



Downtown Development Authority

DEVELOPMENT AND TAX INCREMENT FINANCING PLAN

December 18, 2008

Prepared By:
LaGrow Consulting
City of Watervliet DDA
City of Watervliet
Berrien County Community Development

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INTRODUCTION

This plan is intended to describe the objectives, goals and financing mechanisms the Downtown Development Authority (DDA) consider necessary to implement change, improve the business climate and enhance the aesthetics in downtown Watervliet and serve as the basis for all development projects. In addition, this plan will serve as guidelines for the following:

1. A long range guide for making recommendations on physical changes, establishing priorities and scheduling improvements in the central business district.
2. A framework for developing policies for zoning ordinance, building codes, and other public codes or ordinances.
3. A foundation for conducting more specific and detailed studies of the central business district.
4. A source of information and a statement of policy which is useful to citizens and individuals making private investment decisions.

HISTORY OF THE COMMUNITY

In the early 1830's, three businessmen from St. Joseph discovered the potential of the Paw Paw River in Watervliet. Partners Griffith, Hoyt, and Hatch purchased property along the river just south of Shingle Diggins (Coloma), with plans to build a sawmill. The town called Griffith was platted, and plans progressed nicely until the men realized that property rights on the other side of the river were needed to construct the mill.

Mr. Hoyt had made an enemy of the property owner, a Mr. Sumner whom he had sued in an attempt to collect on a bill owed to his mercantile in St. Joseph. Mr. Sumner, learning of the plans to build a town and lumber mill, bought the property that the partners needed and gained his revenge. The town of Griffith and the lumber mill never became a reality.

Mr. Sumner's success at thwarting the plans of Griffith, Hoyt, and Hatch made him hunger for a sawmill of his own. In 1833 Sumner, along with his new partner, Mr. Wheeler, moved east along the Paw Paw River and built a sawmill downtown (former papermill site). Upon completion of the Sumner-Wheeler Mill, two brothers were hired to run it and moved into the area. These two men, who lived in a shanty built of slabs, were the first settlers in the village that would someday become the City of Watervliet.

The emerging village was called Waterford, after the flowing waters of the Paw Paw River. Through the year 1848, residents of Waterford and the surrounding area contracted with Isaac Swain to travel to the Bainbridge post office to get their mail. In 1849 a post office was established in the village, with Mr. Swain appointed as postmaster.

At this time it became necessary to change the name of the village considering another city in Michigan was called Waterford. The name "Watervliet" was chosen, which is a Dutch term meaning "flowing water". The City of Watervliet has worked diligently to improve the City in order to encourage business and residential growth.

Watervliet is a small, rural, friendly town with a good public works system, its own police force, and fire department. Watervliet is a close community that provides a good way of life for families. The downtown area has empty buildings and has a concentration of antique stores that attracts tourists. Watervliet includes Paw Paw Lake, a major tourist attraction, and is located in Berrien County off Interstate 94 in southwestern Michigan. The community is a diamond in the rough and is prime for downtown development to improve the quality of life for all.

PURPOSE OF THE DOWNTOWN DEVELOPMENT AUTHORITY ACT

Act 197 of the Public Acts of Michigan of 1975, as amended, commonly referred to as the Downtown Development Authority Act ("the Act"), was created to: correct and prevent deterioration of the business districts; promote economic growth and revitalization; increase property tax valuation; encourage historic preservation; authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the district; and authorize the levy and collection of taxes, the issuance of bonds, and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally adopted development plans for central business districts of Michigan cities. Act 197 seeks to reverse historical trends that have led to loss of population, jobs, businesses, and the quality of life in our cities by attacking the problems of urban decline where they are most apparent, in the downtown districts of communities.

ROLE OF THE DDA - SUMMARY

The Downtown Development Authority (DDA) is an agency responsible for improvements in the downtown area. DDA projects have contributed greatly to the growth and development of downtown. Using incremental property taxes collected from downtown properties, the DDA has financed many public improvements, which have lead to unprecedented private investment. The improvement projects undertaken in connection with the plan will enhance the shopping environment of the downtown area and encourage movement between the retail core and adjacent parking areas. The projects will reinforce downtown development programs and assure the success of the City's redevelopment efforts.

