

**CITY OF READING, MICHIGAN
TAX INCREMENT FINANCING AUTHORITY
DEVELOPMENT PLAN UPDATE**

Prepared for:

**City of Reading, Michigan
Tax Increment Finance Authority
City Hall.
113 S. Main Street
Reading, Michigan
49274
517-283-2021**

Prepared by:

**Public Consulting Team
115 Main Street
Benton Harbor, Michigan
49022**

219-879-1012



PUBLIC CONSULTING TEAM

115 Main Street
Benton Harbor
Michigan
49022

219-879-1012
FAX 219-879-5340

February 29, 2000

Donald E. Beavers
City Manager and TIF Administrator
City of Reading
113 S. Main Street
Reading, Michigan 49274

Dear Mr. Beavers:

We are pleased to present the report entitled, **CITY OF READING, TAX INCREMENT FINANCING AUTHORITY DEVELOPMENT PLAN UPDATE**. This report has been prepared pursuant to the scope of services dated December 27, 1999. It contains a summary of the original Development Plan (dated December 9, 1980) formally approved by the Reading City Council on December 29, 1981. The document has not been amended or updated since adoption.

We have completed a review of the Development Plan, inspected minutes of the Tax Increment Financing Authority, reviewed applicable City Council minutes, and interviewed Authority members, legal counsel and the TIFA Administrator in preparation of the update document. The document has been prepared to conform with Section 16 of P.A. 450 of 1980, as amended. This section sets forth legislative requirements for a Tax Increment Financing Authority Development Plan and the process of amending TIFA plans.

You may reproduce this report for general circulation with appropriate reference to the firm, conditions and date of the report. We will be available to answer any questions you may have.

Sincerely,

Charles R. Eckenstahler
Director
Public Consulting Team

CITY OF READING, MICHIGAN

CITY COUNCIL

Randy Sprow, Mayor

Dale Cook, Mayor Pro-Tem

William Goodman, Council Member

Jay Krauss, Council Member

Mike Redenius, Council Member

TIFA MEMBERS

Randy Sanders, President

Chuck Newton, Treasurer

Cindy Ricketts, Secretary

Robert Gallaway, Member

Danny Gollnick, Member

Bob Luchenbill, Member

Bruce McCellan, Member

Robert Null, Member

John Radabaugh, Member

CITY ADMINISTRATION

Donald E. Beavers
City Manager and TIFA Administrator

prepared with assistance provided by:

Public Consulting Team
115 Main Street
Benton Harbor, Michigan 49022
219-879-1012

TABLE OF CONTENTS

SECTION ONE	1
INTRODUCTION	1
GENERAL OVERVIEW	1
POWERS OF THE AUTHORITY	2
BACKGROUND - READING TIFA	4
REASONS FOR PREPARATION OF AN UPDATE	4
SCOPE OF THE ASSIGNMENT	5
LIMITATIONS OF ANALYSIS	5
SECTION TWO	7
SUMMARY OF CURRENT DEVELOPMENT PLAN	7
INTRODUCTION	7
DEVELOPMENT PLAN GOALS	7
Priority I - North Industrial Park	7
Priority II - South Industrial Park	7
Priority III - Revitalization of Downtown Reading	7
TIFA PROJECTS AND WORK PROGRAM	8
SUMMARY ANALYSIS OF PROGRAMS AND PROJECTS	9
Finalization of Reading Industrial Park	9
Construction of Additional Shell Buildings	10
Plan for South Industrial Park	10
Downtown Improvement Programs	10
SECTION THREE	11
DEVELOPMENT PLAN UPDATE	11
MISSION STATEMENT OF THE AUTHORITY	11
LEGAL BASIS FOR THE DEVELOPMENT PLAN	11
DEVELOPMENT PLAN REQUIREMENTS	11
Section 16. 2(a)	12
Section 16. 2(b)	12
Section 16. 2(c)	12
Section 16. 2(d)	13
Section 16. 2(e)	13
Section 16. 2(f)	13
Section 16. 2(g)	13
Section 16. 2(h)	14
Section 16. 2(i)	14
Section 16. 2(j)	14
Section 16. 2(k)	14
Section 16. 2(l)	15
Section 16. 2(m)	15
Section 16. 2(n)	15

Section 16. 2(o)	16
Section 16. 2(p)	16
Section 16. 2(q)	16
DEVELOPMENT PLAN - SCHEDULE & BUDGET	16
SECTION FOUR	20
DEVELOPMENT FINANCING PLAN UPDATE	20
DESCRIPTION OF CURRENT FINANCIAL POSITION	20
Current Assets and Revenue	20
History of the Tax Increment	20
Expenses	21
DURATION OF THE TIFA AND DEVELOPMENT DISTRICT	21
TAX INCREMENT FINANCING PLAN	22
Section 13.2 (a)	22
Section 13.2 (b)	23
Section 13.2 (c)	23
Section 13.2 (d)	24
Section 13.2 (e)	24
Section 13.2 (f)	24
Section 13.2 (g)	24
Section 13.2 (h)	24
Section 13.2 (i)	24

