



**TAX INCREMENT FINANCE AUTHORITY BOARD**

Thursday, December 8, 2022

1. Call to Order - **6:00 P.M.** – Petoskey City Hall, Community Room
2. Approval of Minutes - Minutes of Thursday, June 7, 2022 Meeting
2. Approval of Agenda
3. New Business -
  - a. Budget Overview
  - b. CIP Presentation
  - c. TIFA Project Update
4. Miscellaneous
5. Adjournment



**TAX INCREMENT FINANCE AUTHORITY BOARD**

Tuesday June 7, 2022

A meeting of the City of Petoskey Tax Increment Finance Authority Board was held in Petoskey City Hall Community Room on Tuesday, June 7 2022. Meeting was called at 6:00 P.M. and the following were:

Present: Gary Hunter, Chairperson  
Nan Casey  
Carla Crockett  
Clark Smith

Absent with Notification: George Robson, Diana Harrold, Linda Bade

Staff: Kendall Klingelsmith, Parks and Recreation Director

**APPROVAL OF MINUTES**

Minutes of the Wednesday, October 20, 2021 meeting were approved. Motion for approval was made by Nan Casey, seconded by Clark Smith, with all members present voting aye.

YEAS: Casey, Crockett, Hunter, Smith (4)  
NAYS: (0)

**APPROVAL OF AGENDA**

Motion for approval of agenda as presented was made by Gary Hunter, seconded by Nan Casey with all members' present voting aye.

YEAS: Casey, Crockett, Hunter, Smith (4)  
NAYS: (0)

**NEW BUSINESS:**

**TIFA Update**

Director Klingelsmith reviewed what the TIFA fund is and how it works. The money in the fund can only be used for purposes defined in the TIFA Plan. The fund cannot be used for personnel or routine maintenance unlike the general fund. The funds captured into the account are not an additional tax, rather a percentage of already taxed property. When TIFA items are discussed for approval, it is important to remember the purpose of the dedicated fund.

**Clock tower** maintenance was approved by City Council for a lighting upgrade, new motors and a variety of needed issues at a cost of \$49,154. The Verdin Company disassembled the clock

canisters, which house the lights and motor only to find the condition of the fiberglass was beyond repair. They will be getting the City a proposal for new canisters which will be more secure, much more weatherproof and a better long term product. At the time of the meeting, no costs were known.

**Solanus Mission Beach** project came in over budget. The TIFA budget earmarked \$250,000 for the project and the bid came in at \$301,755. Staff is working with the consultant to identify savings in the project. The project bid approval will go to City Council on their June 20 meeting agenda. It is imperative to get approval so the contractor can secure products and establish a timeline for completion. The grant is due to expire on December 31, 2022 so there is a lot of work to be done before then.

Klingelsmith discussed possible grant dollars available this fall for the arboretum conversion. He briefly reminded the board of the plans. This is a project to consider if and when grant dollars are available. Details of grant requirements are still being ironed out. Hopefully more of a discussion will be had during the fall meeting.

### **MISCELLANEOUS**

No other comments

### **ADJOURNMENT**

There being no further business to come before the TIFA Board, the meeting was adjourned at 6:40 P.M. Motion for adjournment was made by Gary Hunter, seconded by Nan Casey, with all members present voting aye.

YEAS: Casey, Crockett, Hunter, Smith (4)

NAYS: (0)

The next regular scheduled meeting of the Tax Increment Finance Authority Board will be held in the fall of 2022. A date will be decided in late summer 2022.

Minutes reviewed and approved by Kendall Klingelsmith, Director of Parks and Recreation.



**BOARD:** Tax Increment Finance Authority Board

**MEETING DATE:** December 8, 2022

**DATE PREPARED:** November 16, 2022

**AGENDA SUBJECT:** TIFA History and 2023 Proposed Budget

**RECOMMENDATION:** Hear Report

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History. On May 20, 1985, Petoskey City Council authorized the Tax Increment Financing Plan, Development Plan as proposed by the City of Petoskey Tax Increment Finance Authority Board dated April 12, 1985 for the Little Traverse Bay Waterfront and Bear River Valley Development Program.

