

LDFA
101



City of Grand Ledge
Local Development Finance Authority
2019

Slide Contents

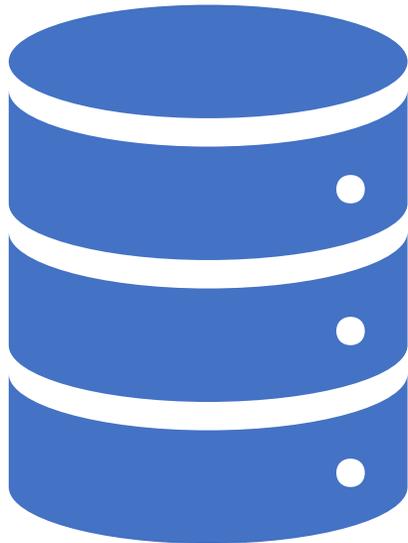
What is a Local
Development
Finance Authority

What is a
Development Plan
and Tax Increment
Finance Plan

How does Tax
Increment
Financing Work?

Local Development Finance Authority

- LDFA Act – 281 of 1986
- Purpose
 - To stimulate economic growth by making investments that catalyze job creation and real estate investment.
- Designation of geographic area in which the LDFA can operate
- Create a development plan and tax increment finance plan that outlines projects, and sources and uses of tax revenue
- In certain cases, an LDFA can be designated as a Certified Technology Park – supporting entrepreneurs



What is considered eligible property?

- Manufacturing
- High technology
- Value added agricultural processing or energy

What are considered eligible expenditures?

- Public infrastructure improvements that directly benefit the district
 - street, road, bridge
 - storm water or sanitary sewer, sewage treatment facility, water line, water tower, etc. Railroads
 - utility lines (electric and telecommunication)
 - acquisition of land, demolition, site preparation and relocation costs.
 - administrative costs

What Can an LDFA Do?