APPENDICES

1. District Legal Description
2. District Boundary Map
3. Existing Land Use Map - 1999
4. Future Land Use Map
5. Industrial Park Plan Map

SECTION ONE

INTRODUCTION

GENERAL OVERVIEW

The Michigan legislature, in 1980 approved Public Act 450 titled the *Tax Increment Finance Authority Act*. This legislation allows cities to form an authority to:

prevent urban deterioration and encourage development and activity and to encourage neighborhood revitalization and historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to provide for the creation and implementation of development plans; to permit the issuance of bonds and other evidence of indebtedness by an authority . . .

Since adoption of this act, many cities including the City of Reading have sought the use of a Tax Increment Financing Authority (TIFA) as a means to stimulate economic revitalization of the industrial and commercial sectors of the local community economy.

A TIFA can establish a district within a city for which a plan is prepared identifying specific public and private improvements necessary to prevent, or correct, urban deterioration and encourage commercial and industrial development. Funding for improvements identified in the plan is provided by taxes paid on the increased value created within the district by new private investment.

For example, if the district has a current State Equalized Value of \$1,000,000 and new investment, because of implementation of the Development Plan, increases the State Equalized Valuation to \$2,000,000, the TIFA would capture taxes paid on the new investment of \$1,000,000. While the

TIFA would capture one-half of the new taxes paid, the taxes paid on the original \$1,000,000 would be distributed to applicable taxing entities; the City, school districts, county, etc.

In application, the tax increment (new taxes paid) caused by investments made by the TIFA are paid for by the increase in taxes paid by private investment in the district. The taxes paid on the original value of the district continue to be distributed to the applicable taxing entities. Thus in theory, no taxing entity loses taxes because it is assumed that a specific business would not make the investment resulting in the increased tax base in the district if not for the implementation of the TIFA Development Plan.

POWERS OF THE AUTHORITY

Section 7 of the act provides a detailed explanation of the powers of the Board of Directors of the TIFA, as follows:

- (a) *Prepare an analysis of economic changes taking place in the municipality and its environs as those changes relate to the urban deterioration on the development area.*
- (b) *Study and analyze the impact of growth upon development areas.*
- (c) *Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, an existing building, or a multiple family dwelling unit which may be necessary or appropriate to the execution of a plan which, in the opinion of the board, aids in the revitalization and growth of the development area.*
- (d) *Plan, propose, and implement an improvement to a public facility within the development area to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.*

- (c) *Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the decline of property values and to promote the growth of the development area, and take such steps as may be necessary to implement the plans to the fullest extent.*
- (f) *Implement any plan in a development area necessary to achieve the purposes of this act, in accordance with the powers of the authority granted by the state.*
- (g) *Make and enter into contracts necessary or incidental to the exercise of its powers and performance of its duties.*
- (h) *Acquire by purchase or otherwise, on terms and conditions in a manner the authority considers proper, own, convey, demolish, relocate, rehabilitate, or otherwise dispose of, or lease as the lessor or lessee, land and other property, real or personal, or rights or interest therein, which the authority determines necessary to achieve the purposes of this act, and to grant or acquire licensees, easements, and options with the respect thereto.*
- (i) *Improve land, prepare sites for buildings, including the demolition of existing structures and construct, reconstruct, rehabilitate, restore, and preserve, equip, improve, maintain, repair, and operate any building, including any type of housing, and any necessary or desirable appurtenances thereto, within the development area for the use, in whole or in part, of any public or private person or corporation, or combination thereof.*
- (j) *Fix, charge, and collect fees, rents, and charges for the use of any building or property or any part of a building or property under its control, or a facility in the building or on the property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.*
- (k) *Lease any building or property or part of building or property under its control.*
- (l) *Accept grants and donations of property, labor, or other things of value from a public or private source.*
- (m) *Acquire and construct public facilities.*

- (n) *Incur costs in connection with the performance of its authorized functions, including but not limited to, administrative costs, and architects, engineers, legal, and accounting fees.*

BACKGROUND - READING TIFA

Action of the City Council formed the City of Reading Tax Increment Financing Authority (TIFA) on September 8, 1981 (Ordinance #6-1981), after a formal public hearing on the same date. The mission statement of the TIFA, as adopted in the Development Plan, is *to reestablish and maintain the vitality of the City of Reading by increasing the tax base and fostering industrial and commercial development and redevelopment.*

A formal development plan, as required by Public Act 450 of 1980, as amended, was prepared by the TIFA and submitted to the City Council for public hearing and adoption on December 29, 1981. (Ordinance #10-1981). The City Council adopted an amendment modifying the TIFA boundary on December 29, 1981 (Ordinance #7-1981) and amended the Ordinance that created the TIFA also on December 29, 1981 (Ordinance #10-1981), specifying that any excess unobligated funds were to be returned to applicable taxing authorities in proportion to applicable tax millage rates.