The TIFA Act: the intended purpose of Act 450, Public Acts of Michigan, 1980 approved by the Governor, January 15, 1981, and commonly referred to as the Tax Increment Authority Act, is stated in the Acts preamble. An Act to prevent urban deterioration and encourage economic development and activity and to encourage neighborhood revitalization and historic preservation; to provide for the establishment of tax increment finance authorities and to prescribe their powers and duties; to authorize the acquisition and disposal of interests in real and personal property; to provide for the creation and implementation of development plans; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to permit the issuance of bonds and other evidences of indebtedness by an authority; to permit the use of tax increment financing.

Define Tax Increment: Tax increment financing results from “capturing” of tax revenues by the authority, which are derived from private development that occurs in the development area in excess of the valuations that were in place at the time that the tax increment-financing plan was adopted.

Development Plan for District: Same as the Boundary of Authority. Plan listed projects are divided into project areas.

- Project Area I – Magnus Park – upper and lower.
- Project Area II – Solanus Beach Area (West Bayfront Park)
- Project Area III – Bayfront Park
- Project Area IV – Bear River Valley

TIFA funded projects between 1985 and 2004 were concentrated in Bayfront Park Project Area III, development within Project Areas I, II and IV were limited or not undertaken during this time period and remain to be funded and developed.

TIFA Plan Extension: In 2004, City Council, at the request of the TIFA Board and Parks and Recreation Commission, agreed to lift the planned June 30, 2004 expiration date of the Tax Increment Finance Authority District with City Council having the ability to abolish the program either at a certain date or when the City Council determined that the purpose for which the program had been established had been completed, provided that funds would be sufficient to satisfy requirements associated with any debt obligations. Consideration of projects, which now could be more detailed for project areas other than Bayfront Park, later could be considered by the Tax Increment Finance Authority Board with its recommendations presented to City Council. In 2010,

Bear River Valley improvements were undertaken and completed in 2011. City issued bonds to finance the project are to be repaid by the TIFA District by 2029.

### **TIFA Revenue/Expense**

Debt Obligation as of December 31, 2022	\$1,143,830
Bond Matures April 1, 2029	

#### **Revenue 2023:**

Property Tax	\$ 574,000
Interest Income	<u>\$ 3,000</u>
Total	577,000

#### **Expense 2023**

Lease Rental to Debt Service (Bond Payment)	\$ 254,000*
Bond Discount Fee	\$ (10,000)
Contracted Services	<u>\$ 255,000</u>
Total	\$ 499,000

#### **Projects**

Arboretum Conversion	\$ 200,000
Magnus Park Master Plan	\$ 10,000
Consultant Fees	\$ 10,000
Pedestrian Bridge Replacement	\$ 25,000
Shoreline Repairs	<u>\$ 10,000</u>
	\$ 255,000

Excess of Revenues over Expenditures	\$ 78,000
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\*Annual bond payments vary by fee schedule. Bond matures in 2029.

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**BOARD:** Tax Increment Finance Authority Board

**MEETING DATE:** December 8, 2022    **DATE PREPARED:** November 16, 2022

**AGENDA SUBJECT:** Capital Improvements Plan

**RECOMMENDATION:** Information only

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City Council passed the 2023-2028 Capital Improvements Plan (CIP) at their October 3<sup>rd</sup> meeting. Staff will briefly go over the upcoming projects and plans associated with the CIP.

Enclosure



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**2023-2028  
CAPITAL IMPROVEMENT  
PLAN**

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**City of Petoskey  
Capital Improvement Plan  
Project Funding Source  
2023**

