

**TAX INCREMENT FINANCE AUTHORITY
CITY OF WESTLAND, MICHIGAN**



**AMENDMENTS TO TAX
INCREMENT FINANCING AND DEVELOPMENT PLAN
DEVELOPMENT AREA NO. 1
1998**

Approved by City Council
May 18, 1998

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**TAX INCREMENT FINANCE PLAN AMENDMENTS
CITY OF WESTLAND TAX INCREMENT FINANCING AND DEVELOPMENT
PLAN FOR DEVELOPMENT AREA NO. 1**

This document amends the City of Westland Tax Increment Finance Authority (the "Authority") Tax Increment Financing and Development Plan for Development Area No. 1 as adopted by Westland City Council on May 19, 1986, and amended on March 29, 1989, May 20, 1991, November 1, 1993, and August 19, 1996. A copy of this plan as previously amended is hereby attached. The following sections are amended:

- I. Introduction
- III. Finding of Necessity
- V. Proposed Improvements
- VI. Impact of TIFA Revenues on Taxing Jurisdictions
- VII. Method of Financing
- VIII. Estimated Tax Increment Revenues
- IX. Budget/Cost of Project

The remaining sections of the plan as previously amended are not changed by this amendment.

I. INTRODUCTION

The City of Westland adopted a Tax Increment Financing and Development Plan in May of 1986, and amendments in 1989, 1991, 1993 and 1996. The amended plan proposed construction of/or improvements to roads, utilities, street and pedestrian lighting, library and adjacent performance pavilion, landscaping, pedestrian walks, and vehicular parking. These projects are completed or underway. Substantial economic growth has occurred in the Authority District as a result of these activities.

Since the TIFA improvements were installed, private investment of over 1.3 million square feet of commercial and retail space has been constructed with a value of \$50 million, creating in excess of 2300 new jobs. Over 500 residential housing units have been constructed in the area. At an average price of \$100,000, the residential construction is valued at approximately \$50 million. Another 144 units are under construction in two separate projects within the TIFA District.

The William P. Faust Public Library opened in November of 1996. Since that time usage has grown and the facility now ranks number one in circulation within the fifty-six member library cooperative, The Library Network.

III. FINDING OF NECESSITY

The proposed improvements will have a positive long term effect on the City of Westland. Past plan amendments have enhanced the City's infrastructure and encouraged considerable private investment. Successful, stable communities have histories of providing excellent amenities and quality services to residents.

P. A. 450 of 1980, as amended contemplated the public facilities necessary for a strong and viable municipality. The Act has been a tool used by the City for the installation of numerous infrastructure enhancements to prevent urban deterioration and encourage economic development.

City leadership is desirous of installing additional public facilities within the TIFA District to insure the long term financial well-being of the TIFA District and the City of Westland. A recreation facility and administration building are proposed to be designed, constructed and dedicated for use by the general public.

As the community has matured, its recreational needs have also grown and changed. Opened in 1978, the existing recreation center has undergone numerous improvements and renovations to enhance the delivery of services to residents. A weight room, additional offices, outdoor pool slide, barrier-free upgrades, and meeting room renovations have all been undertaken at the facility in the last twenty years. However, additional recreational space is required to respond to the recreation needs of the community.

The desire for a multi-purpose recreational facility in Westland has been repeatedly expressed during public workshops and focus group meetings during the development of the Westland Master Plan for the Planning Commission and the Park and Recreation Plan for the Parks and Recreation Commission. Preliminary data evaluation of the Park and Recreation Plan notes that Westland is deficient in the provision of certain recreational facilities, such as aquatics and fitness centers, compared to other similar communities in the area.

Residents and recreation organizations note that other high quality residential communities, such as Canton Township, Novi, and Troy have recently opened multi-purpose recreational centers. While the City's Bailey Recreation Center offers a variety of programs, it can not compete with the newer facilities that offer a much wider range of activities. In the short term, the lack of a competitive facility in Westland could lead to reduced enrollment in recreational programs, since residents have indicated they would likely travel to facilities in other communities (where non-residents are allowed access).