MISSION STATEMENT

The City of Watervliet Downtown Development Authority seeks to promote economic growth and revitalization within the business district. The DDA will lead a pro-active campaign for business retention, business expansion and recruitment

VISION STATEMENT

The vision of the Downtown Development Authority is to be recognized as the organization providing key leadership in the development of a market driven, dynamic downtown. The downtown will enjoy competitive, fully leased offices, transportation, recreation, mixed-use development and unique retail and commercial shopping options including dining, overnight accommodations and entertainment.

BACKGROUND

Creation of the City of Watervliet Downtown Development Authority and District

On October 16, 1984, the City Commission of the City of Watervliet adopted Ordinance No. 84-69, which created the City of Watervliet Downtown Development Authority (the "DDA"), currently codified in Ordinance No. 2-151 et. seq.. The DDA was given all of the powers and duties prescribed for a downtown development authority, pursuant to Act 197, except that of taxation. On November 27, 1984, the City Commission approved the appointment of nine individuals to serve on the DDA's Board of Directors (the "Board"). The City Commission, in Ordinance No. 84-69, currently codified in Ordinance No. 2-353, also designated the boundaries of the downtown district within which the DDA may carry out development plans.

Adoption of the Original Development Plan

Pursuant to the provisions of the Act, the Watervliet City Commission adopted an ordinance on August 6, 1985, which moved the creation of the City of Watervliet Downtown Development Authority forward. The Authority' was given all of the powers and duties prescribed in the Act, including implementing development plans and authorizing the use of the tax increment financing.

NECESSARY EXISTENCE OF THE DDA

The success of current and future efforts to revitalize downtown Watervliet will depend, in large measure, on the readiness of the City, through its DDA public improvements. The DDA will encourage, initiate, and participate in the development of private development projects, which will result in the creation of new jobs, the attraction of new businesses, and the improvement of the downtown physical image. The Watervliet DDA is ready to grow the downtown area and increase the viability of business in Watervliet.

The categories identified through the work of the Watervliet DDA reinforce the original and continuing goals of the DDA, which are:

1. Strengthening and expanding retail business, and improving consumer choices in shopping for goods, convenience items, personal services, and leisure activities.
2. Developing planned open space areas and pedestrian linkages for users in the development area.
3. The DDA has determined that tax increment revenues from new private developments, when coupled with the other public and private sector funds, will, over time, produce revenues needed to finance the development of new public facilities and investments.

COMPLETED ACTIVITIES OF THE DDA

Since its creation in 1985, the DDA Board has held monthly public meetings, and carried out a number of projects. Major accomplishments of the DDA since 1985 include:

1. 1987 Community Development Block Grant Revitalization Project
2. Purchase Judd Lumber Site
3. Upgrade Veteran's Park
4. Improve the mill site
5. Flaherty Park
6. Improvements to Hayes Park
7. Construct a Skate Park
8. Improvements on Church Street
9. Brookfield Dodge Enhancement
10. Canoe Launch

The DDA has since transformed many areas into the showplace of the region. Streetscape improvement projects, coupled with the private investment of property owners, today provides the perfect setting for our growing niche of unique shops, overnight stays, dining and entertainment.

DESCRIPTION OF DEVELOPMENT AREA

The development area shall be the same as the current DDA boundaries established in 1986. A map of the Downtown Development district is located in Appendix (A).

LAND USE

Existing Land Use:

The accompanying Existing Land Use Map, located in Appendix (B) shows the location of existing streets and rights-of-way and illustrates the types of land use which currently exist in the district. The principal commercial area consists of that portion of the district along both sides of Main Street starting at St. Joseph Street and continuing north to the Tri-City Village on the west and North Court on the east. Some professional offices are scattered throughout the area, and there are a number of rental apartments located above commercial/professional businesses in the district. The City Hall and public library are located in the downtown with accompanying public parking. There are three (3) small residential areas in the district; approximately five dwellings along First Street on the eastern boundary, and an additional three (3) dwellings located in the southeast corner of the district. In addition, two (2) residential areas near Creekside Parking lot. The area is bounded by residential areas on the west and south sides and by open space on the east and the Paw Paw River on the north.

Future Land Use:

The Future Land Use Map, located in Appendix (C), illustrates the generalized future use of land in the Downtown Development District. This includes land set aside for public uses such as parking, open space and pedestrian rights-of-way. It is anticipated that some commercial uses along Main Street will be replaced by retail businesses. Efforts will be made to ensure that individual land use activities are grouped together in accordance with the degree of compatibility between them, and efforts will be made to maximize areas to be left as open space. Future development within the area will be adequately served through existing or proposed utility services; and public services such as fire and police protection are adequate to serve the development area. The City updated its Master Plan in 2007.