PROJECT CATEGORY		Funding Source	General	Parking	Streets	Electric	Water & Sewer	Motorpool	Grants/Other	Total
<b><u>STREETS AND DRAINAGE</u></b>										
Miscellaneous Pavement Preservation, Paving and Repair	This project is to replace or rehabilitate existing pavement and curb lines. Streets to be considered are Porter and Maple Streets that fall under the category of fair to poor based on PASER ratings.	Right-of-Way			300,000					300,000
Bridge Street - Franklin Street to the Bridge	Full reconstruction of Bridge Street including sidewalks and ADA ramps.	Right-of-Way			575,000					575,000
Mitchell Street - US 31 to Emmet Street, including Emmet Street from Mitchell Street to Michigan Street	Reconfiguration of sidewalk, lighting, signage and landscaping in conjunction with redevelopment of 400 Emmet Street. (Possible participation by DMB)	Right-of-Way			25,000	25,000			25,000	75,000
<b><u>WATER AND WASTEWATER SYSTEM</u></b>										
Water - Miscellaneous Water Main Spot Repairs and Upgrades	Water main work will take place in conjunction with street resurfacing projects along with lead and copper services investigations and replacement.	Operating Revenue					25,000			25,000
Water - Bridge Street- Franklin Street to the Bridge	Replacement of water mains and components in conjunction with street reconstruction.	Operating Revenue					350,000			350,000
Water - Emmet Street - East Mitchell to Michigan Street	Replacement of water main and components in conjunction with redevelopment of adjacent properties.	Operating Revenue					75,000			75,000
Sanitary - Miscellaneous Sewer Main Spot Repairs and Upgrades	Sewer main work will take place in conjunction with street resurfacing.	Operating Revenue					25,000			25,000
Sanitary - Bridge Street - Franklin Street to Bridge	Replacement of sanitary mains and components in conjunction with street resurfacing.	Operating Revenue					245,000			245,000
Sanitary - Emmet Street - East Mitchell to Michigan Street	Replacement of sanitary mains and components in conjunction with redevelopment of adjacent properties.	Operating Revenue					75,000			75,000
Ingalls Pump Station Generator Installation	Ingalls Pump Station conveys water supply to all pressure districts. The addition of on-site generation will provide reliability and power supply dependency for this critical infrastructure.	Operating Revenue					325,000			325,000
Water - Lead and Copper Rule Materials Inventory	The State of Michigan (EGLE) requires all public water supplies to submit a complete Distribution System Materials inventory by January 1, 2025.	Operating Revenue					150,000			150,000
Advanced Metering Infrastructure (AMI) System Study	Study the installation of initial phase of water AMI system.	Operating Revenue					TBD			TBD
<b><u>SIDEWALKS</u></b>										
Miscellaneous Sidewalk Construction and Replacement	Sidewalk additions and replacements on Bridge Street between Franklin Street and the Bridge. Also miscellaneous sidewalk additions and spot repairs City-wide.	Right-of-Way			260,000					260,000



