

Village of Pellston

Downtown Development Plan And Tax Increment Finance Plan 2003

Prepared by:

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Village Council Members
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Note: (R) indicates resident of DDA District

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Introduction

The Village of Pellston was founded during Michigan's early lumber boom period, when vast areas of virgin timber were harvested over most of the area. During that period, Pellston was a thriving community with a healthy mix of businesses to serve Village residents and those from the surrounding rural area. Since that time the Village has struggled to survive as a viable community and avoid becoming another of Michigan's ghost towns from the lumbering era. With increasing development both north and south of the Village and the Eight Million Dollar expansion of the Pellston Regional Airport Passenger Terminal there is a new opportunity for revitalization of Pellston's commercial districts. Revitalization of the Village's commercial districts will benefit the entire community, providing needed services and improving the appearance of the downtown area, bolstering community pride and the impression the community leaves on those visiting or passing through.

Over the past 25 years, the federal government has cut funds for programs that help subsidize the costs of public improvement projects undertaken by local governments. The State of Michigan, faced with this reduction, could not supply the funds formerly provided by the federal government. During the 1990's and beyond, municipalities will have to marshal their resources and those of the private sector to finance community development programs. Localization and privatization have become the twin themes of economic recovery for Michigan municipalities.

Fortunately, the Michigan state legislature has provided municipalities with a means to finance economic development. Public Act No. 197, signed into law on August 13, 1975, allows municipalities to create a Downtown Development Authority (DDA) by ordinance. The ordinance establishing the Authority must also designate the boundaries of the downtown district within which the Authority may exercise its powers. The Board of Directors of the Authority must consist of between 8 and 12 members plus the municipality's chief executive officer.

The purpose of the DDA is to prevent deterioration and promote economic growth within a business district by developing, adopting, and implementing development plans. Separate plans may be adopted for different development areas within the downtown district. The plan may include proposals for construction, renovation, repair, remodeling, or rehabilitation of a public facility, an existing building, or a multiple-family dwelling unit that aids economic growth in the downtown district.

To implement a development plan, the Authority may construct, rehabilitate, equip, improve, maintain, or operate any building within the downtown district for public or private use. The Authority may acquire and own, lease, or dispose of any land, or real and personal property that the Authority determines to be reasonably necessary to prevent deterioration and promote economic growth in the business district. The Authority may also acquire and construct public facilities and make land improvements. The Downtown Development Authority Act allows municipalities to take private property under the power of eminent domain and transfer the property to the DDA.

Funds to finance activities of the Authority may be derived from several sources including taxes, revenues generated from the use of assets, proceeds from revenue bonds, municipal funds including state and federal grants, special assessment levies, and tax increment financing receipts.

Village of Pellston has established a Downtown Development Authority under PA 197 of 1975, as amended, to undertake public facility improvements throughout the development area. Section 17 of the Act stipulates that, when a DDA Board decides to finance a project in the downtown district by the use of tax increment financing, it shall prepare a development plan. The development plan must include an estimate of the cost of development, a statement of the proposed method of funding the development and the ability of the Authority to arrange financing (tax increment financing plan). The Development Plan may be amended from time to time in order to carry out the goals and objectives of the Authority. Any amendment will be in accordance with the requirements of PA 197 of 1975, as amended.

Section 17.(2)(a)

The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise.

Figure 1 illustrates the boundaries of the development area in relation to highways, streets, streams, or otherwise. The development area boundaries are the same as the DDA District.

