



**MARSHALL CITY COUNCIL
SPECIAL MEETING AGENDA**

MONDAY – 9:00 A.M.

August 27, 2018

- 1) **CALL TO ORDER**
- 2) **ROLL CALL**
- 3) **PLEDGE OF ALLEGIANCE**
- 4) **PUBLIC COMMENT ON AGENDA ITEMS** – Persons addressing Council are required to give their name and address for the record when called upon by the Mayor. Members of the public shall be limited to speaking for a maximum of five (5) minutes on any agenda item.
- 5) **PRESENTATION & SUBSEQUENT ACTION**
 - A. **Neighborhood Improvement Authority**

City Council will consider the recommendation to adopt the resolution of intent to create a Neighborhood Improvement Authority and to schedule a public hearing to hear public comment concerning the NIA on October 1, 2018.
- 6) **PUBLIC COMMENT ON AGENDA ITEMS** – Persons addressing Council are required to give their name and address for the record when called upon by the Mayor. Members of the public shall be limited to speaking for a maximum of five (5) minutes on any agenda item.
- 7) **ADJOURNMENT**

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Tom Tarkiewicz".

Tom Tarkiewicz
City Manager

Mayor:

Jack Reed

Council Members:

Ward 1 - Vacant

Ward 2 - Nick Metzger

Ward 3 - Brent Williams

Ward 4 - Michael McNeil

Ward 5 - Robert Costa

At-Large - Joe Caron



ADMINISTRATIVE REPORT

August 27, 2018 – SPECIAL CITY COUNCIL MEETING

TO: Honorable Mayor and City Council

FROM: Jon B. Bartlett, Finance Director
Kristin Bauer, Director of Public Services
Tom Tarkiewicz, City Manager

SUBJECT: Possible creation of a Neighborhood Improvement Authority

BACKGROUND: Administrative staff has been researching on how the City of Marshall, if asked, could assist in the development of the Oaklawn/Golden Rule property by providing public improvements and of the many programs researched, staff has determined that a Neighborhood Improvement Authority (NIA) is the best solution. Most of the programs researched were more designed for commercially zoned property while the NIA program is geared more for residential zoned areas (must contain 75% residential zoned properties). A presentation of the proposed NIA and the proposed development area was presented to the MAEDA Housing Task Force and a motion of acceptance passed unanimously. In order to create the NIA before the end of the year, Council will need to set a public hearing for October 1, 2018 in order to pass the ordinance creating the NIA on December 3, 2018 since the ordinance creating the NIA must be adopted no less than 60 days after the public hearing. Staff also recommends that the NIA last no longer than 20 years, and possibly sooner if all debt is paid and all projects are completed.

RECOMMENDATION: It is recommended that the City Council adopt the attached Resolution of Intent to Create a Neighborhood Improvement Authority and to set a public hearing in order to receive public comment concerning the NIA on October 1, 2018.

FISCAL EFFECTS: The Neighborhood Improvement Authority not only has a Development Plan it also has a corresponding Tax Increment Financing Plan, which would allow the NIA to begin capturing taxes in 2019 if the plan is adopted prior to December 31, 2018. The NIA would only capture City taxes, County taxes, Kellogg Community College taxes, and Ambulance Authority taxes. Each of these taxing jurisdictions has the ability to decide whether their taxes are captured or not. The capturing of taxes by the NIA operates just like the DDA and the LDFA where there is a base initial taxable value and any annual increase of the taxable value of the properties within the development area would be the only amount captured. The taxing jurisdictions would continue to receive the current amount of tax they are receiving from all of the properties

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within the development area.

ALTERNATIVES: As suggested by City Council.

CITY GOAL CLASSIFICATION:

GOAL AREA 1 – ECONOMIC DEVELOPMENT

Goal Statement: Sustain and intensity the economic vitality of the Marshall area.

GOAL AREA 4 – INFRASTRUCTURE

Goal Statement: Preserve, rehabilitate, maintain and expand city infrastructure and assets.