**City of Petoskey  
Capital Improvement Plan  
Project Funding Source  
2023**

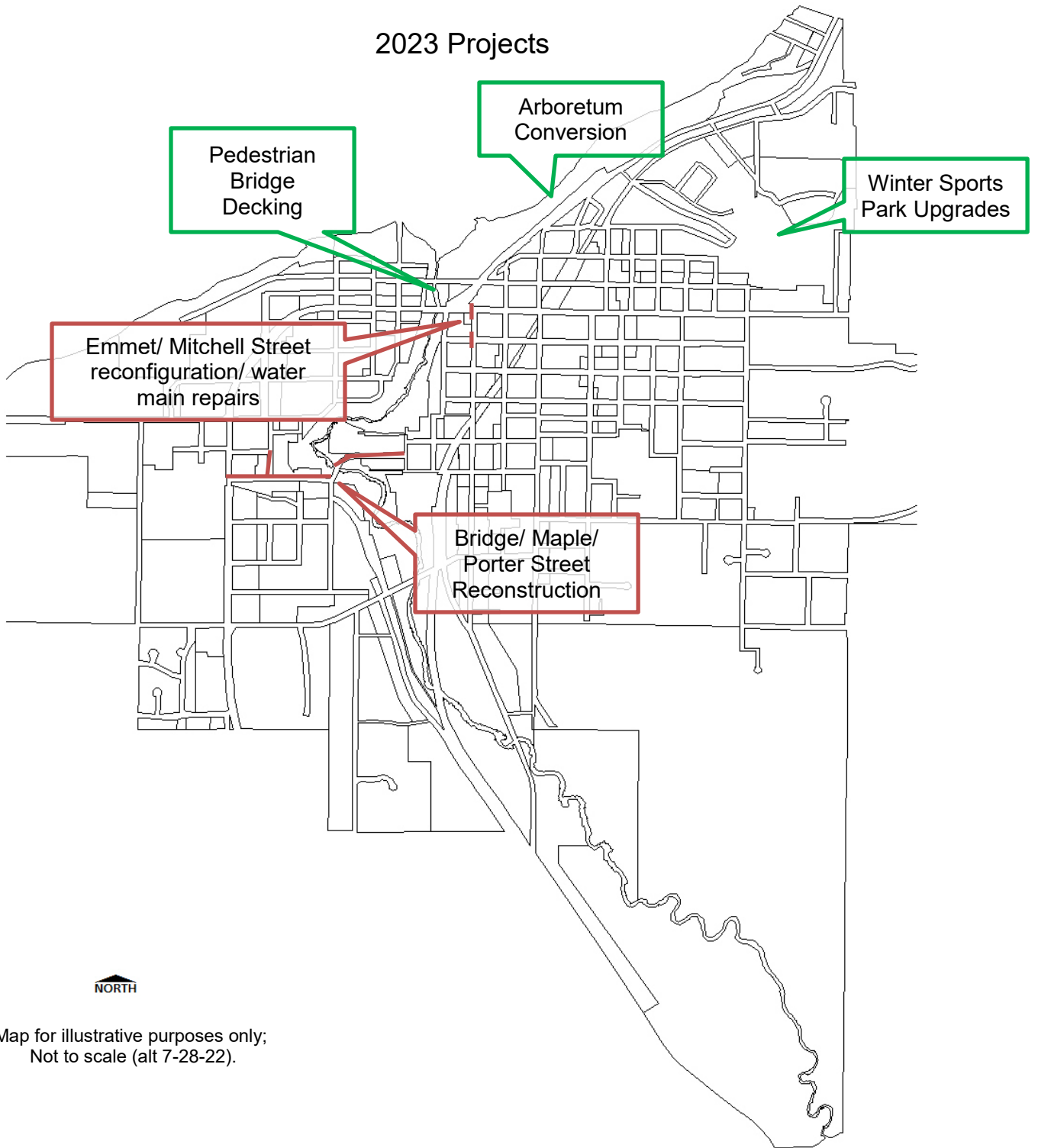
<b>PROJECT CATEGORY</b>		Funding Source	General	Parking	Streets	Electric	Water & Sewer	Motorpool	Grants/Other	Total
<b><u>ELECTRIC SYSTEM</u></b>										
Residential Conversion Project - Michigan Street	Conversion of the existing overhead distribution circuit to underground within residential corridors. Removes very old overhead system, converts to more reliable underground and completes conversion in this area to 7.2/12.5kV.	Operating Revenue				373,000				373,000
Residential Conversion Project - Grand Avenue	Conversion of the existing overhead distribution circuit to underground within residential corridors. Removes very old overhead system and converts to more reliable 7.2/12.5kV underground system.	Operating Revenue				181,000				181,000
Residential Conversion Project - Bridge, Maple, Porter Streets and a portion of Curtis Avenue	Conversion of the existing overhead distribution circuit to underground within residential corridors. Removes very old overhead system, converts to more reliable underground and completes conversion in this area to 7.2/12.5kV.	Operating Revenue				424,000				424,000
Petoskey Substation Recloser Replacement	Replacement of two circuit reclosers in Petoskey Substation which were installed in 2005. Initial phase of replacement following routine maintenance which found one recloser to be unfit for service.	Operating Revenue				50,000				50,000
Electric System GIS (primary equipment)	Addition of primary (15kV) equipment into GIS system and deployment of tablets to field crews.	Operating Revenue				50,000				50,000
Utility System Generation	Purchase of mobile backup generators for critical facilities including lift stations and domestic water production sites (wells).	Operating Revenue				200,000				200,000
Advanced Metering Infrastructure (AMI) System Study	Study the installation of initial phase of water AMI system.	Operating Revenue				TBD				TBD
<b><u>MOTOR POOL</u></b>										
Staff Vehicle - Replacement	To replace Motor Pool vehicle with an Electric Vehicle (EV). Unit #25 (2012).	Operating Revenue						45,000		45,000
Staff Vehicle - Public Works - Replacement	Replace Unit #26 (2015).	Operating Revenue						38,000		38,000
Pickup Truck - CBD Water Truck - Replacement	To replace Unit #52 (2008).	Operating Revenue						30,000		30,000
Bucket Truck - Electric - Replacement	Replace Unit #83 (2001).	Operating Revenue						225,000		225,000
Batwing Groundmaster - Replacement	Replace Unit #188 (2009).	Operating Revenue						90,000		90,000
Rescue Cart - Public Safety	Rescue Utility Cart to be stationed at Bay Harbor Fire Station.	Operating Revenue						40,000		40,000