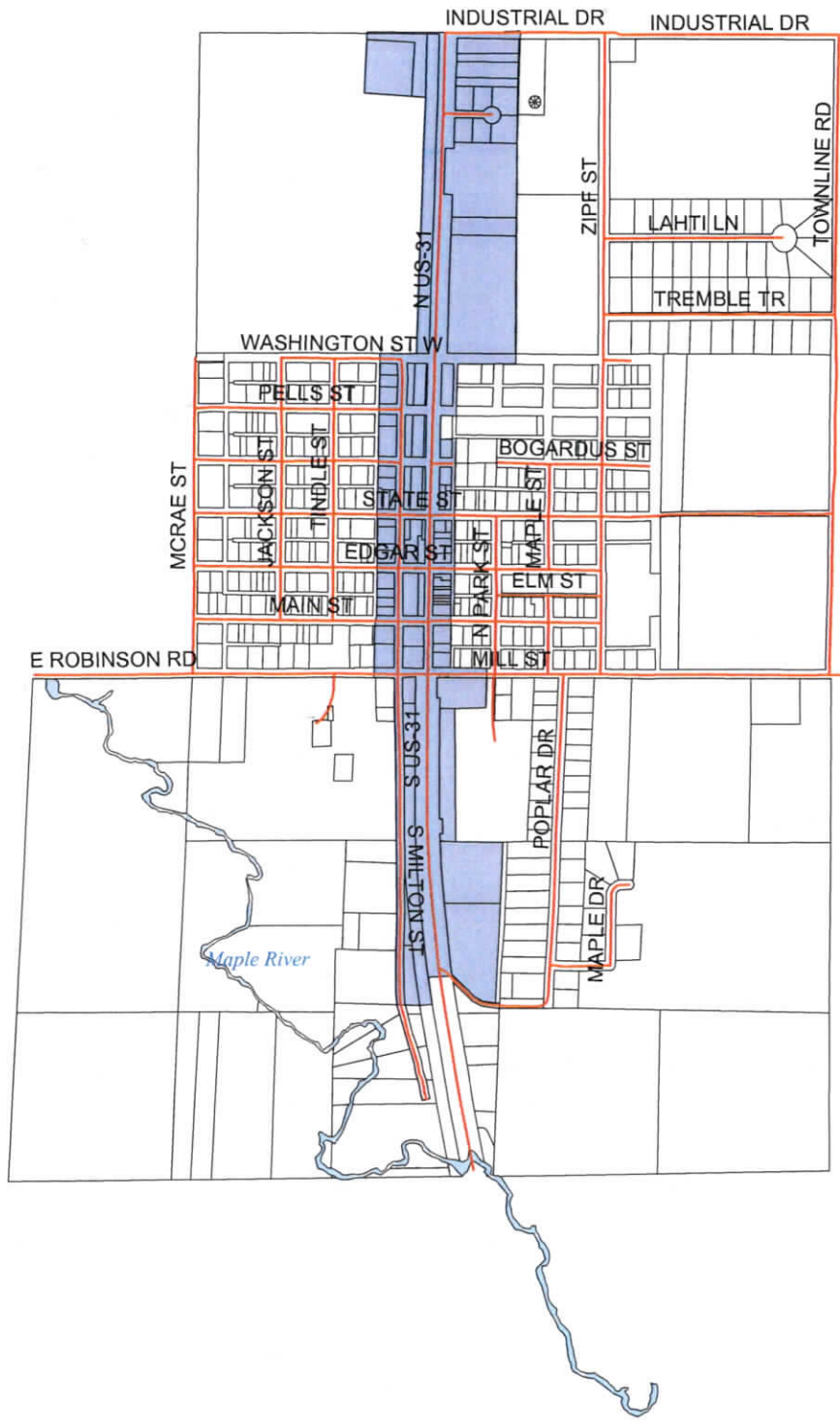
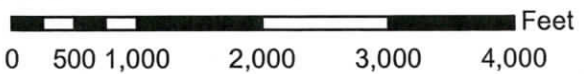


FIGURE 1:
DOWNTOWN DEVELOPMENT AUTHORITY

Village of Pellston
 Downtown Development Authority



Section 17.(2)(b)

The location and extent of existing streets and other public facilities within the development area, shall designate 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, and shall include a legal description of the development area.

Physical Setting

The Village of Pellston is centrally located in eastern Emmet County. The area is widely known for its miles of Lake Michigan Coastline, pristine inland lakes and large expanses of public lands. Pellston is located on U.S. 31 and has direct access to I75 it also has the only airport providing commercial passenger service in the region. As such Pellston serves as the aviation gateway to the northern portion of Michigan's Lower Peninsula.

Pellston is located midway between the City of Petoskey and Mackinaw City, both of which have highly developed summer tourist industries. The surrounding area includes a number of ski resorts, many miles of snowmobile trails and state lands for hunting, fishing, mushroom hunting and other increasingly popular outdoor activities. The City of Petoskey and the townships in the southern portion of Emmet County have experienced rapid commercialization and growth in developed tax base, population and traffic.