REASONS FOR PREPARATION OF AN UPDATE

There are many reasons the TIFA Board of Directors and the City Council desire to update the Development Plan, including:

1. The successful completion of most projects and programs listed in the original Development Plan,
2. The long period, almost twenty years, since a complete review of the City's economic condition has been completed and need to reconfirm appropriate implementation programs and projects,

3. The realization that commercial revitalization of the Downtown is mandatory to further the attractiveness of the City to prospective industrial businesses,
4. To encumber non obligated TIFA resources for specific programs and projects, and
5. To provide a Development Plan for implementation of a new Comprehensive Land Use Plan being prepared by the City Planning Commission, the Downtown Retail Market Study being completed by the TIFA, completion of the final phases of development of the Reading Industrial Park and undertaking initial steps for the development of a second industrial park at the southern boundary of the City.

SCOPE OF THE ASSIGNMENT

Public Consulting Team was chosen to update the *Development Plan* according to the scope of services dated December 27, 1999. The objectives of the Scope of Services are to:

1. Review the current development plan adopted September 29, 1981 and summarize accomplishments,
2. Work with TIFA members and the TIFA Administrator to identify specific programs and projects contained in the current Development Plan that have not been completed but should be carried forward for implementation,
3. Help the TIFA members and TIFA Administrator to identify specific programs and projects that should be added to the Development Plan, and
4. To prepare an Update amendment to the Development Plan and assist in the public presentation of the document before the adoption of the update by the City Council.

LIMITATIONS OF ANALYSIS

Public Consulting Team does not warrant estimated program or project cost estimates. While cost estimates have been prepared using best available information and experience obtained from similar projects completed by the consulting team, program and project budgets, in some cases, have been prepared without the aid of planning, architectural, engineering, environmental and other

professional guidance typically used in the preparation of specific project engineering cost estimates for contractor bidding purposes. While every effort has been made to use the best information available for preparing cost estimates and accompanying program or project budgets, the final budget and projected project cost may vary from the stated estimate and the variation may be material. However, budgets and recommendations presented herein, represent the best judgment of the consulting team based on information gathered within the scope of this assignment.

SECTION TWO

SUMMARY OF CURRENT DEVELOPMENT PLAN

INTRODUCTION

The purpose of this section of the Development Plan Update is to summarize the accomplishments of the TIFA concerning implementation of programs and construction projects set forth in the Development Plan, as adopted on December 29, 1981. The Development Plan contains fourteen programs and construction projects having an estimated budget totaling \$1,343,000. Additionally, by resolution the TIFA establishes an annual operating budget for personnel, office operations, bookkeeping/accounting and Hillsdale County Industrial Development Commission dues amounting to approximately \$75,000 annually.

DEVELOPMENT PLAN GOALS

The Development Plan established three specific prioritized goals for implementation. These are found on page 12 of current the Development Plan and read as follow:

Priority I - North Industrial Park

Create an industrial park in the northeast portion of the town by providing road, water and sewer to currently un platted, agricultural land.

Priority II - South Industrial Park

Open up additional industrial land in the southern portion of the City as a long term endeavor.

Priority III - Revitalization of Downtown Reading

Possible projects for the revitalization of the Downtown Reading.

TIFA PROJECTS AND WORK PROGRAM

PROJECT & PRIORITY	DESCRIPTION	ESTIMATED BUDGET	COMPLETION YEAR
1	Extend water, sanitary sewer, storm sewer, electric gas and telephone approx. 950' along Enterprise Drive	\$89,500	1997
2	Extend along Enterprise Dive, road bed, paving curbing approx. 950' East.	\$90,500	1997
3	Obtain necessary approval and record Plat of the remaining land owned by the TIFA in the Northwest part of the City known as "Reading Industrial Park"	\$7,500	Phase I Complete Phase II Incomplete
4	Obtain certification by the State of Michigan for the Plat as an "Industrial Park"	\$500	Phase I Complete Phase II Incomplete
5	Construct 15,000 sq.ft. spec building on lot #9	\$330,000	1999
6	As soon as all space in item 5 bldg. Has been committed construct 2 nd 15,000 sq.ft. bldg.	To Be Determined	Incomplete
7	Construct 5,000 sq.ft. commercial bldg. on lot #8 for commercial purposes.	\$125,000	Incomplete
8	Develop a short term and long term program for Downtown Improvements.	Unknown	Partially Complete
9	Implement short term program for Downtown Improvements.	Unknown	Partially Complete
10	Improve streets for commercial use. Elm St. east from M-49 to S. Ann St. & S. Ann St. between Elm and Maple. Martin between Maple and Michigan St. gets designated as a "Truck Route" approx. 4,600 ft.	\$75,000	Incomplete
11	Extend Enterprise Drive and all utilities South to connect to existing Ann St. Approx. 1,850 ft.	\$315,000	Eliminated