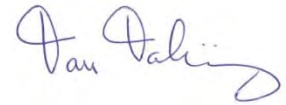
Respectfully Submitted,



Jon B. Bartlett
Finance Director



Kristin Bauer
Director of Public Works



Tom Tarkiewicz
City Manager

**CITY OF MARSHALL, MICHIGAN
RESOLUTION # 2018-**

**A RESOLUTION OF INTENT TO CREATE A
NEIGHBORHOOD IMPROVEMENT AUTHORITY**

WHEREAS, the City Council of the City of Marshall has determined that it is necessary and in the best interest of the public to promote residential growth and economic growth in the northeast area of the City; and

WHEREAS, there presently exists within the City of Marshall a residential area which could greatly benefit from the creation of a Neighborhood Improvement Authority (NIA) that is created under Public Act 61 of 2007 (the "Act"). Through proper short and long-range planning, the NIA would have the ability to repair, rehabilitate, and construct public improvements and infrastructure within the development area; and

WHEREAS, tax incremental financing is one of the many tools available to the NIA to help finance the above-mentioned improvements; and

WHEREAS, the City Council understands that there is a great need for additional affordable housing within the City and by having an NIA could be a catalyst in which to spur new development and other potential benefits that are to be realized through the Act, determines to proceed with the creation and provide for the operation of a NIA within the City pursuant to and in accordance with the Act; and

WHEREAS, pursuant to the Act, Council is required by its resolution of intent: a) to set a public hearing date on the adoption of a proposed ordinance creating the NIA under the Act, and b) to designate the boundaries of the development area.

THEREFORE, BE IT RESOLVED:

1. The Marshall City Council determines that it is necessary and in the best interest of the City to help spur development in its residential neighborhoods and to promote economic growth.
2. The Marshall City Council declares its intention to create and to provide for the operation of the NIA within the City pursuant to and in accordance with the provisions of the Act.
3. To comply with the Act, Marshall City Council designates as the *proposed* boundaries of the development area, the real property as depicted on the attached map referenced as "Attachment A".
4. A public hearing shall be set by Council for Monday, October 1, 2018, at 7 p.m. at Marshall City Hall, to hear comments on the adoption of an ordinance creating the Neighborhood Improvement Authority and to designate the boundaries of the development area which the NIA shall exercise its powers.
5. The Marshall City Clerk shall give notice of the public hearing by causing notice:
 - a. To be published in the Marshall Ad-Visor, a weekly publication of general circulation on Friday, August 31, 2018 and Friday, September 7, 2018

- b. To be mailed to the property taxpayers of record in the proposed development area and to the governing body of each taxing jurisdiction levying taxes that would be subject to capture on or before September 10, 2018.
- c. To be posted in not less than twenty (20) conspicuous and public places in the proposed development area on or before September 10, 2018.

Voting For:

Voting Against:

Absent:

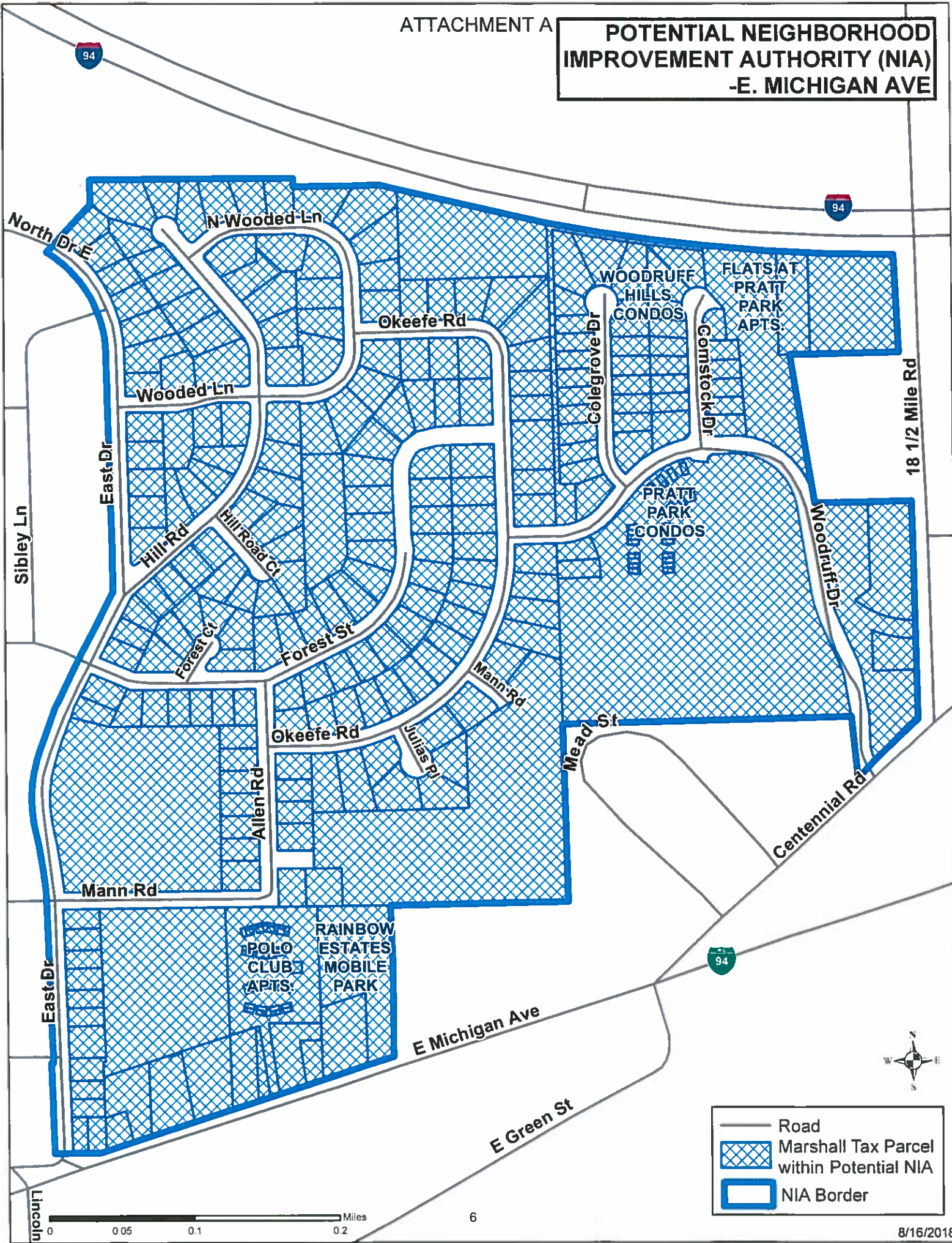
CERTIFICATION OF CITY CLERK

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Marshall at a special meeting held on the 27th day of August, 2018.

Trisha Nelson, City Clerk

Date

POTENTIAL NEIGHBORHOOD IMPROVEMENT AUTHORITY (NIA) -E. MICHIGAN AVE



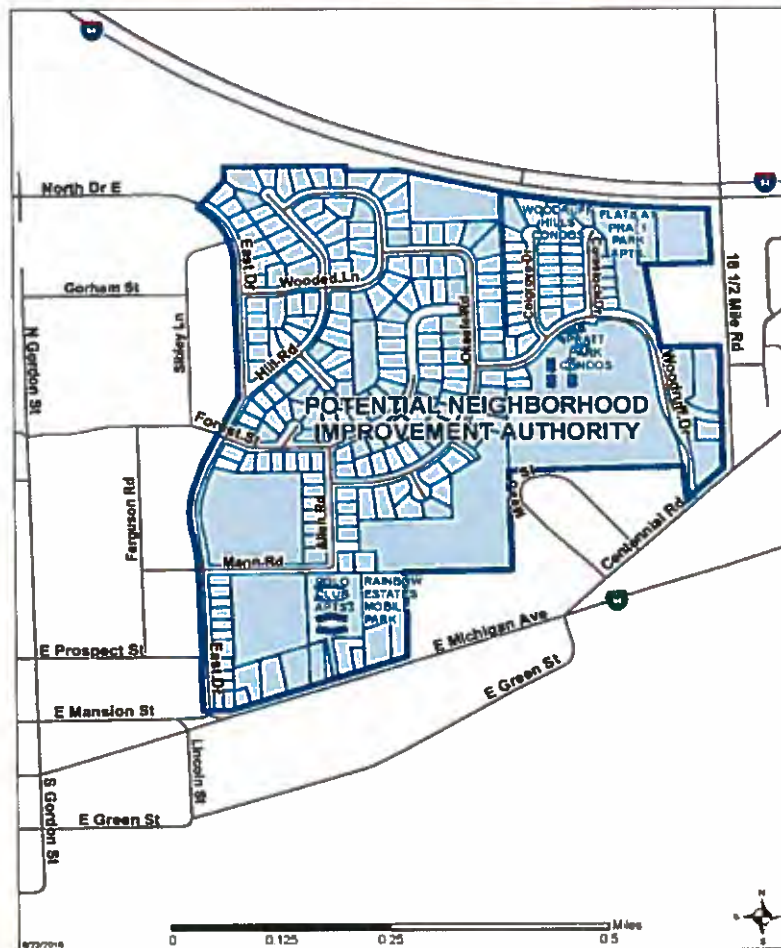
	Road
	Marshall Tax Parcel within Potential NIA
	NIA Border