Existing Land Use and Conditions

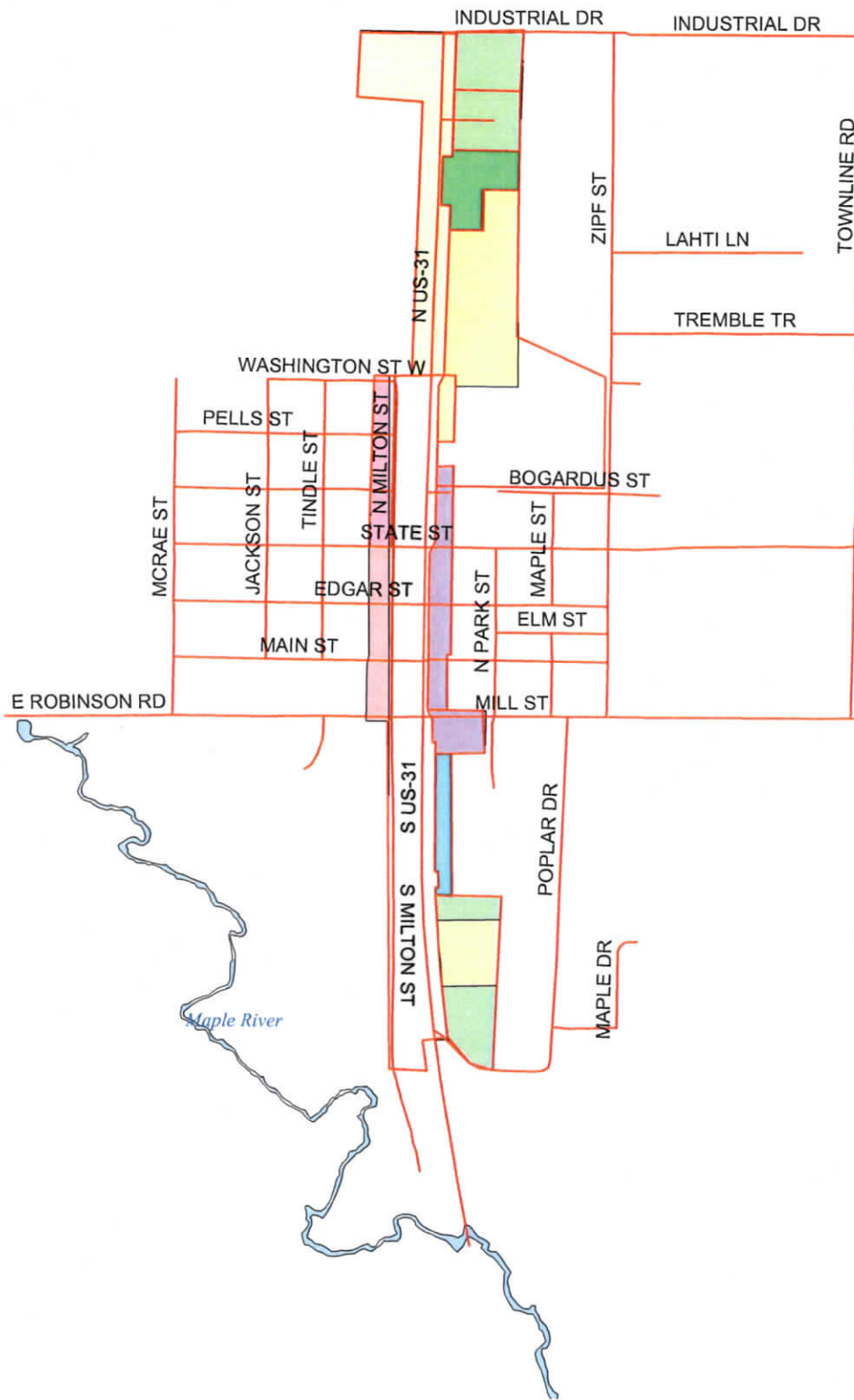
In March 2003, an existing land use survey was conducted to identify and delineate the location character, and extent of existing public and private land uses within the DDA District. Each parcel of property was inspected and its use characteristics recorded onto a GIS base map provided by the Emmet County Equalization Department.

The location and extent of existing public and private land uses in relation to existing streets within the development area are presented on Figure 2. A summary description follows.

The most significant physical feature within the DDA District is the U.S. 31 Right-Of-Way which bisects the DDA District from north to south. Many of the properties within the DDA District abut this roadway. The DDA District extends to the north boundary of the Village. Approximately the northern third of the U.S.31 right-of-way within the district abuts the Pellston Regional Airport. While the airport property is not included within the DDA District, major renovations and additions to the commercial passenger facilities were started in 2002 and are anticipated to be complete in 2003. Expansion of the facilities is in anticipation of an expected increase in use of the airport for passenger service. The resulting increase in traffic through the community will provide an opportunity for economic growth.

Several large parcels within the DDA are owned by the Village. These include a complete block, bounded by U.S. 31 on the east, Milton Street on the west, Edgar street on the south and State Street on the north, that the Village intends to develop into a formal park. Included on this block is the old train depot which the Village has acquired with the intention of renovations to create a museum and visitors center.

A significant number of the commercial properties fronting U.S.31 are underutilized; either not housing active businesses or housing businesses that are seasonal. There are also a number of residential properties and vacant parcels in the District. While the mixed use character of the District is anticipate to remain for many years to come, there is significant room for commercial growth either through development of vacant parcels or re-development of underutilized properties.