Parcel:400-001-100-020-04

Parcel:400-001-100-020-16

Parcel:400-001-100-020-11

Parcel:400-001-100-020-14

Parcel:400-001-100-020-10

Parcel:400-001-100-020-19

Parcel:400-001-100-020-07

HARTTEL RD

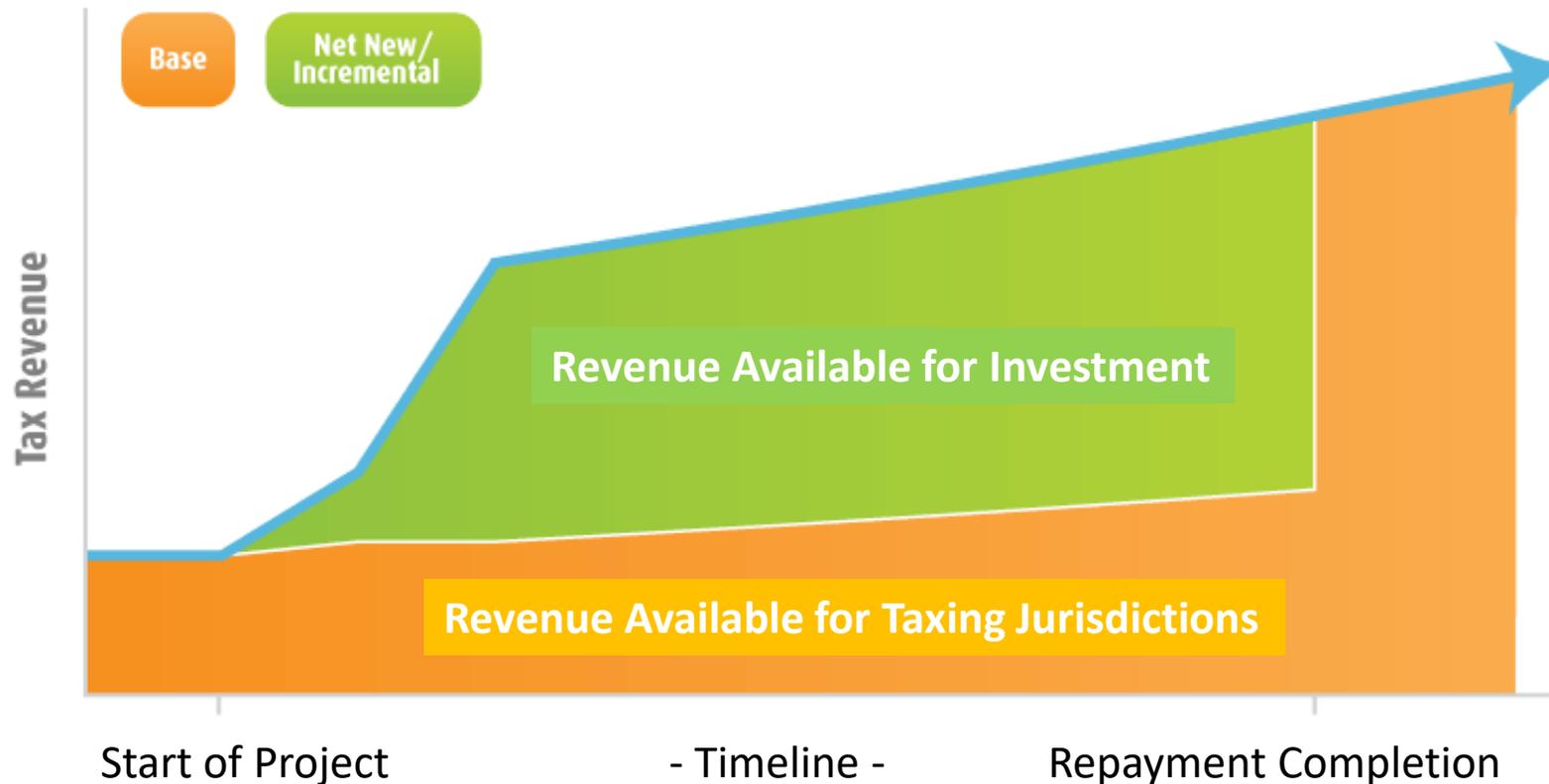
COMEY LN

WINS TANLEY BLVD



What Exactly Is Tax Increment Financing?

Tax Increment Financing



- City
- County
- LCC

Original Plan - 1997

In September 1996, the Grand Ledge Regional Chamber of Commerce Economic Development Committee hired a consultant to assist in the creation of the proposed industrial park in the area on the north side of the City zoned for Industrial use. A nonprofit corporation was formed to facilitate the formation of the industrial park. After careful engineering and economic feasibility analysis, it was determined that the industrial park project could not be accomplished through private development. The principal problem with private development was that the cost of land acquisition, infrastructure improvement and property tax liability made the investment unattractive from a risk reward standpoint.

On April 28, 1997, a public hearing was held on the establishment of the LDFA and the creation of the development district. Following that hearing, Ordinance 13 of 1997 was duly approved by the City Council, published and then filed with the Office of the Great Seal of the Michigan Secretary of State on July 15, 1997.

First Amended Plan - 2019

Subsequent to the approval of the original TIF and Development Plan, the City of Grand Ledge invested in infrastructure improvements and broke ground on what is now known as the Grand Ledge Willis Industrial Park located on Winstanley Boulevard. To date, Willis Industrial Park consists of 181 acres, 121 city-owned, is 75% developed, and 55% occupied.

The Park is home to American Bottling Company, Zion Industries, Capitol Bedding, Northstar Cooperative, and Lowe's Flatbed Distribution Center. The Park is zoned I-1 light industrial, and offers access to Class A All-Weather Roads, CSX Rail, industrial-grade water, sewer, electric, gas, and internet services. It is adjacent to Abrams Municipal Airport and a landing strip and within ten miles of Capital Regional Airport and two major highways (I-96 and I-69).

Bonds were issued for the infrastructure investment to spur economic investment. The LDFA, did not have adequate revenue to cover the cost of the bonds.

Proposed Tax Capture

			County	City	College	Fire	Year Total
Tax Increment Capture Table			7.5899	11.2905	3.8072	2.9566	25.6442
Tax year	Base Value	Tax Increment Value	0.0075899	0.0112905	0.0038072	0.0029566	0.0256442
2013		486,300	3,691	5,491	1,851	1,438	\$12,471
2014		478,800	3,634	5,406	1,823	1,416	\$12,278
2015	-	537,300	4,078	6,066	2,046	1,589	\$13,779
2016	-	949,581	7,207	10,721	3,615	2,808	\$24,351
			18,610	27,684	9,335	7,250	
Change in Millage				11.2858		2.9539	
				0.0113		0.0030	
2017	-	1,961,505	14,888	22,137	7,468	5,794	\$50,287
Change in Millage				11.2811			
				0.0113			
2018	-	1,837,700	13,948	20,731	6,996	5,428	\$47,104
2019	-	2,107,980	15,999	23,780	8,026	6,227	\$54,032
2020	-	2,378,260	18,051	26,829	9,055	7,025	\$60,960
2021	-	2,648,540	20,102	29,878	10,084	7,824	\$67,888
2022	-	2,918,820	22,154	32,928	11,113	8,622	\$74,815
2023	-	3,189,100	24,205	35,977	12,142	9,420	\$81,743
2024	-	3,459,380	26,256	39,026	13,171	10,219	\$88,671
2025	-	3,729,660	28,308	42,075	14,200	11,017	\$95,599
2026	-	3,999,940	30,359	45,124	15,229	11,815	\$102,527
2027	-	4,270,220	32,411	48,173	16,258	12,614	\$109,455
2028	-	4,540,500	34,462	51,222	17,287	13,412	\$116,383
			266,254	395,742	133,557	103,623	899,177
			County	City	College	College	
Total Capture			299,752	445,563	150,360	116,667	

Eligible LDFA Improvements

District Infrastructure Improvements	Estimated Costs
Signage and Landscape Improvements	\$400,000
Street Lighting and Signalization Improvements	\$1,000,000
Road and Rail Construction	\$5,000,000
Alternate Energy Based Infrastructure	\$5,000,000
Technology (High Giga Byte Fiber)	\$2,000,000
Property Acquisition	\$2,000,000
Sanitary, Stormwater, and Sewer System Improvements	\$10,000,000
Engineering and Planning Programs	\$500,000
Business Consulting Projects	\$500,000
Multi-Modal Transportation Infrastructure	\$2,000,000
Marketing and Promotion	\$1,000,000
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	\$30,400,000