CITY OF MARSHALL

NOTICE OF PUBLIC HEARING

The City Council of the City of Marshall, Calhoun County, Michigan, will hold a Public Hearing on Monday, October 1, 2018, at 7:00 p.m. in the City of Marshall Council Chambers, 323 W. Michigan Ave., Marshall, Michigan 49068, to consider an ordinance creating a Neighborhood Improvement Authority and on the boundaries of the district in accordance with Public Act 61 of 2007, as amended.

A description of the proposed development area is provided on map below and generally includes parcels north of Michigan Avenue, east of East Dr., South of I-94, and the eastern boundary of Marshall City Limits.



Information regarding the proposed Neighborhood Improvement Authority and its boundaries are available through the City of Marshall Clerk's Office, 323 W. Michigan Ave, Marshall, MI during regular office hours, 8:00 a.m. to 5:00 p.m., or by phone at (269) 781-5183.

All aspects of the proposed Neighborhood Improvement Authority and its boundaries will be open for discussion at the public hearing. Marshall City Council will hear comments from citizens, taxpayers, property owners, and officials from any affected taxing jurisdiction, and will receive and consider written communications from interested persons. Written comments may be submitted to the Marshall City Clerk's Office prior to the Public Hearing.

Trisha Nelson, Marshall City Clerk

NEIGHBORHOOD IMPROVEMENT AUTHORITY (NIA)

Through the provisions of Public Act 61 of 2007, a Neighborhood Improvement Authority (NIA) may be established. An NIA may use its funds, including tax increment financing, to fund residential and economic growth in residential neighborhoods. An authority may also issue bonds to finance these improvements.

HOW CAN THIS TOOL BE USED?

For residential neighborhood improvements to public facilities such as housing, a street, plaza, pedestrian mall and any improvements to a street, plaza or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe or building, including access routes designed and dedicated to use by the public generally, or used by a public agency.

WHO IS ELIGIBLE TO CREATE AN NIA?

Any city or village may establish an NIA. However, an NIA cannot include properties that are already part of a Historic Neighborhood TIFA (2004 PA 530).

HOW DOES IT WORK?

Once established, the NIA prepares a development plan and a tax increment financing plan to submit for approval to the local municipality. A development plan describes the costs, location and resources for the implementation of the public improvements that are projected to take place in the NIA district. A tax increment financing plan includes the development plan and details the tax increment procedure, the amount of bonded indebtedness to be incurred and the duration of the program. After adoption of the two plans, the development plan is implemented and the tax increments, which occur as a result of improvements in the eligible property, accrue to the NIA to be used as required by the development plan. The activities of the NIA may be financed by:

1. Donations to the authority
2. Revenue bonds
3. Revenues from buildings or property owned or leased by the NIA
4. Tax increments
5. Special assessment
6. Grants

WHAT IS THE PROCESS?