Legend

<all other values>

ELU

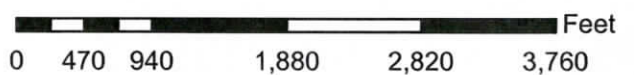
- Airport
- Cemeteries
- Commercial
- Hardwood
- Herbaceous
- Outdoor Rec
- Secondary Business
- Transportation
- Various Conifer
- Village Residential

**FIGURE 2:
EXISTING LAND USE**

Village of Pellston
Downtown Development Authority



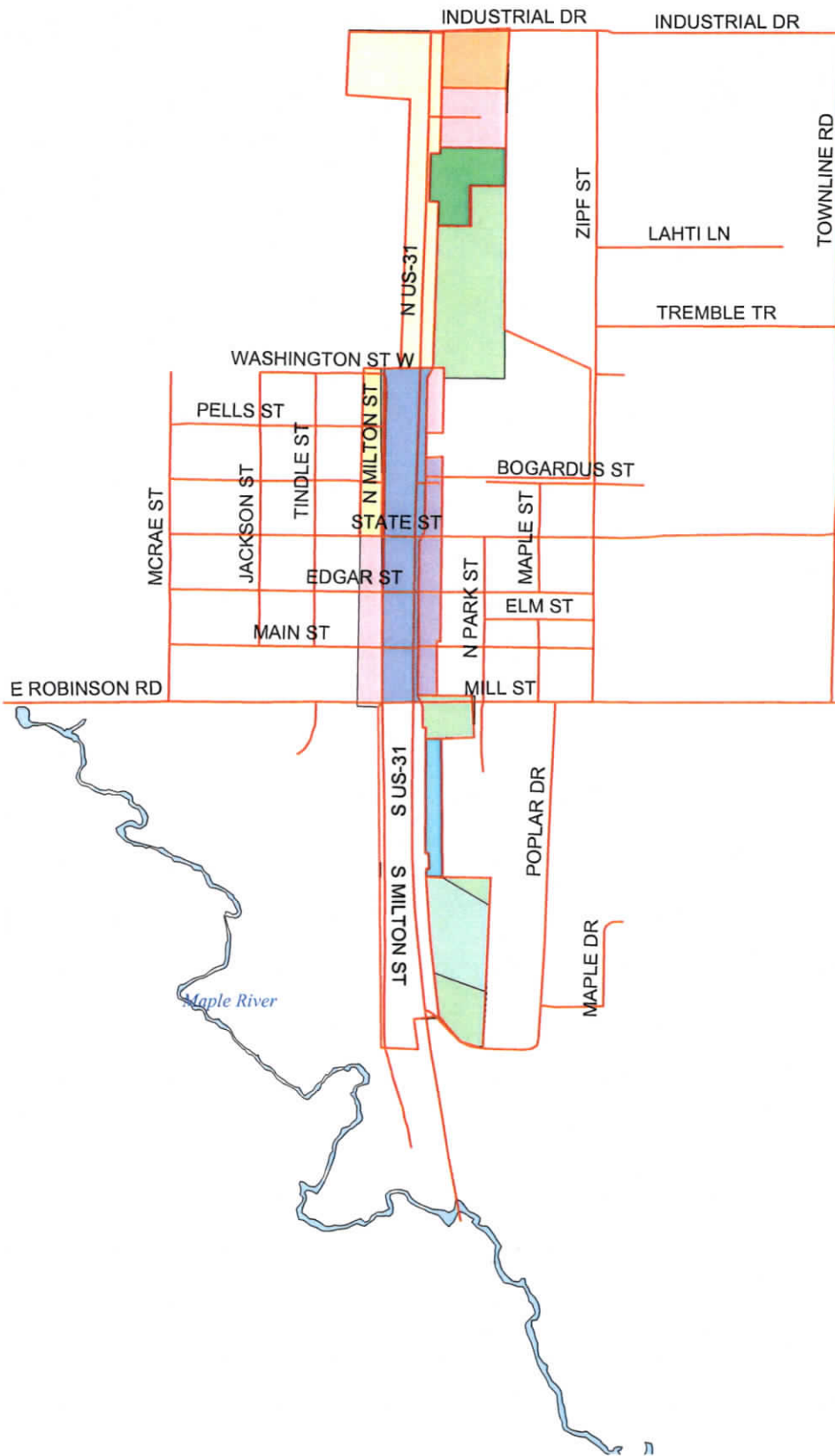
WADE-TRIM



Proposed Future Land Use Pattern

The proposed future land use pattern within the DDA District is derived from the Village Master Plan and Zoning Ordinance. It also considers recent events that have tremendous implications on future land development within the DDA District. The central third of the DDA is currently zoned Central Business and the northern third and a portion of the southern third are both zoned Highway Commercial, the remaining portion, at the southern tip, is zoned office park on the east side of U.S.31 and Scenic Resource on the west side. The Central Business Zone has a number of vacant commercial buildings that front U.S.31. It is the intent of the DDA to revitalize this area by facilitating the construction of streetscaping and other infrastructure improvements that will improve the street side environment and restore the Central Business District rather than encourage redevelopment for alternative uses. The northern and southern portions are a mixed use of residential and commercial. Continued commercial development along these corridors is anticipated. It is the DDA's desire to see this development guided via design guidelines and access control requirements so as to maintain a coherent extension of the Central Business zone and a transition from open highway to the more pedestrian friendly Central Business area. It is not the intent of the DDA to discourage continued residential use of these same properties but rather to encourage appropriate commercial development.

The Future Land Use Map, as developed in the Village's current Comprehensive Plan is included as Figure 3. Definitions of the proposed land uses within the DDA District are listed in Table 1.



Legend

- <all other values>
- FLU**
- Airport
- Cemetery
- Central Business
- Conservation/Cult
- Government/Munic
- Industrial
- Open Space
- Recreation
- Secondary Business
- Suburban
- Transportation



**FIGURE 3:
FUTURE LAND USE**

Village of Pellston
Downtown Development Authority



**TABLE 1
VILLAGE OF PELLSTON
FUTURE LAND USE PLANNING CATEGORIES**

CATEGORIES	SUMMARY DESCRIPTION
Commercial	<i>The Commercial district is intended to serve the public's general retail and other similar needs. There are currently two main types of commercial development in Pellston, which overlap significantly. These types are businesses which serve the daily needs of residents, and those which serve the needs of the traveling public.</i>
Governmental/ Municipal	<i>This district is intended to allow the governmental services of the village to be located in a centralized place, and to allow the development of certain amenities which may accompany these uses. In general, this district would include the Village Hall, the Fire Barn, Library, and most importantly, a Town Square which could be the focus of interactive social life in the village. It is important that this square be easily accessed, and designed to be inviting, not just a large open space. Gazebos, and other design elements which reflect the historical Village Hall (which should be re-faced to match) should be used.</i>