PROJECT & PRIORITY	DESCRIPTION	ESTIMATED BUDGET	COMPLETION YEAR
12	Extend Enterprise Drive East from Ann St. intersection North then East to complete Enterprise Dr. as laid-out Map Job 86-51 dated Feb. 5, 1987. Revised June 1, 1987. Approx. 1,800 ft.	\$310,000	Eliminated
13	Implement long term program (Item 7) for Downtown Improvements.	To Be Determined	Partially Complete
14	On going program for retention and expansion of existing business and recruitment of new businesses.	\$1,200	On-Going
	Administration, bookkeeping/accounting, administrator compensation	\$75,000 Annual Budget	On-Going
Source: TIFA Development Plan, December 1981.			

SUMMARY ANALYSIS OF PROGRAMS AND PROJECTS

As shown in the table of information, the TIFA has successfully implemented most scheduled and budgeted programs and projects. Remaining to be completed include projects that require additional study such as finalization of the industrial park plans, the recording of the industrial park plat or the development of a Downtown commercial development strategy. The following is a summary of the programs and projects that are in the process of completion:

Finalization of Reading Industrial Park

The first phase of the Industrial Park is completed and three lots remain available for occupancy. About 10 acres of the industrial park is platted and developed with approximately 60 acres remaining for development. While a site plan for the remaining land has been prepared, it is in need of updating including recalculation of development and associated land platting costs.

To be completed in the future, is a review of the current plan and development cost estimate. The result of this review will be a new (or revised) industrial park plan, estimate of development costs and schedule for implementation. Application for designation as a Michigan Certified Industrial Park will be made.

Construction of Additional Shell Buildings

The current Development Plan anticipates construction of an additional industrial park shell building as an existing building is occupied. Plans and a cost estimate for an additional building will be scheduled in anticipation of constructing a new building within the next two to three years.

Plan for South Industrial Park

No progress has been made on this program, as the emphasis of the Board of Directors remains on finalization of the development of the second and third phases of the Reading Industrial Park. The location of a second industrial park, however, is being addressed within the context of the new Comprehensive Plan under preparation by the City Planning Commission. Upon designation of a land area for development of a south industrial park and completion of the second and third phases of the Reading Industrial Park, preparation of a conceptual plan and cost estimate for land acquisition and development will be scheduled. Likely, this will be assigned to a medium term time horizon.

Downtown Improvement Programs

This goal is being addressed through the completion of the Retail Market Analysis and development of a low-interest bank loan program sponsored by the TIFA. Additional programs and construction projects are expected to be approved as the Market Analysis is completed. Programs which will be considered include grant and loan programs for building appearance improvements, acquisition and refurbishment of buildings for new business recruitment, and new business start-up incentives. Specific work program tasks and possible construction projects will likely be scheduled for implementation beginning in late 2000 or 2001.

SECTION THREE

DEVELOPMENT PLAN UPDATE

MISSION STATEMENT OF THE AUTHORITY

The Board of Directors of the TIFA has reconfirmed the original Mission Statement of the TIFA as established in the Development Plan and TIFA creation ordinance. This mission statement reads as follows:

to reestablish and maintain the vitality of the City of Reading by increasing the tax base and fostering industrial and commercial development and redevelopment.

LEGAL BASIS FOR THE DEVELOPMENT PLAN

This Development Plan Update is prepared pursuant to requirements of Section 16 of the Tax Increment Financing Act of 1980, as amended. It addresses the Development District as defined by City Council action of December 29, 1981. A descriptive map and legal description are contained in the appendix.

DEVELOPMENT PLAN REQUIREMENTS

This section of the Development Plan Update provides specific information required in Section 16 of the Tax Increment Financing Act. It consists of responses to specific information requested in

subsections 2(a) through 2(p). Since this document is an update of the original plan, many responses reference information contained in the original plan document.

Section 16. 2(a) The designation of boundaries of the development area in relation to the boundaries of the authority district and any other development areas within the authority district.

The authority boundary remains unchanged from the boundary approved by City Council action on December 29, 1981. A copy of the legal description of the boundary and a copy of the original descriptive map are contained in the appendix.

Section 16. 2(b) The designation of the boundaries of the development area in relation to highways, streets or otherwise.

The authority boundary remains unchanged from the boundary approved by City Council action on December 29, 1981. A copy of the current land use inventory prepared by the City Planning Commission is contained in the appendix showing the relationship of the boundary to other relevant land uses and transportation routes.

Section 16. 2(c) The location and extent of existing streets and other public facilities within the development area and the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses shall be included in a legal description of the development area.

