907			\$23,598	22,500		12,286	79,291	4,923
28	12/31/2049	\$12,124,862	\$5,160,650	\$24,761	\$123,804	\$24,738	22,500		12,879	83,121	5,161
29	12/31/2050	\$12,367,359	\$5,403,147			\$25,901	22,500		13,485	87,026	5,403
30	12/31/2051	\$12,614,706	\$5,650,494			\$27,086	22,500		14,102	91,010	5,650
Avg				\$16,692	\$379,887		\$375,000	\$375,000	\$197,781	\$1,276,429	\$79,249

% of total

County 19.4%

ACC 10.3%

City 70.3%

1,355,678

INTERLOCAL
AGREEMENT- OPTION A

This Interlocal Agreement is made by and between the County of Alpena (hereinafter "County") and the City of Alpena (hereinafter "City").

Recitals

Whereas, the County and the City are local government units as defined in Section 2 of 1967 P.A. 7, Extra Session, known as the Urban Cooperation Act of 1967, MCL 124.501 *et seq.* (hereinafter "Act"); and

Whereas, pursuant to Section 5a of the Act, the County and the City may enter into an interlocal agreement for the sharing of all or a portion of revenue derived by and for the benefit of a local governmental unit entering into that agreement, which revenue results from the levy of general ad valorem property taxes or specific taxes levied in lieu of general ad valorem property taxes upon any property; and

Whereas, the City will adopt an expanded 2023 Development Plan and Tax Increment Financing Plan (the "Plan"). The Plan permits the Alpena DDA to capture incremental tax revenues attributable to increases in values of the real and personal property located within the approved development district. A map of the approved development district is attached as Exhibit A; and

Whereas, it is anticipated that the enhancement of values in the district, and the values of nearby properties, will indirectly benefit all local governmental units, including the County, both during and after the completion of the Plan, and

Whereas, the County "opted out" of the Plan, but agrees to participate as detailed herein, as authorized by Section 5a of the Act.

Terms

1. The Plan shall remain active for thirty (30) years, beginning in 2023 and ending on December 31, 2053.
2. During the period of the Plan, the County shall contribute according to the table laid out in Exhibit B.
3. Funds shall be used for activities as outlined in the 2023 Downtown Development & Tax Increment Financing Plan with the purpose to:
 - Correct and prevent deterioration within business districts
 - To promote economic growth and revitalization
 - To encourage commercial revitalization and historic preservation

Review of Agreement

4. This agreement may be terminated or rescinded by a referendum of the residents of either the County or the City not more than 45 days after the approval of the agreement by the governing body.

5. At year ten (10), if the taxable value of the expanded DDA district (as shown in blue in Exhibit A) has not increased to the amount laid out in the TIF Forecast for year ten (10) (reflecting an forecasted 2% increase in value each year), the County may reduce its contribution to \$7,500/ year for years eleven (11) through fifteen (15). At year sixteen (16), annual contributions will return to the amounts as shown in Exhibit B.

6. At year twenty (20), if the taxable value of the expanded DDA district (as shown in blue in Exhibit A) has not increased to the amount laid out in the TIF Forecast for year twenty (20) (reflecting a forecasted 2% increase in value each year), the County may reduce its contribution to \$17,500/ year for years twenty one (21) through twenty five (25). At year twenty six (26), annual contributions will return to the amounts as shown in Exhibit B.

Signed:

Alpena County

City of Alpena

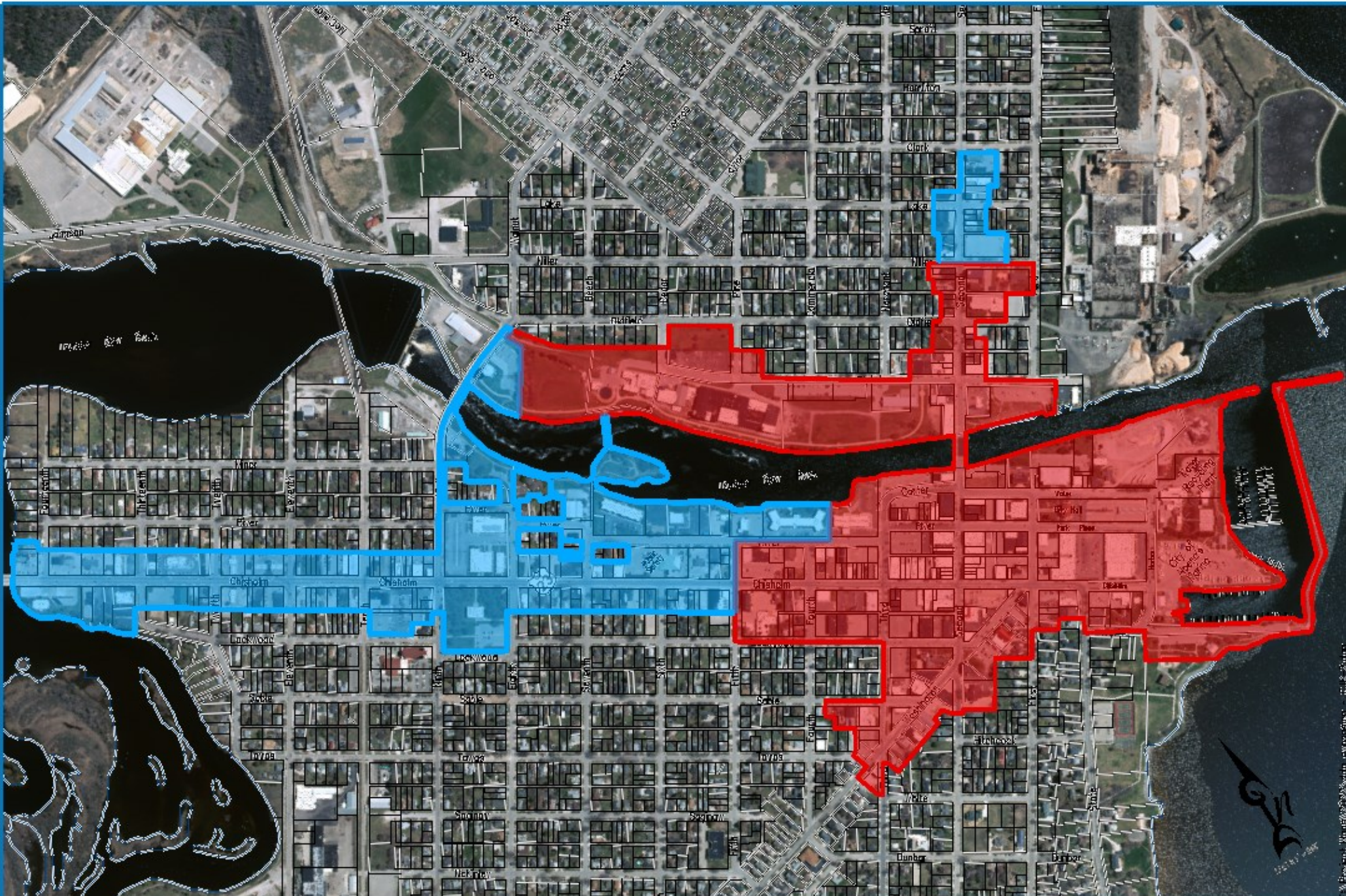


Exhibit A

Red = existing DDA district

Blue= proposed parcels to add to DDA

DDA Boundary Map
Proposed Expansion Area



City of Alpena Engineering
 1000 W. 10th St., Alpena, MI 49709
 Phone: 517.352.2300
 Fax: 517.352.2301
 Email: info@alpenaengineers.com
 Website: www.alpenaengineers.com

Exhibit B

Year	Contribution- Option A
1	\$2,500
2	\$2,500
3	\$2,500
4	\$2,500
5	\$2,500
6	5,000
7	\$5,000
8	\$5,000
9	\$5,000
10	\$5,000
11	\$10,000
12	\$10,000
13	\$10,000
14	\$10,000
15	\$10,000
16	\$15,000
17	\$15,000
18	\$15,000
19	\$15,000
20	\$15,000
21	\$20,000
22	\$20,000
23	\$20,000
24	\$20,000
25	\$20,000
26	\$22,500
27	\$22,500
28	\$22,500
29	\$22,500
30	\$22,500
TOTAL	\$375,000

INTERLOCAL
AGREEMENT- OPTION B

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Whereas, the City will adopt an expanded 2023 Development Plan and Tax Increment Financing Plan (the "Plan"). The Plan permits the Alpena DDA to capture incremental tax revenues attributable to increases in values of the real and personal property located within the approved development district. A map of the approved development district is attached as Exhibit A; and

Whereas, it is anticipated that the enhancement of values in the district, and the values of nearby properties, will indirectly benefit all local governmental units, including the County, both during and after the completion of the Plan, and

Whereas, the County "opted out" of the Plan, but agrees to participate as detailed herein, as authorized by Section 5a of the Act.

Terms

1. The Plan shall remain active for thirty (30) years, beginning in 2023 and ending on December 31, 2053.
2. The County shall contribute according to the table laid out in Exhibit B for twenty five (25) years.
3. Funds shall be used for activities as outlined in the 2023 Downtown Development & Tax Increment Financing Plan with the purpose to:
 - Correct and prevent deterioration within business districts
 - To promote economic growth and revitalization
 - To encourage commercial revitalization and historic preservation

Review of Agreement

4. This agreement may be terminated or rescinded by a referendum of the residents of either the County or the City not more than 45 days after the approval of the agreement by the governing body.

5. At year fifteen (15), if the taxable value of the expanded DDA district (as shown in blue in Exhibit A) has not increased to the amount laid out in the TIF Forecast for year fifteen (15) (reflecting a forecasted 2% increase in value each year), the County may keep its contribution at \$15,000/ year for the duration of the agreement (years sixteen (16) through twenty five (25)).