STATEMENT OF PROGRAM GOALS

Major shopping centers and the threat of development occurring around the City led the DDA to take necessary steps to enhance the downtown area at its inception. Today, the City continues its mission to strengthen the downtown by adopting the following goals identified by the DDA as they address a struggling downtown on the brink of further deterioration.

- Assure the future of the downtown area as a viable commercial center and guarantee its economic well-being.
- Reinforce the City's existing retail and commercial activity area through programs of physical redevelopment and improvements which will enhance

the viability of the downtown.

- Assure the success of downtown redevelopment projects by developing programs which will facilitate and complement each other.
- Provide a means for the City to expand its economic base and employment opportunities although geographically limited in size.
- Encourage new development in forms and patterns which preserve and enhance the character of the downtown and the Community.
- Assure the preservation, enhancement, and maintenance of places and structures of historical, cultural, or architectural value to the downtown, and discourage remodeling which would destroy the character of these significant structures.
- Provide good access to downtown facilities for all types of vehicular traffic and pedestrians, particularly the elderly and handicapped.
- Stimulate marketing and promotional efforts to attract retail businesses and shoppers to the downtown.
- Encourage land uses which will provide compatibility and unity of architectural treatment and consideration of the relationship of land uses and building front designs to the surrounding area.
- Explore all financial opportunities available to the City for redevelopment activities and seek new sources funding wherever possible.

New Facility Installation:

The construction of new street improvements, utilities, public parking facilities, building renovation, and other physical features shall be undertaken in accordance with quality design, construction, and improvement standards required by the City and approved by the Downtown Development Authority.

STATEMENT OF PROGRAM OBJECTIVES

Redevelopment and design objectives for the City of Watervliet Downtown Development District are as follows:

- (1) Establish design guidelines and development controls for the downtown development district to insure that the developmental goals identified may be realized and provide for a harmonious redevelopment program.
- (2) Provide new public facilities, parking, utilities, landscaping, walkways, open space and other features necessary to adequately serve and enhance the downtown area.

- (3) Develop guidelines for an overall streetscape system and create a visual "Old Towne" theme for the district that will include the maintenance of downtown.
- (4) Develop renovation programs which will unite the different types of architecture in the downtown.
- (5) Consolidate and intensify the downtown district as a specialized shopping environment.
- (6) Assist private development in carrying out Plan objectives such as building re-use and rehabilitation, historic preservation, and public area improvement.
- (7) Remove structurally and functionally deficient and vacant buildings.
- (8) Implement the recommendations of the City's Master Plan for the downtown area including the appropriate zoning ordinances.
- (9) Expand the DDA District and establish a TIF District for the mill site.

DEVELOPMENT PROJECTS AND ESTIMATED COST

The redevelopment projects provided for in this plan are intended to initiate substantial development in the Downtown Development District. The goals and objectives described in this plan are to be achieved by undertaking projects which will enhance the downtown aesthetically and physically showcasing the area as a consistent unit.

The following is a summary of the development projects and estimated cost of each improvement and activity to be accomplished by this Plan.

A. Ongoing Expenditures-Annual

Board necessary reimburse expenses pursuant to PA 197 of 1975.	\$2,000
Administrative reimburse expenses	\$3,000
Annual audit charges.	\$3,000
Annual marketing and promotions	\$10,000

B. Committed and Planned Projects

The following redevelopment projects are presented in the order of their importance according to priorities identified by the Downtown Development Authority.

Phase I – Capital Projects focuses on support of existing business, and attraction of new business. Including additional improvements necessary to create an improved streetscape in the downtown, as well as the steps necessary to promote the downtown as a unique

entity in southwestern Michigan.

Including improving the alley on First Street and rear entrances throughout the development district as well as other activities necessary for the improvement of the downtown that may include a railroad stop.

Phase II - Improvements and Promotion takes into consideration the development of an office district adjacent to the downtown in which professional services and business could be located so that space along the major streets in the downtown could be utilized by retail businesses. In addition, the DDA will support city, fire, police and community events such as 4th of July.

Each phase of the plan will take a number of years to implement: At the completion of each phase the plan should be reevaluated to determine if, in fact, the activities described in the next phase are still project priorities. It is important to keep the plan flexible to meet the changing needs of the downtown.