The authority boundary remains unchanged from the boundary approved by City Council action on December 29, 1981. A copy of the current land use inventory prepared by the City Planning Commission and a copy of the approved Future Land Use Plan map are contained in the appendix. These show the relationship of land uses, existing and proposed, within the authority boundary.

Section 16. 2(d) A description of improvements to be made in the development area, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of those improvements.

A description of specific improvement projects that are contemplated within the development district is contained in the amended TIFA Development and Finance Plan.

Section 16. 2(e) The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion.

A description, including cost estimate and schedule of implementation, for each improvement project that will be completed within the development area is contained in the amended TIFA Development and Finance Plan.

Section 16. 2(f) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

A description, including cost estimate and implementation schedule by construction phase, for each specific improvement project that will be completed within the development area is contained in the amended TIFA Development and Finance Plan.

Section 16. 2(g) A description of any parts of the development area to be left as open space and the use contemplated for the space.

The authority boundary remains unchanged from the boundary approved by City Council action on December 29, 1981. A copy of the current land use inventory and Future Land Use Plan, prepared by the City Planning Commission, is contained in the appendix showing the relationship of land uses, including open spaces proposed within the authority boundary.

Section 16. 2(h) A description of any portion of the development area which the authority desires to sell, donate, exchange, or lease to or from the municipality and proposed terms.

A description, including real estate contemplated for acquisition and/or disposition (including cost estimates, terms and schedule for implementation) for each specific improvement contemplated within the development area is contained in the amended TIFA Development and Finance Plan.

Section 16. 2(i) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

All contemplated alterations to streets and utilities are shown within the context of the Future Land Use Plan prepared by the City Planning Commission or the City of Reading Industrial Park Plan. Copies are contained in the appendix.

Section 16. 2(j) An estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange financing.

A description, including cost estimate for individual projects and method of financing is contained in the amended TIFA Development and Finance Plan.

Section 16. 2(k) Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed and for whose benefit the project is being undertaken, if that information is available to the authority.

Information concerning the names of persons for whom benefits may accrue are unknown at this time as final development plans and projects have not been prepared. Therefore, such information is unavailable.

Section 16. 2(l) The procedure for bidding for the leasing, purchasing, or conveying of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold or conveyed to these persons.

The TIFA Board of Directors will comply with the City of Reading procurement and bid solicitation policies except for negotiation of a specific economic development agreement for the implementation of the goals of the authority.

Section 16. 2(m) Estimates of the number of persons residing in the development area, and the number of families and individual to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displace families and individuals

The estimated number of persons residing in the authority district at the time of formation was 375 persons. At the date of the adoption of the update, the estimated resident population is less than 500 persons. No relocation of families or individuals is contemplated within the scope of the proposed Development Plan.

Section 16. 2(n) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

No relocation of families or individuals is contemplated within the scope of the proposed Development Plan. Therefore, relocation plans are not required.

Section 16. 2(o) Provision for the costs of relocating persons displaced by the development, and financial assistance and reimbursement of expenses, including litigation expenses and expenses incidental to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation and real property acquisitions policies act of 1970, 42 USC 4601 to 4655.

No relocation of families or individuals is contemplated within the scope of the proposed Development Plan. Therefore, relocation plans are not required.

Section 16. 2(p) A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

No relocation of families or individuals is contemplated within the scope of the proposed Development Plan. Therefore, they do not require relocation plans.

Section 16. 2(q) Other material which the authority, local public agency, or governing board considers pertinent.

Reference is made to the original Development Plan adopted on December 29, 1981 containing information deemed appropriate for consideration of the initial Plan. No added information was deemed necessary for this update.

DEVELOPMENT PLAN - SCHEDULE & BUDGET

On the following page is the Amended Development and Financing Plan. It describes specific programs and construction projects for each of the TIFA three prioritized Goals. Accompanying each program or construction project is information pertaining to the implementation schedule, estimated cost and source of funding. The schedule begins in the Year 2000 and ends in the Year 2010. Projects have been scheduled based on priority of need and the ability of the TIFA to finance individual projects.

CITY OF READING TAX INCREMENT FINANCE AUTHORITY AMENDED DEVELOPMENT AND FINANCE PLAN				
PRIORITY	DESCRIPTION	COMPLETION DATE	ESTIMATED BUDGET	FINANCE METHOD
1	INFRASTRUCTURE IMPROVEMENTS Correct Surface Drainage	2000	\$10,000	TIFA
2	READING INDUSTRIAL PARK Obtain State of Michigan Certified Park Designation	2000	\$2,500	TIFA
3	DOWNTOWN COMMERCIAL IMPROVEMENTS Develop Appearance grant/loan Program	2000 - 2010	\$50,000	
3	DOWNTOWN COMMERCIAL IMPROVEMENTS Develop Small Business Loan Program	2000 - 2010	\$200,000	TIFA Private Financing
4	READING INDUSTRIAL PARK Complete Enterprise Drive Street lighting Complete installation of emergency power system	2000	\$30,000	TIFA MJC Grant Balance
5	READING INDUSTRIAL PARK Study fiber optic access alternatives	2001	\$5,000	TIFA
6	DOWNTOWN COMMERCIAL IMPROVEMENTS Structural Inventory & Evaluation Facade, Street & Appearance Improvement s Building Acquisition & Refurbishment Program New Building Construction Program	2000 - 2010	\$300,000	TIFA Private Financing