Signed:

Alpena County

City of Alpena

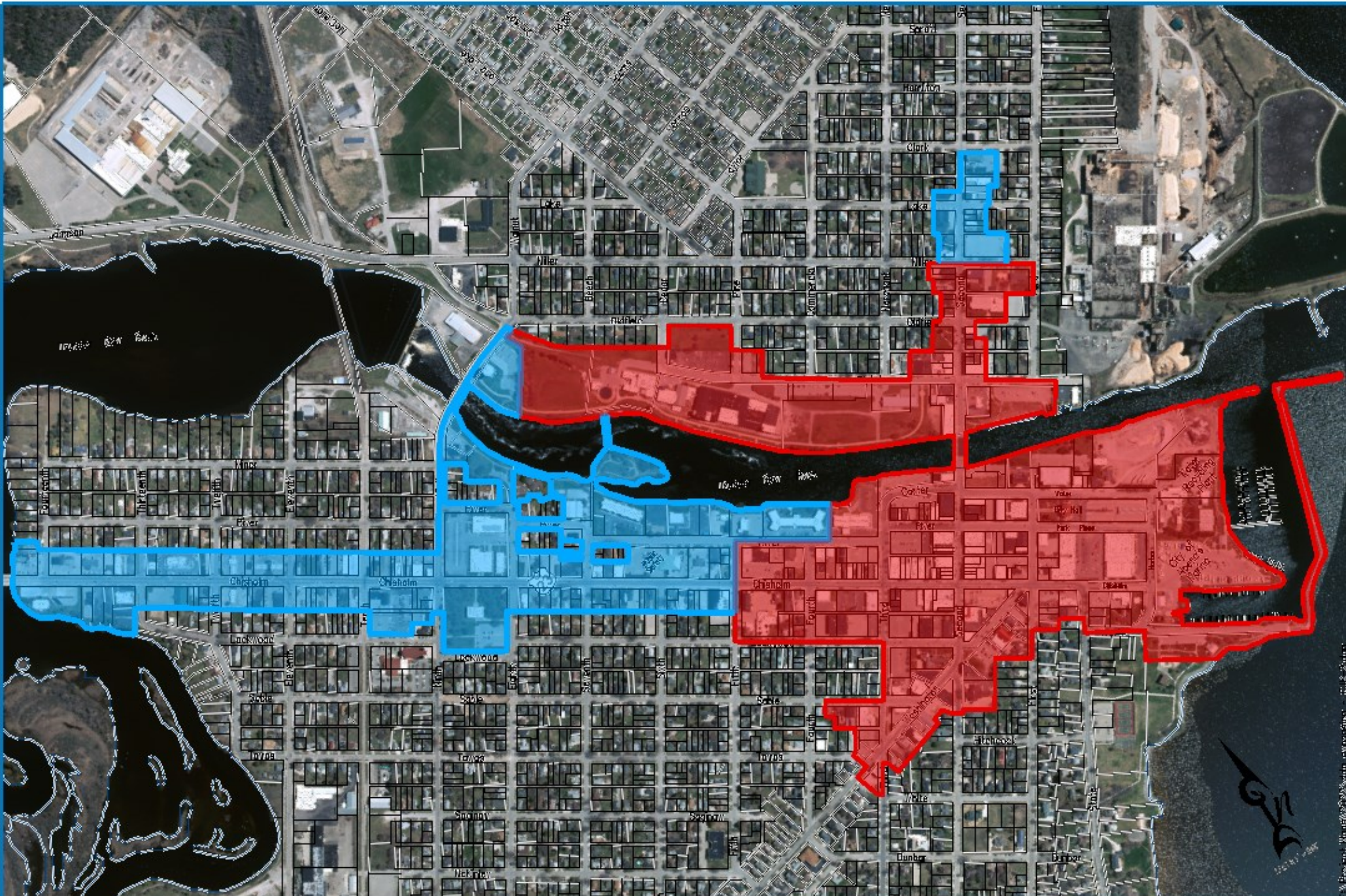


Exhibit A

Red = existing DDA district

Blue= proposed parcels to add to DDA

DDA Boundary Map
Proposed Expansion Area



City of Alpena Engineering
 1000 W. 10th Street, Alpena, MI 49709
 Phone: 517-353-2300
 Fax: 517-353-2301
 Email: info@alpenaengineers.com
 Website: www.alpenaengineers.com

Exhibit B

Year	Contribution- Option B
1	\$7,500
2	\$7,500
3	\$7,500
4	\$7,500
5	\$7,500
6	\$12,500
7	\$12,500
8	\$12,500
9	\$12,500
10	\$12,500
11	\$15,000
12	\$15,000
13	\$15,000
14	\$15,000
15	\$15,000
16	\$20,000
17	\$20,000
18	\$20,000
19	\$20,000
20	\$20,000
21	\$20,000
22	\$20,000
23	\$20,000
24	\$20,000
25	\$20,000
26	
27	
28	
29	
30	
TOTAL	\$375,000