The longer term consequences could be more dramatic. The availability of high quality recreation and health care related facilities continues to be high on the list of amenities sought by residents. The lack of high quality, modern facilities in Westland could lessen the City's competitive advantage in attracting and retaining residents and businesses. Thus, a high quality recreational center, to complement and expand programs offered at the Bailey Center, is considered necessary to retain Westland's reputation as a high quality and affordable living environment for families.

Current municipal activities and programs take place in many buildings throughout the City, with primary governing functions located in a facility almost 35 years old. Dedicated in 1964, the City Hall was renovated in 1987, and retro-fitted with numerous barrier free improvements in the mid-1990's. Other cosmetic work was undertaken at various times over the recent years. The City Hall has been adapted to accommodate administrative and organizational changes since its opening, adding several years to its useful life. However, despite various repairs, the building is obsolete and will require extensive upgrading to HVAC systems in the near future to remain in operation. This facility will not respond to the long term needs of the community. For example, this structure was not designed for extensive use of computers and space required for technology. As the community has matured, storage of records is not possible at this building necessitating off site rented storage. The basement used in the past for offices has not been available because of water problems. A larger public facility designed for current and future community needs is proposed in this plan amendment.

V. PROPOSED IMPROVEMENTS

The plan amendment proposes construction of a recreation facility and administration building to serve the TIFA District and Westland residents. Property acquisition is necessary to accommodate the proposed public facilities. No changes in zoning are proposed as part of this TIFA Plan Amendment. No residents will be displaced as a result of this Plan Amendment.

The improvements are estimated to take almost 4 years to complete. Property acquisition will take place in 1998.

It is also anticipated that architectural, engineering, and construction management services will be acquired in 1998. Schematic design, design development, and construction documents will be completed in 1999. The facilities will be bid out and under construction in 2000 with completion proposed for fall of 2001. Furnishings and fixtures will be installed in mid 2001 as construction nears completion.

The following improvements are needed to meet the goals of the Authority and the City:

1. Recreation facility approximately 70,000 square foot in size. The building will be located on a primary road for excellent visibility and excellent access for users. It is desirable for the structure to be located near other municipal functions for government activities and services to be provided in a centrally located area within the City.

Building requirements include an indoor aquatics center, gymnasium, walking track, banquet center, multi-use rooms, professional development center, fitness center, racquetball courts, dance studios, and related locker rooms, reception and lobby area and space for administrative offices. Areas will be functionally related maintaining a flexible layout of space. The project will include the acquisition of equipment and furnishings to provide a full range of programs and services.

2. Administration building approximately 45,000 S.F. in size. The facility will include offices, meeting rooms, and City Council Chambers, with the necessary related equipment and furnishings.

VI. IMPACT OF TIFA REVENUES ON TAXING JURISDICTIONS

Past projects have encouraged economic development, improved the quality of life for community residents, and expanded public services. These projects have also leveraged other local, state, and federal funds as additional revenue sources.

The following chart represents the tax increment revenue captured by the Authority and the impact of the funds on the general revenues of the taxing jurisdictions for the first year of the Plan. Projections are based on information received from taxing jurisdictions for the 1998-99 fiscal year and assumes that tax increment revenues captured are the same percentage of the taxing jurisdiction revenue over the remaining life of the Plan:

Taxing Jurisdictions	1998-99 Captured Tax Revenues	Portion of Taxing Jurisdiction Revenue
Wayne County	\$ 1,012,000	0.0022
Wayne County Community College	\$ 192,000	0.0039
City of Westland	\$ 1,851,000	0.0463
Transit/Smart	\$ 41,000	0.0066
Schoolcraft Community College	\$ 44,000	0.0011
Total Captured Tax Revenues	\$ 3,140,000	

The TIFA Plan, as amended shows a history of investment and job creation. This amendment continues TIFA efforts to encourage economic development and improve services to enhance the quality of life for residents. The continued upgrading of the City's infrastructure and public institutions reflect the image of the community and county as a good place to live and work.