CITY OF READING TAX INCREMENT FINANCE AUTHORITY AMENDED DEVELOPMENT AND FINANCE PLAN					
PRIORITY	DESCRIPTION	COMPLETION DATE	ESTIMATED BUDGET	FINANCE METHOD	
7	SOUTH COMMERCIAL ENCLAVE Complete Planning Study Conceptual Development Plan Cost Analysis	2001	\$50,000	TIFA MEDA	
8	HOUSING DEVELOPMENT Provide Senior Housing Accommodations	2001	UNKNOWN	TIFA	
9	READING INDUSTRIAL PARK Complete Phase III Concept Plan and Cost Estimate	2001	\$50,000	TIFA	
10	READING INDUSTRIAL PARK Plat & Install Phase II infrastructure	2003	\$600,000	TIFA MEDA	
11	SPECULATIVE BUILDING CONSTRUCTION Construct 15,000 sq.ft. building	2003	\$450,000	TIFA Private Financing	
NA	REIMBURSEMENT OF SURPLUS TIF REVENUE Reimbursement of surplus funds to taxing jurisdictions pursuant to Section 14 (2) on a prorated share basis based on applicable millage rates.	2000 - 2010	TO BE DETERMINED	TIFA	

CITY OF READING TAX INCREMENT FINANCE AUTHORITY AMENDED DEVELOPMENT AND FINANCE PLAN				
PRIORITY	DESCRIPTION	COMPLETION DATE	ESTIMATED BUDGET	FINANCE METHOD
NA	ADMINISTRATION AND BUSINESS RECRUITMENT Administration Services Contract Outside marketing Services Contract Collateral Material Publication Budget	2000 - 2010	\$75,000	TIFA
Approved by the TIFA Board of Directors - February ____, 2000 Approved by the City Council - February ____, 2000				

SECTION FOUR

DEVELOPMENT FINANCING PLAN UPDATE

DESCRIPTION OF CURRENT FINANCIAL POSITION

Current Assets and Revenue

The TIFA, according to the December 31, 1999 financial statement has a current net fund equity in excess of \$733,000. Assets include more than \$406,000 in land and signage plus cash and investments exceeding \$336,000. A loan and balance of a Michigan Jobs Commission comprise a portion of this fund balance.

Revenues from the TIFA district will exceed \$80,000 in calendar year 1999 based on a 1998 State Equalized Valuation tax increment of \$3,372,479. In 2000, income will increase based on a State Equalized Valuation tax increment expected to be somewhat higher..

History of the Tax Increment

The following table shows district tax value information for 1980 and 1998. Analysis of the data indicated an average annual compound increase in the tax valuation since the formation of the TIFA of 10.7 percent between 1981 and 1998. The tax valuation has increased by 46.7 percent between 1981 and 1998. The 1998 TIFA tax increment is \$3,372,479, as reported by the County Equalization Department and verified in the most recent financial audit.

READING CITY TAX INCREMENT FINANCING DISTRICT VALUATION HISTORY				
YEAR	TOTAL TAXABLE VALUE	INCREASE	PERCENT INCREASE	TAX INCREMENT
1998	\$6,255,829	\$5,153,029	Period 46.7% Compound Annual 10.7%	\$3,372,479
1981	\$1,102,800	-----	-----	----
Source: Hillsdale County Equalization Department Calculation by PCT				

Expenses

According to the December 1999 financial statement, operating expenses include professional fees, repairs/maintenance, administration fees, administration expenses, dues, clerk fees, miscellaneous expenditures. In total these appear to be, on an annualized basis, about \$35,000 and consist of approximately 25 percent of the annual operating budget. All other expenses address specific projects and programs listed in the development plan.

DURATION OF THE TIFA AND DEVELOPMENT DISTRICT

The ordinance for the formation of the TIFA is silent concerning the duration of the TIFA. It is assumed the City Council wanted the TIFA to prepare a Development Plan and determine the duration of the TIFA based, in part, on the time period needed to complete the approved Development Plan. The current plan identified two phases of development. Phase one was scheduled for completion during 1982 - 1985 and phase two 1986 - 1998.

The Update Development Plan assumes a ten-year time horizon for the completion of the remaining programs and tasks. It is presumed a decision to renew the TIFA for additional periods would be considered in 2010 or extended with approval of subsequent updates to the Development Plan.