Village Residential	<i>This district exists to serve the needs of the majority of residents in the village, who live in the "village proper." This area can be seen easily on a map, as it is the densely laid out area, where the majority of original lots were 50 feet wide. The purpose of this district is to preserve and protect the "village way of life" through lot size and dwelling density, appropriate street and travel patterns, and a mixture of residential and other related land uses. These might include single and carefully controlled multi-family dwellings, churches, schools, and small parks. Incentives should be provided for property maintenance, infill development, and the relocation of other types of dwellings which do not fit with the visual and geographic scale of the district.</i>
Suburban Residential	<i>The Suburban Residential district is envisioned to be the area where most new development takes place. The density is to be a fair amount lower than the Village Residential, but not as low as Open Space/Conservation. The emphasis should be on visual attractiveness, efficient utilization of space resources such as streets and utility easements, and easy access to area services. Only excellent subdivision design should be considered for this area, with planned developments encouraged versus individual. In addition, developments in which "clustering" of dwelling units and unified open space provisions should be given first priority.</i>



Legal Description

The following Tax Identification Numbers include all real properties within the boundaries of the Development district as depicted on Map 1.

24-43-14-03-100-006	24-44-10-34-302-037
24-43-14-03-100-010	24-44-10-34-302-038
24-43-14-03-100-030	24-44-10-34-302-039
24-43-14-03-100-039	24-44-10-34-302-040
24-43-14-03-100-041	24-44-10-34-302-041
24-43-14-03-100-042	24-44-10-34-302-062
24-43-14-03-110-001	24-44-10-34-310-003
24-43-14-03-410-003	24-44-10-34-310-004
24-44-10-34-100-001	24-44-10-34-310-006
24-44-10-34-100-002	24-44-10-34-310-007
24-44-10-34-100-006	24-44-10-34-351-008
24-44-10-34-100-007	24-44-10-34-351-009
24-44-10-34-100-008	24-44-10-34-351-010
24-44-10-34-100-011	24-44-10-34-351-011
24-44-10-34-100-012	24-44-10-34-351-012
24-44-10-34-100-013	24-44-10-34-351-022
24-44-10-34-100-014	24-44-10-34-351-023
24-44-10-34-110-001	24-44-10-34-351-024
24-44-10-34-135-101	24-44-10-34-351-033
24-44-10-34-135-102	24-44-10-34-351-043
24-44-10-34-135-103	24-44-10-34-351-044
24-44-10-34-135-104	24-44-10-34-351-052
24-44-10-34-135-105	24-44-10-34-351-053
24-44-10-34-135-106	24-44-10-34-351-058
24-44-10-34-301-009	24-44-10-34-351-059
24-44-10-34-301-010	24-44-10-34-351-060
24-44-10-34-301-011	24-44-10-34-351-061
24-44-10-34-301-020	24-44-10-34-351-062
24-44-10-34-301-026	24-44-10-34-351-073
24-44-10-34-301-040	24-44-10-34-351-084
24-44-10-34-301-060	24-44-10-34-351-085
24-44-10-34-301-080	24-44-10-34-351-086
24-44-10-34-301-111	24-44-10-34-351-097
24-44-10-34-302-010	24-44-10-34-351-098
24-44-10-34-302-011	24-44-10-34-351-107
24-44-10-34-302-012	24-44-10-34-351-108
24-44-10-34-302-013	24-44-10-34-351-128
24-44-10-34-302-023	
24-44-10-34-302-024	

