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MEMORANDUM

DATE: January 23, 2025  
TO: Alpena County Board of Commissioners  
FROM: Rachel Smolinski, City Manager *RS*  
SUBJECT: US-23 Corridor Improvement Authority Resolution of Support and Waiver

The City of Alpena is considering a collaborative partnership for the development of an independent living/assisted living facility called Gardens of Alpena on City property near US-23 North and south of Hamilton Road. The developers have requested a Tax Increment Financing (TIF) plan to capture and allocate 90% of the increased incremental taxes generated over a 20-year period by the estimated \$47 million investment necessary to support the project's economic viability.

The proposed arrangement is for the establishment of a Corridor Improvement Authority (CIA) and District under Act 57 of 2018, Part 6 that would provide for the capture of Local Taxes, including the City, County, Alpena Community College, and Alpena County Library to reimburse eligible costs under a Development Plan and Tax Increment Financing Plan.

These taxes would not be generated without the Gardens of Alpena project, and the project is not financially feasible without this support, due to higher construction costs and interest rates in today's climate. Ten percent (10%) of increased incremental taxes will be allocated to taxing jurisdictions, including Alpena County during the period of CIA capture and after the 20-year capture period, the taxing jurisdictions will receive 100% of the taxes generated by the project.

The City Council will be considering the establishment of the Corridor Improvement Authority and District and appointing members at their February 3, 2025 meeting and the Development Plan and Tax Increment Financing (TIF) Plan at their March 3 meeting. The Development Plan describes the District, proposed improvement and costs, and arrangements, and the Tax Increment Financing (TIF) Plan details the tax capture procedure and duration, estimates the impact of TIF, and states the portion of TIF capture.

Section 618(5) of Act 57 provides for the opportunity for governing bodies in a taxing jurisdiction levying taxes subject to capture, including Alpena County, to opt out within 60 days of the approval of the Development Plan and TIF Plan.

Given the importance of the inclusion of County tax capture to the overall project and the need for the project to begin as soon as possible, we are requesting approval of the attached resolution of support and waiver of future adoption of a resolution exempting Alpena County taxes from CIA capture.

Thank you for your consideration of this request. I will be in attendance at the County Board meeting to answer any questions.

Request

Adopt the resolution of concurrence and waiver of exemption for the US-23 Corridor Improvement Authority Development Plan and Tax Increment Financing (TIF) Plan.

# US-23 CORRIDOR IMPROVEMENT AUTHORITY



Alpena County Board of Commissioners  
January 28, 2025

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## OUTLINE

- Summary
- Corridor Improvement Authority
- Corridor Improvement District
- Development Plan / Tax Increment Financing Plan
- Process

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## SUMMARY

- Gardens of Alpena has a purchase agreement for approximately 10 acres of City property along US-23 North for an independent living and assisted living/memory care senior facility with an estimated investment of over \$47 million.
- Increased construction costs and interest rates present a significant financial challenge. The project can not proceed with community financial support in the form of property tax relief.
- A Corridor Improvement Authority is proposed to be established provide for the capture of increased incremental local taxes to reimburse expenses included in a Development Plan and Tax Increment Financing (TIF) Plan.
- City Council will consider establishing the Authority and District and appointing the Board is anticipated on February 3 and the Development and TIF Plan on March 3.
- City is requesting resolution of concurrence and waiver of exemption from the County Board for the Corridor Improvement Authority.

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## CORRIDOR IMPROVEMENT AUTHORITY

- City Council may establish a Corridor Improvement Authority and District after an extensive public and notification process.
- A Development Plan and Tax Increment Financing Plan is approved by the Authority and the City Council that details the development activities and the tax capture.
- A Development Agreement is executed between the Gardens of Alpena and the Authority to outline roles and responsibilities.

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## CORRIDOR IMPROVEMENT DISTRICT

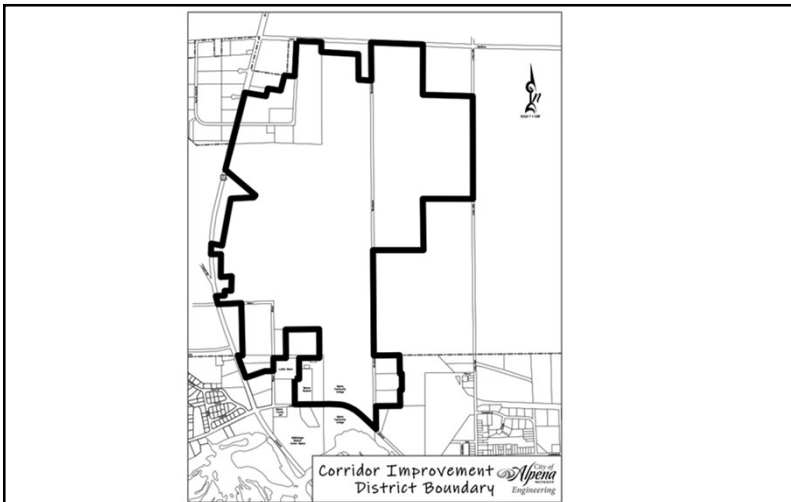
- Mostly public property east of US-23 and south of Hamilton Road.
- Also includes Alpena Community College and Alpena Public Schools property.
- Development activities and tax capture will be limited to the Gardens of Alpena property.