TAX INCREMENT FINANCING PLAN

The Tax Increment Financing Act, requires the TIFA to address three legislative requirements in the Development Plan. These provide information about funds anticipated to be received by the TIFA and its impact upon taxing jurisdictions. These requirements are found in Section 13. (2) of the Act and states that *when the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body. The plan shall be in compliance with section 14 and shall include a development plan as provided in section 16.*

Section 13.2 (a) A statement of the reasons that the plan will result in the development of captured assessed value that could not otherwise be expected. The reasons may include, but are not limited to, activities of the municipality, authority, or others undertaken before the formation or adoption of the plan in reasonable anticipation that the objectives of the plan would be achieved by some means.

The TIFA Board of Directors has determined that TIFA financing is necessary to continue installation of infrastructure and construction (or assistance with construction) of buildings within the industrial park due to budgetary resource limitations of the City and the lack of other economic development funding sources. Additionally, the TIFA has documented limited unsubsidized market support for new businesses in the Downtown. Downtown redevelopment requires physical improvements, including installation of infrastructure and improvement of privately owned buildings before offering specific inducements to recruit new businesses into the Downtown. There are no city or other sources of funds currently available for these programs.

Section 13.2 (b) A estimate of the captured assesses value for each year of the plan.
Section 13.2 (c) The estimated tax increment revenues for each year of the plan.

The following table contains revenue projections for the period between the years 2000 and 2010. It is based on the historic average annual compound growth rate experienced by the TIFA District during the past 17 years, 10.7 percent. For the projection, 75 percent of the average annual compound growth rate 8.025 percent, was used to present a conservative revenue projection.

CITY OF READING TIFA INCOME PROJECTIONS PERIOD OF 2000 - 2010			
Year	Tax Increment	TIFA Income	Cumulative Income
2010	\$8,516,096	\$206,053	\$1,675,275
2009	\$7,883,449	\$190,746	\$1,469,222
2008	\$7,297,801	\$176,575	\$1,278,476
2007	\$6,755,659	\$163,458	\$1,101,901
2006	\$6,253,792	\$151,315	\$938,443
2005	\$5,789,208	\$140,074	\$787,128
2004	\$5,359,138	\$129,668	\$647,054
2003	\$4,961,016	\$120,035	\$517,386
2002	\$4,592,470	\$111,118	\$397,351
2001	\$4,251,303	\$102,863	\$286,233
2000	\$3,935,481	\$95,222	\$183,370
1999	\$3,643,120	\$88,148	---
1998	\$3,372,479	\$81,599	---
Notes: Tax increment growth based on 8.025% average annual compound growth (75% of historic rate)			
Millage Capture Rate - 24.1957 based on winter 1999 taxes			

Millage capture rate excludes education, school operation and school debt, as prescribed by law.

Section 13.2 (d) A detailed explanation of the tax increment financing procedure.

A detailed explanation was provided in the original Plan and is incorporated herein by reference.

Section 13.2 (e) The maximum amount of bonded indebtedness to be incurred.

The TIFA has not used bonded debt in the performance of its responsibilities and anticipates that it will not use this method of financing during the plan period.

Section 13.2 (f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality and the amount of advances by others to be repaid from tax increment financing.

There are no advances or repayment obligations other than those represented in the current financial statements. The authority intends to expense operating and planning funds in the amounts shown in the Amended Development and Finance Plan.

Section 13.2 (g) The cost of the plan anticipated from tax increment revenues as received.

All expenses listed in the Amended Development and Finance Plan are anticipated to be funded from tax increment revenues as they are received. (See revenue and expenditure analysis on page 26).

Section 13.2 (h) The duration of the development plan and tax increment plan.
The Amended Plan addresses the ten-year period beginning in 2000 and ending in 2010.

Section 13.2 (i) An estimate of the impact of the tax increment financing on the revenues of all taxing jurisdiction in which the development area is located.

The table on the following page illustrates the probable impact upon various taxing jurisdictions.