PHASE I- Capital Projects

1. Rear Entrance Improvements:

\$75,000

The public improvements will begin on Main Street and St. Joseph Street and will be extended to the rear entrances of downtown buildings: lighting improvements, pedestrian paths, landscaping, designation of alley right-of-way, parking signs, etc. Loading zones for businesses will be designated, as well as special areas for owner/employee parking. These efforts will be concentrated in the alleyway behind the businesses on the west side of Main Street, where there is plenty of room for development. Public information signs located on Main Street and Butternut Street will indicate access to rear parking.

In conjunction with public improvements, the DDA will work with the City Commission to develop an ordinance requiring all property owners to improve the rear entrances within a specified time period.

At this time in the development phase the DDA will look to expand the development and improvements west to First Street where there are four homes and one commercial site.

The DDA will improve the alley on First Street to improve traffic flow and eliminate standing water behind the businesses. This could also include the purchase of a home to turn into a parking lot.

2. Blight Structures:

\$50,000

Eliminate structures which are blighting influences or which become incompatible land uses and detract from the economic welfare and overall appearance of the downtown. This detail of the plan will incorporate the City Master Plan and the use of the zoning ordinance and ordinance enforcement.

The DDA will investigate the options of acquiring undesirable buildings which may exist in the development district for purposes of redevelopment. The DDA will work with banks on foreclosures, and tax sales to obtain properties at minimal costs. Under the provisions of P.A. 197 the board may acquire property for resale, rehabilitation, lease or whatever purposes the DDA deems necessary to accomplish the objectives and goals of the plan.



3. Former Judd Lumber Site:

\$10,000

The DDA acquired the one acre of property after a fire struck downtown. The site would then include signage and landscaping. The site could be developed as commercial with residential on the second floor.



4. Pedestrian Improvements:

\$10,000

Painted pedestrian crossings or zebra crossings will be located on Main Street, and St. Joseph Street to facilitate pedestrian movement from one side of the street to the other. State law requires twenty feet (20') of clear space on either side of a pedestrian crossing, and the crossing itself must be six feet (6') in width. For this reason, pedestrian crossings will be located adjacent to streets or alleys where a clear area is already established to minimize the loss of parking spaces.

In addition, benches for pedestrians and trash receptacles will be located at intervals along Main Street and that portion of St. Joseph Street in the development district to accommodate pedestrian needs. Improve pedestrian and vehicular access through the creation of a pedestrian circulation system and improved off-street parking facilities.

Also, the DDA needs to incorporate American with Disabilities Act (ADA) accommodations in the DDA District.

5. Landscaping:

\$30,000

Additional landscaping will be installed as needed throughout the Downtown Development District to help expand the streetscape in the downtown. This landscaping would include the installation of planters at various intervals for color along Main and St. Joseph Streets, tree wells around existing trees, and the planting of additional trees where needed: for example, in front of Harding's Supermarket on Main Street, and Tri-County Computers, and in front of the Gas Station on St. Joseph Street. These trees will be high branched, high crowned trees which will provide maximum visibility and full foliage that will be the most advantageous and attractive environment in the downtown.



6. Lighting Improvements:

\$45,000

Distinctive low-level sodium vapor lighting will be continued throughout the downtown areas including to the former mill site, parking areas, Church Street, First Street and to the new Hotel complex. These lights would be sodium vapor globe lights located at approximately the second story level of the downtown buildings. The addition of this lighting will be a major ingredient in the creation of a unique downtown environment in the development district. In addition, some of the original lights and fixtures will be replaced.

7. Utility Improvements:

\$75,000

In conjunction with the other public improvements described in this plan, all utility wires currently located along Main and St. Joseph Streets will be placed underground. The elimination of overhead clutter will greatly enhance the visual effectiveness of the other improvements being made in the downtown.

8. Sidewalk Repair:

\$10,000

Sidewalks will be repaired/replaced as needed in conjunction with other public improvements.

Also, the DDA will work jointly with the Safe Routes to School Team to improve and construct sidewalks in the DDA area. The Safe Routes to School Team has applied for \$104,000 in funding for new/improved sidewalks.

9. Railroad Stop Platform:

\$35,000

Talks began in September of 1989 with the DDA desiring a railroad stop in the downtown. The platform area would be enhanced by landscaping and signage on city property along with promo events to encourage the use of the stop.

10. Public Safety:

\$3,000

To improve the public safety and deter theft, the DDA will work with the Police and Fire department to install a lock box at the Fire Hall for easy access to a business in case of an emergency.