Note: All public right-of-ways adjacent to these parcels are also in the DDA District.



Section 17.(2)(c)

A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion.

A full description of all projects, including those which involve any of the changes described above is provided in Section 17.(2)(d).



Section 17.(2)(d)

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.

The DDA is empowered to undertake a variety of assignments in the rejuvenation of its downtown district. These include:

- Plan and propose the construction, the 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 economic growth of the downtown district;
- 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 of Michigan;
- Acquire by purchase or otherwise, on terms and conditions and in a manner the Authority deems proper, or own, convey, or otherwise dispose of, or rights of interests therein, which the Authority determines is reasonably necessary to achieve the purpose of this act, and to grant or acquire licenses, easements and options with respect thereto; and
- Improve land and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate any building, including multiple-family dwellings, and any necessary or desirable appurtenances thereto, within the downtown district for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.

The following project improvement plan is intended to be general in nature to provide flexibility in design and implementation. Detailed planning, design, and engineering studies should be conducted to specifically set project parameters. Improvement projects are generally arranged according to their area of impact and are assigned to the following categories: Infrastructure and Property Acquisition, Streetscape Enhancement and Public Facility Improvements, Promotional and Identity Building and Consultant and Operational Expenditures.

Property Acquisition

Acquisition of a facility for a new Village Hall will allow expansion of the existing Mackinaw Library and provide the Village with a much more functional facility. It is anticipated that the Village will purchase an existing building within the DDA District for this purpose and that the DDA will assist in funding this acquisition.

Streetscape Enhancement and Public Facility Improvements

Improvements in the Streetscape Enhancement and Public Facility Improvements category will be primarily carried out inside the Johnson Road Local Business Area. The goal is to develop a tightly knit town center that contains a mix of small-scale retail, office and other similar commercial uses. The following improvements are recommended to attain this end:

A. Street Trees and Landscaping

The DDA may purchase and install tree plantings and other landscaping materials throughout the District. An overall design plan for landscaped improvements will be coordinated with other project plans. In addition, landscaping elements will be limited to public property and rights-of-way areas of the District.



B. Pedestrian Amenities

The DDA may install diverse types of streetscape amenities to enhance the image and improve the pedestrian scale particularly within the District. A plan to improve pedestrian amenities may be developed and will include the design and plan for an overall pedestrian connector system. These amenities may include, but not be limited to the installation of benches, sidewalks, trash receptacles, planters, and decorative, pedestrian-scale lighting.

C. Town Square and Formal Park

The DDA intends to develop a Town Square and Formal Park to provide a focal point and gathering space within the Village. It is envisioned that the Town Square will be developed as a public plaza with public art amenities such as a gazebo, fireman's memorial, clock tower or fountain. It may also include walks, decorative benches and lighting, landscape elements and other like improvements.

Promotional and Identity Building

The Promotional and Identity Building category relates to projects and activities that are designed to promote economic growth within the development area through creating a vibrant, identifiable and welcoming business environment. This category also provides for strategic business retention and recruitment efforts to help ensure market stability and growth within the development area. The following projects are intended to highlight, distinguish, and promote the DDA District:

A. District Design Standards

The DDA would like to develop individual design standards that conform to the vision for the District. This vision may be refined through the preparation of a corridor plan for the full extent of US 31 in the development area. To implement this vision, it is recognized that a partnership will need to be formed between the DDA, Village Council, Village Planning Commission and individual property owners in developing design standards and customized district regulations.

B. Community Logo Development

The DDA may sponsor the development of a community logo that expresses an identity intended to give Village of Pellston and its downtown distinction. This may be adopted as the official logo of Village of Pellston and incorporated into stationary, signage, and other design elements such as street banners.

C. Street Banners

The DDA may purchase and install seasonal and locational identification banners and other decorations on street light poles throughout the District.