LOCAL TAXING JURISDICTION IMPACT ANALYSIS													
JURISDICTION / YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
Projected SEV	\$3,643,120	\$3,935,481	\$4,251,303	\$4,592,470	\$4,961,016	\$5,359,138	\$5,789,208	\$6,253,792	\$6,755,659	\$7,297,801	\$7,883,449	\$8,516,096	\$958,940
City	\$50,456	\$54,506	\$58,880	\$63,605	\$68,709	\$74,223	\$80,179	\$86,614	\$93,565	\$101,073	\$109,184	\$117,946	\$958,940
Hillsdale Special Ed	\$10,105	\$10,915	\$11,791	\$12,738	\$13,760	\$14,864	\$16,057	\$17,346	\$18,737	\$20,241	\$21,866	\$23,620	\$192,040
Hillsdale Vocational Ed	\$3,368	\$3,638	\$3,930	\$4,246	\$4,586	\$4,955	\$5,352	\$5,782	\$6,246	\$6,747	\$7,288	\$7,873	\$64,011
County Allocation	\$18,832	\$20,343	\$21,975	\$23,739	\$25,644	\$27,702	\$29,925	\$32,326	\$34,921	\$37,723	\$40,750	\$44,021	\$357,901
County Medical	\$2,693	\$2,909	\$3,142	\$3,394	\$3,667	\$3,961	\$4,279	\$4,622	\$4,993	\$5,394	\$5,827	\$6,294	\$51,174
County Ambulance	\$898	\$970	\$1,048	\$1,132	\$1,222	\$1,320	\$1,426	\$1,541	\$1,665	\$1,798	\$1,942	\$2,098	\$17,060
County Seniors	\$1,797	\$1,941	\$2,097	\$2,265	\$2,447	\$2,643	\$2,855	\$3,084	\$3,332	\$3,599	\$3,888	\$4,200	\$34,148
Total	\$88,148	\$95,222	\$102,863	\$111,118	\$120,035	\$129,668	\$140,074	\$151,315	\$163,458	\$176,575	\$190,746	\$206,053	\$1,675,275
Note: Based on the following millage rates:													
				Un captured millage:				S. E. T.					
								School Operating					
								1992 debt					
								Hillsdale Intermediate					
								Total					
								27.92550					
								Total millage					
								52.12120					

TIFA REVENUE - EXPENDITURE ANALYSIS PERIOD OF 2000 - 2010													
YEAR	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
REVENUE	\$88,148	\$95,222	\$102,863	\$111,118	\$120,035	\$129,668	\$140,074	\$151,315	\$163,458	\$176,575	\$190,746	\$206,053	\$1,587,127
EXPENDITURES													
OPERATIONS	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$825,000
PROJECTS	\$0	\$72,500	\$165,000	\$110,000	\$910,000	\$360,000	\$60,000	\$0	\$0	\$0	\$0	\$0	\$1,677,500
TOTAL	\$75,000	\$147,500	\$240,000	\$185,000	\$985,000	\$435,000	\$135,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$2,502,500
REVENUES LESS EXPENDITURES	\$13,148	-\$52,278	-\$137,137	-\$73,882	-\$864,965	-\$305,332	\$5,074	\$76,315	\$88,458	\$101,575	\$115,746	\$131,053	-\$915,373

Source: Calculations by PCT

SECTION FIVE

RECONCILIATION OF TIFA PLAN WITH CIP

BACKGROUND

The City Council, Planning Commission and the TIFA Board of Directors initiated strategic and other planning exercises synonymously during the fall of 1999 and spring of 2000. Since relatively few members sit on multiple bodies, each of the three bodies prepared recommendations little interaction and review by others.

To facilitate coordination and preparation of a single financing plan for the implementation of projects identified by each body, a joint meeting was held on April 29, 2000. The meeting, was advertised as an open meeting for the community and membership of each body to identify and prioritize community improvements. Each body made a presentation of the results of their work and their recommended list of implementation projects. Specific projects identified and used to prepare a Capital Improvements Program (CIP) for adoption by the City Council as part of the current fiscal year budget.

RESULTS OF THE CAPITAL IMPROVEMENT PROGRAM

The results of the capital Improvements Program identify prioritization and funding source for projects as developed in this session. Three groups of projects were established. The first were five projects for immediate action anticipated to cost approximately \$19,500. These address code and

ordinance issues, establishment of special assessment procedures and seeking a Certified Industrial Park designation. The second group of sixteen projects and administration expense are estimated to cost \$1,656,500. These projects address a number of infrastructure, downtown housing and park/recreation improvements. It is estimated that six years will be needed to completed these projects. The last three projects are schedule to be address in year seven and address additional infrastructure improvements, development of a second industrial parka and southern commercial area. No budget has been prepared for these projects.

In total the Capital Improvement Program anticipated expenditure in excess of \$1,676,000 with revenue of \$1,482,980 of which the TIFA will contribute \$858,980 or 58 percent. Obviously, City administration will seek to identify grant and other sources of funds to fill the void in revenue to complete the Capital Improvement Program.

RECONCILIATION THE TIFA DEVELOPMENT PLAN WITH THE CIP

The results of the CIP are deemed consistent with the TIFA Development Plan since the projects and funding sources were identified, presented for open discussion and finally adopted by the TIFA Board of Director and City Council. During the process, additional individual projects were further defined and specific project goals established. As such, the projects listed in the Development Plan may be viewed as somewhat broader and more inclusive that the specific project contained in the CIP.

However, in the opinion of the consulting team, the process of preparing the TIFA Development Plan and further defining individual projects in the CIP is consistent with the goals set forth in the TIFA Development Plan and implementation policies. Further, in examination of the CIP and TIFA Development Plan, there are no apparent inconsistencies.