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**Proposed Corridor Improvement District Location**

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**Proposed Corridor Improvement District Location**

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## DEVELOPMENT PLAN / TIF PLAN

- Development Plan
  - Describes District
  - Details Proposed Improvement and Cost
  - Outlines Arrangements and Process
- Tax Increment Financing (TIF) Plan
  - Details tax capture procedure and duration
  - Estimates impact of TIF
  - States the portion of TIF capture

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## TIF ALLOCATION

- Local taxes, including City, County, Community College and Library are subject to capture.
- School Operating and State Education Tax are not capture and will support schools.
- Ninety percent (90%) of increased incremental local taxes allocated to Gardens and 10% to local taxing jurisdictions for 20 years.
- After 20 years, local taxing jurisdictions will receive 100% of taxes.

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## DEVELOPMENT AGREEMENT

- Executed between Gardens of Alpena and Corridor Improvement Authority.
- Details roles and responsibilities
  - Financial arrangements
  - Reimbursement procedures
  - Authority protections
- If the Gardens of Alpena builds the facility, the Authority will capture increased taxes to cover a portion of the development costs.
- Reimbursement is limited only to tax capture generated by the Garden of Alpena

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## RESOLUTION OF CONCURRENCE AND WAIVER

- Section 618(7) of Act 57 of 2018 provides for governing bodies of taxing jurisdictions to adopt a resolution exempting their taxes from capture within 60 day of Development Plan and TIF Plan approval.
- Participation of the County is critical to the project proceeding.
- The project is ready to begin and the 60-day period affects the project development timeline.
- Requesting approval of a resolution of concurrence and waiver of exemption.

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## REQUEST

Adopt the resolution of concurrence and waiver of exemption for the US-23 Corridor Improvement Authority and Development Plan and Tax Increment Financing Plan.

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## PROPOSED SCHEDULE

<i>ACTION</i>	<i>BOARD</i>	<i>DATE</i>
Resolution of Intent	City Council	October 21
Notices to Taxing Jurisdictions	Staff	November 8
Public Hearing	City Council	December 2
Establish Authority and Appoint Board	City Council	February 3
Approve Development Plan/TIF Plan	CIA/City Council	March 3
Approve Development Agreement	CIA/City Council	March 3

**RESOLUTION OF CONCURRENCE AND WAIVER OF EXEMPTION**  
**US 23 CORRIDOR IMPROVEMENT AUTHORITY**  
**DEVELOPMENT PLAN – TAX INCREMENT FINANCING PLAN**

**ALPENA COUNTY**

At a regular meeting of the Alpena County Board of Commissioners, held in the Commission Chambers, 720 West Chisholm Street, Alpena, Michigan on January 28, 2025, at 1:00 p.m., the following resolution was offered by \_\_\_\_\_ and supported by \_\_\_\_\_

WHEREAS, the Michigan Recodified Tax Increment Financing Act, Act 57 of the Public Acts of 2018, Part 6 Corridor Improvement Authorities, authorizes municipalities to create a corridor improvement authority to support community goals, encourage public infrastructure and private investment, and create jobs through tax increment financing of buildings and improvements with an approved Development Plan and Tax Increment Financing Plan; and

WHEREAS, the Alpena City Council intends to establish the US-23 North Corridor Improvement Authority (CIA) and Development District under the procedures under Act 57 on February 3, 2025; and

WHEREAS, a Development Plan that designates the boundaries of the development area, describes the proposed improvements and costs, and other required elements under MCL 125.4621 and a Tax Increment Financing (TIF) Plan that details the tax increment procedure and impact on taxing jurisdictions and other required elements under MCL 125.4618 will be prepared for the US-23 North CIA Development District, with anticipated approval by the Corridor Improvement Authority on February 19, 2025 and by the Alpena City Council on March 3, 2025; and

WHEREAS, the Development Plan and TIF Plan will support the development of the Gardens of Alpena, a 128-bed senior independent living, assisted living and memory care facility with 100 jobs and an estimated investment of \$47 million, through the capture of certain local tax increment revenues, including Alpena County taxes, to reimburse infrastructure and certain construction costs; and

WHEREAS, because of increased construction costs and interest rates, the project would not be constructed without the capture of future tax increment incentives that would not otherwise be generated and the inclusion of taxes allocated to Alpena County are critical to the project financing; and

WHEREAS, the City of Alpena is requesting support and concurrence of the Corridor Improvement Authority establishment and the capture of future tax increment revenues from Alpena County and requests a waiver of future adoption of a resolution exempting its taxes from capture, as provided under MCL 125.4618(5); and

NOW THEREFORE BE IT RESOLVED, that the Alpena County Board of Commissioners concurs with the establishment of the US-23 North Corridor Improvement Authority and Development Area to support the Gardens of Alpena and waives future adoption of a resolution exempting Alpena County taxes from capture under the Tax Increment Financing Plan, pursuant to the Michigan Recodified Tax Increment Financing Act, Act 57 of the Public Acts of 2018, Part 6 Corridor Improvement Authorities, being MCL 125.4602, *et seq.*

ROLL CALL VOTE:

YEAS:

NAYS:

ABSENT:

State of Michigan )

County of Alpena )

**CERTIFICATION**

I hereby certify that the foregoing Resolution is a true and accurate copy of the Resolution adopted by the Alpena County Board of Commissioners at a meeting duly called and held on the 28<sup>th</sup> day of January, 2025

Alpena County

By: \_\_\_\_\_

Keri Bertrand, County Clerk