D. Welcome Signage/District Identification Signage

The DDA may purchase and install welcome signs to be located at the entry points of the District. Other signage, such as business directory signs and parking area signs, may also be purchased and installed to enhance consumer convenience within the District.

E. District Promotion/Business Relations

The DDA may establish a district promotion program that involves activities such as, but not limited to, development of advertising strategies; sponsoring community events and festivals; marketing; grant/proposal writing; and business recruitment and retention activities.



Consultation and Operational Expenditures

The Consultation and Operational Expenditures category provides for professional services and operational activities relating to the DDA. This category is relatively variable and is subject to the level of future activity taken on by the DDA.

A. Professional Services

This item covers professional services that may be required to implement the contents of this development plan and to manage and operate the DDA. This may include grant writing and administration, planning and architectural design, engineering, inspection, and environmental, financial and accounting, advertising and marketing and legal consultation.

B. DDA Operations

This expenditure category covers all expenses relating to operating the DDA such as public notices, mailings, office supplies, administrative support, etc.

Infrastructure Improvements

The principal goal of implementing identified public improvement projects is to promote economic growth within the development area in a safe, attractive, and viable manner. It is recognized that underlying the achievement of this goal is providing the necessary infrastructure support for intensive development to occur without adverse impact to the natural environment.

A. Wastewater Collection and Treatment System and Community Water Supply and Distribution

Over the 20 year life of the DDA Plan it is anticipated that there will be significant development within both the district and the surrounding areas. While it may seem premature to be including the development of water and wastewater facilities at this time, it is only prudent to provide for the potential need for such facilities over the next 20 years. Cost estimates are based on a pro-rated cost share for that portion of a community system that would serve the district.



TABLE 2
LIST OF PROJECTS PRIORITY, ESTIMATED COST AND CONTRIBUTION
VILLAGE OF PELLSTON DDA 2003-2023

Project Priority	Project Description	Estimated Project Cost	Estimated DDA Contribution	Estimated DDA Share
Short Term	Village Hall Relocation	\$275,000	16%	\$45,000
Short term	Streetscape Ph 1 m	\$600,000	10%	\$60,000
Medium Term	Streetscape Ph 2 v	\$675,000	40%	\$270,000
Medium Term	Streetscape Ph 3 v	\$350,000	40%	\$140,000
Long Term	Streetscape Ph 4 m	\$550,000	20%	\$110,000
Medium Term	Depot Restoration	\$300,000	40%	\$120,000
Short Term	Parking Lot	\$15,000	25%	\$3,750
Medium Term	Public Restrooms	\$40,000	75%	\$30,000
Long Term	Formal Park	\$120,000	50%	\$60,000
Short Term	Marketing Plan	\$12,000	100%	\$12,000
Short Term	Storefront Design Guides	\$8,000	100%	\$8,000
Long Term	Public Water & Wastewater	\$3,000,000	5% 10%	\$300,000
Ongoing	DDA Operations	\$30,000	100%	\$30,000
Ongoing	Professional Services	\$25,000	100%	\$25,000
		\$6,000,000	20%	\$1,213,750

Notes:

v = Village owned street

m = MDOT owned highway

Estimated project costs are 2003 dollars and include 25% legal, administration and engineering

Depot Restoration assumed eligible for enhancement grant funding

Parking Lot to be on Village Property - assumed eligible for MDOT funding

Public Restrooms and Formal Park cost assumed shared w/general fund or other contributions



Section 17.(2)(e)