VII. METHOD OF FINANCING

The Authority has used two means of financing past projects: the proceeds from the sale of limited tax development bonds, and paying for improvements as revenues are received. Bonds issued previously were fully paid off in 1996. The Authority will fund projects to the extent possible with revenues as they are received. In the event bonds are sold, a maximum principal indebtedness of \$20 million will be incurred. The Plan will be fully implemented upon payment of the bonds. By using all tax increment revenues for the projects, it is anticipated that the bonds could be paid off in fifteen years.

Other local, state, and federal grant programs will also be researched to assist with construction and installation of equipment. If bonds are sold, the tax increment revenues collected will be used for payments of principal and interest and the plan will be fully implemented when the bonds are paid off. It is anticipated that bonds will be issued, if necessary in 2000 to fund construction of the public facilities. The bonds will be callable providing an opportunity for the Authority to pay off the bonds early, thus reducing the length of the Plan. The Authority may also pursue financing via a sale and lease back arrangement rather than the sale of bonds. If this option is used, TIFA revenues would be expended for lease payments rather than bond payments.

VIII. ESTIMATED TAX INCREMENT REVENUES

Projects undertaken in previous plan amendments will be funded from revenues received through the 1997-98 fiscal year. The schedule of future tax increment revenues as shown below are based on estimated growth projections reflecting 2% annual increases for the first 10 years of the Plan and 1% thereafter, based on new construction, and increases in property valuations.

The plan contemplates two projects: an administration building and a recreation facility. Costs associated for both projects will be accounted for separately. At this time, it has not been determined if both buildings will be constructed simultaneously. Captured revenues from all taxing jurisdictions, including the City of Westland, will be used for the recreation facility. Only revenues captured from the City of Westland will be used for the administration building.

A schedule of the captured revenues is as follows:

FISCAL YEAR	CAPTURED ASSESSED VALUE	TAX INCREMENT REVENUE		
		City of Westland	Other Taxing Jurisdictions	
1998-99	\$ 123,396,000	\$ 1,851,000	\$ 1,289,000	
1999-00	\$ 125,864,000	\$ 1,888,000	\$ 1,315,000	
2000-01	\$ 128,381,000	\$ 1,926,000	\$ 1,341,000	
2001-02	\$ 130,919,000	\$ 1,964,000	\$ 1,368,000	
2002-03	\$ 133,568,000	\$ 2,004,000	\$ 1,395,000	
2003-04	\$ 136,239,000	\$ 2,044,000	\$ 1,423,000	
2004-05	\$ 138,964,000	\$ 2,085,000	\$ 1,452,000	
2005-06	\$ 141,743,000	\$ 2,126,000	\$ 1,481,000	
2006-07	\$ 144,578,000	\$ 2,169,000	\$ 1,510,000	
2007-08	\$ 147,470,000	\$ 2,212,000	\$ 1,540,000	
2008-09	\$ 148,944,000	\$ 2,234,000	\$ 1,556,000	
2009-10	\$ 150,434,000	\$ 2,257,000	\$ 1,571,000	
2010-11	\$ 151,938,000	\$ 2,279,000	\$ 1,587,000	
2011-12	\$ 153,457,000	\$ 2,302,000	\$ 1,603,000	
2012-13	\$ 154,992,000	\$ 2,325,000	\$ 1,619,000	
2013-14	\$ 156,542,000	\$ 2,348,000	\$ 1,635,000	
2014-15	\$ 158,107,000	\$ 2,372,000	\$ 1,652,000	
2015-16	\$ 159,688,000	\$ 2,395,000	\$ 1,668,000	

IX. BUDGET/COST OF IMPROVEMENTS

The recreation facility includes land acquisition, architectural, engineering and construction management services, site development, landscaping, equipment and furnishings, parking improvements, and utility installation for a building approximately 70,000 S.F. in size.

\$13,500,000

The administration building includes architectural, engineering and construction management services, site development, landscaping and parking installation and related equipment and furnishings for a building approximately 45,000 S.F in size.

\$7,000,000