1. Municipalities may have multiple authorities.
2. The governing body finds that it is in the best interests of the public to:
 - Promote residential growth in an area where 75% or more of the area is zoned for residential
 - Promote economic growth
3. The governing body sets a public hearing, based upon its resolution of intent, to create an NIA.
4. Notice must be given of a public hearing by publication and mail to taxpayers within a proposed district and to the governing body of each taxing jurisdiction levying taxes that would be subject to capture of tax increment revenues.
5. Public hearing is held.
6. Not less than 60 days following the public hearing, the governing body may adopt by resolution the creation of the NIA and designating the boundaries of the NIA district.
7. The resolution must be published at least once in the local newspaper and filed with the Secretary of State.
8. The governing board of the NIA shall consist of a chief executive officer of the municipality or his or her designee and between five and nine members.
 - Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality.
 - Not less than a majority of the members shall be persons having an ownership or business interest in property located in the development area.

- At least one of the members shall be a resident of the development area or of an area within ½ mile of any part of the development area.

OTHER IMPORTANT NOTES

- School and library millages are exempt from capture.
- All other taxing jurisdictions have the opportunity to negotiate the terms of, or opt out of capture, within 60 days of the public hearing establishing the TIF plan.
- An annual report must be submitted to the municipality and to the State Tax Commission on the status of the tax increment financing plan.

SUPPORTING STATUTE

Public Act 61 of 2007—Neighborhood Improvement Authority

CONTACT INFORMATION

For more information contact the MEDC Customer Contact Center at 517.373.9808.

Introduction

A Neighborhood Improvement Authority (NIA) allows the use of tax increment financing to fund residential and economic growth in a residential neighborhood.

Authorizing legislation

2007 PA 61, MCL 125.2911 - 125.2932, authorizes a city or a village to create one or more Neighborhood Improvement Authorities.

What is the purpose of the Act?

The Act is the latest tax increment financing (TIF) tool to promote economic development. A NIA is designed to assist economic development and redevelopment in residential neighborhoods. It allows communities to combine tax dollars from a variety of sources to leverage economic development dollars.

How can this Act be used?

Specifically, this Act allows TIF to be used for residential and economic growth in residential districts in cities and villages. Local units can use taxes arising from increased property values through TIF to pay for public improvements to the residential neighborhood.

Residential neighborhood improvements include housing, streets, pedestrian malls, and many other public facilities.

These improvements may be financed initially through bonding, which may be repaid from the enhanced property tax revenue stream.

How is this Act different?

This Act is the first usage of TIF for residential neighborhoods. Because this Act's provisions are similar to the recently enacted Historic Neighborhood Tax Increment Finance Authority Act (2004 PA 530) which applies to historic districts, a residential district or development area created pursuant to the Neighborhood Improvement Authority Act may not include an area already covered by a historic neighborhood authority.

The second difference is that the opt-out opportunity for other taxing units occurs during the plan adoption process instead of the Authority creation process.

What are the financing options?

- Tax increment revenues
- Revenues from the ownership of property
- Sale of revenue bonds
- Sale of bonds payable from the tax increment revenue issued by the NIA
- Sale of bonds primarily payable from the tax increment revenue issued by the authority and pledging the full faith and credit of the municipality

Establishing a Neighborhood Improvement Authority

Note: The following steps are offered as general guidelines only. A municipality should consult with an attorney prior to initiating the process creating an NIA

1. The municipality initiates the establishment of a NIA by the adoption of a resolution of intent.
2. The resolution shall set a date for a public hearing on the adoption of a proposed ordinance creating the authority.
3. Notice must be given of the public hearing by publication and posting within the district. It must also be mailed to taxpayers within a proposed district and to the governing body of each taxing jurisdiction levying taxes that would be subject to capture for tax increment revenues.
4. At the public hearing, taxpayers must be heard regarding the creation of the district.
5. Not less than 60 days after the hearing, the municipality shall adopt the ordinance establishing the NIA and designating the boundaries of the development area
6. The ordinance shall be filed promptly with the Secretary of State and published once in a local newspaper.
7. Land may be added or deleted from a district pursuant to the same requirements prescribed for adopting the ordinance creating the NIA.
8. The municipality shall appoint the members of the NIA board, a majority of which must be property or business owners in the development area, and at least one of whom must either live within the district or within 1/2 mile of the development area.