**City of Petoskey  
Capital Improvement Plan  
Project Funding Source  
2023**

<b>PROJECT CATEGORY</b>		<b>Funding Source</b>	<b>General</b>	<b>Parking</b>	<b>Streets</b>	<b>Electric</b>	<b>Water &amp; Sewer</b>	<b>Motorpool</b>	<b>Grants/Other</b>	<b>Total</b>
Patrol Vehicle - Replacement	Replace 4x4 patrol vehicle #445 (2017) with 2023 model.	Operating Revenue						52,000		52,000
Patrol Vehicle - Replacement	Replace 4x4 patrol vehicle #446 (2018) with 2023 model.	Operating Revenue						52,000		52,000
<b><u>BUILDINGS AND GROUNDS</u></b>										
Demolition of 620 Ingalls Avenue	City owned building used to store History Museum artifacts - building beyond repair.	Operating Revenue	25,000							25,000
East Lake Street Fire Station	Paint apparatus room, radiant heat tube replacement, and kitchen upgrade.	Operating Revenue	200,000							200,000
<b><u>PARKS AND SPECIAL FACILITIES</u></b>										
Washington Park Access Engineering	Washington Park currently has limited access from Petoskey Street off of Washington Street and from Petoskey Street off of Sheridan Street, with limited parking taking place primarily on the streets. This project proposes to create a turn-around style parking lot off of Petoskey Street on the south end of the park and provide improved access to Washington Street on the north side of the park, and create a new pedestrian access off of Emmet Street into the park area and extend sidewalks to key areas within the park.	Operating Revenue	10,000		20,000					30,000
Winter Sports Park Building Roof	The existing Winter Sports Park building will be 33 years old in 2023. Replacement of roof will be the first phase of improvements possibly including roof-top solar, with siding and deck repairs in 2024.	Operating Revenue	100,000							100,000
Winter Sports Park Building Interior Renovations	Interior renovations are anticipated and will include painting, concession and restroom sink and counter replacements, and replacement of the skate proof flooring on main level and door replacement at air lock entryway. These repairs are necessary and in particular the skate proof flooring. Failure of the flooring will jeopardize main level floor and underlying decking and joists and new windows.	Operating Revenue	225,000							225,000
Little Traverse Wheelway Resurfacing	Resurfacing.	Operating Revenue	150,000							150,000
Arboretum Conversion	Reconfigure current LTW and restore area with native shoreline plants, wildflower/pollinator and birding area.	TIFA							200,000	200,000
Magnus Park Master Plan	Develop renovation plans for campground.	TIFA							10,000	10,000
Pedestrian Bridge - City Hall Campus	Re-decking the existing bridge.	TIFA							25,000	25,000
<b>Grand Totals</b>			<b>\$710,000</b>	<b>\$0</b>	<b>\$1,180,000</b>	<b>\$1,303,000</b>	<b>\$1,270,000</b>	<b>\$572,000</b>	<b>\$260,000</b>	<b>\$5,295,000</b>

# City of Petoskey 2023-2028 Capital Improvement Plan

## 2023 Projects



Map for illustrative purposes only;  
Not to scale (alt 7-28-22).