A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

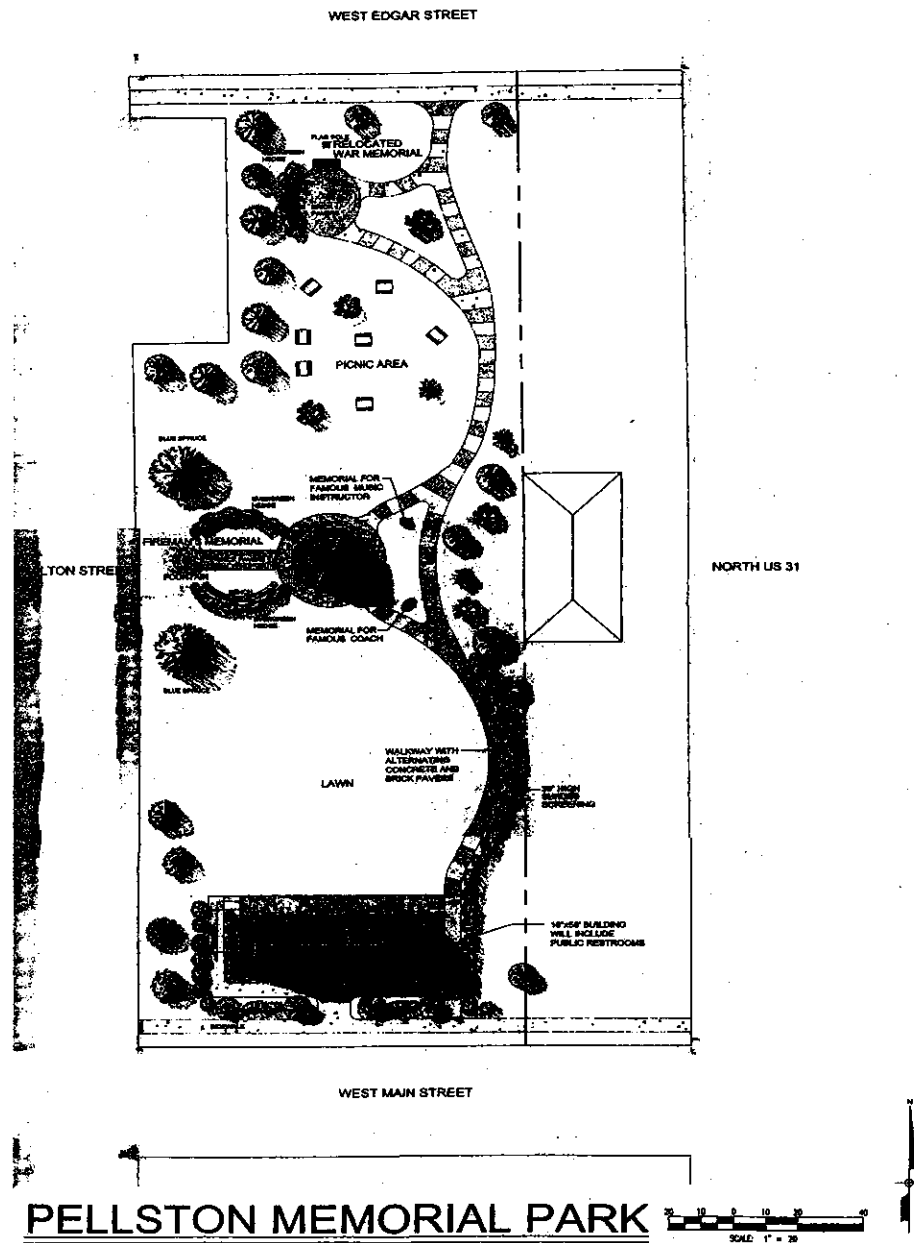
The statement of the stages of planned construction is identified in Section 17.(2)(d). As stated previously, short-term projects represent activities to be emphasized for construction, particularly in the early stages (first 5 years) of the development program. Medium term projects are estimated to be completed by 2015. Long-term projects are to be accomplished by 2023 unless major funds are available sooner. Ongoing projects are expected to be implemented when needed throughout the life of this plan.



Section 17.(2)(f)

A description of any parts of the development area to be left as open space and the use contemplated for the space.

As described in Sections 17.(2)(b) and 17.(2)(d), central to the District is the planned Town Square and Formal Park to be located on the Village owned property between U.S. 31 and Milton Streets.





Section 17.(2)(g)

A description of any portions of the development area which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

Not Applicable.



Section 17.(2)(h)

A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

No changes in zoning are anticipated except as described in Section 17.(2)(b). Proposed changes to streets, street levels, intersections and utilities are outlined in Section 17.(2)(d).



Section 17.(2)(I)

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 the financing.

The total cost for undertaking the projects identified under Section 17.(2)(d) is approximately \$6,000,000.

The activities of the Authority and the development of public improvements shall be financed from one or more of the following sources.

- A. Donations to the Authority for the performance of its functions.
- B. Proceeds of a tax imposed pursuant to Section 12.
- C. Money borrowed and to be repaid as authorized by Section 13.
- D. Revenues from any property, building, or facility owned, leased, licensed, or operated by the Authority or under its control, subject to the limitations imposed upon the Authority by trusts or other agreements.
- E. Proceeds of a tax increment financing plan, established under Sections 14 to 16.
- F. Proceeds from a special assessment district created as provided by law.
- G. Money, including grants, obtained from other sources approved by the governing body of the municipality.

Where receipt of specific funds are indicated as being anticipated by the Authority, methods of repayment will be established as necessary. Where repayment is not necessary, funds shall be credited to the general fund of the Authority for the purpose of financing only those activities, as indicated in this plan or otherwise appropriate as provided in PA 197 of 1975, as amended.



Section 17.(2)(j)

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 in any manner and for whose benefit the project is being undertaken if that information is available to the authority.

Not Applicable