Reporting requirements

An annual report must be submitted to the municipality and to the state tax commission on the status of the tax increment financing plan.

Provisions of the Neighborhood Improvement Authority Act

- Authorizes a city or village to create one or more Neighborhood Improvement Authorities by ordinance after providing notice and holding a public hearing. The local unit shall also designate the development area boundaries by the ordinance.
- Provides for the supervision and control of an authority by a board that includes the city or village chief executive officer and five to nine members appointed by the chief executive, subject to the approval of the local governing body. (The local governing body decides the size of the authority board.) A majority of the board must be individuals with an ownership or business interest in property in the development area. One member must reside in the development area or within 1/2 mile of the development area.
- Allows a board to hire a director to serve as chief executive officer of the authority, subject to the approval of the city or village governing body and other personnel as it feels necessary.
- Allows an authority to prepare and submit to the city or village governing body a tax increment financing plan, which must include a development plan for the authority's development area. TIF plans and development plans are subject to public hearings and affected local taxing jurisdictions must be notified. The governing body of another taxing jurisdiction may, by resolution, exempt its taxes from capture during the plan adoption process.
- Protects separate millages for public libraries against capture by a TIF at the request of the local library board.

- Provides for the financing of authority activities, including borrowing money and issuing bonds. The authority could issue negotiable revenue bonds under the Revenue Bond Act and could, with local unit approval, issue revenue bonds or notes to finance all or part of the costs of acquiring or constructing property. The local unit is not liable on such debt.
- Allows an authority to authorize, issue, and sell bonds to finance a TIF plan's development program. A city or village may make a limited tax pledge to support the authority's TIF bonds or notes with governing body approval but needs voter approval to pledge its unlimited full faith and credit for authority bonds or notes.
- Requires a city or village to dissolve an authority after it has completed its purpose, and provides that the authority's property and assets remaining after the satisfaction of its obligations would belong to the local unit.
- Allows the governing body, at the request of the NIA Board, from time to time to amend either the development or TIF plans. It may also amend the boundaries of the NIA district. However, caution should be taken amending the plan as the other taxing units (county, library, etc.) may opt out.
- Restricts the duration of a neighborhood tax increment financing authority to 30 years. However, the governing body of a local unit authorizing it could extend its duration by resolution, if the purposes for which the authority was created still exist.

Neighborhood Improvement Authority board powers:

- Preparing an analysis of economic changes taking place in the development area.
- Studying and analyzing the impact of metropolitan growth upon the development area.
- Planning and proposing the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, an existing building, or a multiple-family dwelling unit for a plan that the board believes will aid in the development area's residential and economic growth.
- Developing long-range plans, in cooperation with the local unit's planning agency, designed to promote residential growth in a residential district; promoting economic growth in the development area; and taking steps to persuade property owners to implement the plans to the fullest extent possible.
- Implementing in the development area any plan, including low-income housing, necessary to achieve the purposes of the Act.
- Making and entering into contracts to exercise its powers and the performance of its duties.
- Acquiring, owning, conveying, or otherwise disposing of, or leasing land and other real or personal property necessary to achieve the purposes of the Act, and granting or acquiring licenses, easements, and options.
- The ability to improve land and construct, reconstruct, rehabilitate, restore and preserve, equip, clear, improve, maintain, repair, and operate any public facility, building (including multiple-family dwellings), and any necessary or desirable appurtenances, within the development area for a public or private use.
- The ability to fix, charge, and collect fees, rents, and charges for the use of any facility, building, or property it controls and pledge the collections for the payment of revenue bonds issued by the authority.
- Accepting from public and private sources, grants and donations of property, labor, or other things of value.
- Acquiring and constructing public facilities.

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Definitions

Public facility: housing, a street, plaza, or pedestrian mall, and any improvements to them; park; parking facility; recreational facility; right of way; structure; waterway; bridge; lake; pond; canal; utility line or pipe; or building, including access routes designed and dedicated to public use or used by a public agency.

Residential district: an area where 75 percent or more of the area is zoned for residential housing.