Phase II – Improvements and Promotion

1. US Post Office:

\$10,000

The DDA will start to work with the United States Post Office to relocate the business from Pleasant Street to a downtown location. The cost incurred by the DDA would be to help with relocation, signage and promotion of the new location.

2. Graphic Communications:

\$3,000

A graphic communications system will be developed to coordinate all informational, directional, and advertising signs. A uniform sign, shape, size, and color scheme will be developed in order to build an identity for the downtown. The Downtown Development Authority will develop a logo which will be incorporated into the sign system. A slogan and lettering style will also be developed by the DDA for use in the informational system. Special signs will be constructed incorporating the logo and slogan/motto of the DDA that will identify the entrance into the central business district.

These signs will be located at the north and south entrances to the downtown along M-140. All public and informational signs in the downtown will incorporate the DDA logo. A public communications device, such as a kiosk will be located in the downtown to provide a communications center for downtown activities.

These efforts will include signage for aggressive marketing and promotional efforts to attract retail businesses. Then the DDA will intensify advertising efforts to attract shoppers.

3. Storefront and Facade Improvements:

\$40,000

In an attempt to guide development in the Downtown Development District, the Downtown Development Authority, agree that redevelopment efforts should be geared toward creating an "Old Towne" look in Watervliet; i.e., guide redevelopment efforts to recapture an "old towne" feeling and capitalize on the aesthetic amenities that a small town can offer to businesses and shoppers alike. In order to realize this objective, the Downtown Development Authority will implement a program designed to guide storefront and facade improvements. Specific guidelines will be prepared which will, when implemented by property owners, result in creating an "old towne" feeling and show to the greatest advantage the architectural character of the downtown. The Downtown Development Authority will work with the City Commission to implement effective

controls so that the storefront and facade improvements will, in fact, be done in accordance with program guidelines. A Building Review Ordinance should be passed which will allow the DDA to review proposed building renovations against program guidelines. Attempts will be made to stimulate private investment by property owners and merchants through the availability of low interest loans for building renovation.

4. Façade & Sign Program

\$15,000

Property owners and even tenants can take advantage of the Façade Incentive & Architectural Design Services Program, which provides \$2,000 per storefront for either the historic or tasteful renovation of the front facade. Also, to continue to strengthen the downtown's economic viability, the DDA provides financial incentives to existing and new business owners as they select or improve their storefront signage. The Sign Incentive Program provides up to \$500 toward the fabrication of new signage. Concept renderings, also funded by the DDA, take into consideration input from the business owner and the committee, as well as the overall theme of the central business district.

The program goal is to improve the appearance of individual businesses and the downtown, which will ultimately have a positive economic impact on both.

5. Marketing and Promotion:

\$25,000

The Downtown Development Authority will implement an aggressive marketing strategy to attract businesses and shoppers to Watervliet. The DDA logo will be used in all marketing and promotional literature. Promotional brochures will be developed to attract businesses, and one promotional brochure will be developed to attract shoppers. The DDA will develop a billboard on I-94 to attract a wide range of interest in the community, and will work with area wide economic development organizations, private business owners and the tourist council to promote downtown Watervliet in conjunction with the North Berrien Economic Development Corporation.

6. Properties:

\$50,000

The DDA will investigate the options of acquiring undesirable buildings which may exist in the development district for purposes of redevelopment. The DDA will work with banks on foreclosures, and tax sales to obtain properties at minimal costs. Under the provisions of P.A. 197 the board may acquire property for resale, rehabilitation, lease or whatever purposes the DDA deems necessary to accomplish the objectives and goals of the plan.

7. Office Professional:

\$5,000

There is a need for an office/professional area in the downtown. By the time this phase of the plan is ready to be implemented, the DDA and the City Commission will have been making improvements in the downtown for a number of years and promoting the downtown in an effort to establish a strong retail base in the downtown. The replacement of non-retail commercial uses with retail uses will result in a shortage of office/professional space in the downtown. These professional and office uses can be located in an office district adjacent to the downtown, or in the existing downtown development district at the northern end of town where existing uses are a mix of

residential and commercial. There would be utilization of planning, architectural, and legal services.

8. Parking Improvements:

\$40,000

Projects will be implemented to provide for additional public parking in the downtown and to enhance existing parking areas. Improvements will include the acquisition of property in the downtown for off-street public parking. In addition, pedestrian connections between parking areas and the retail core will be marked and landscaped to provide continuity between them. The need for additional off-street parking is particularly acute in the southern portion of the downtown between Pleasant Street and St. Joseph Street, and the DDA will concentrate its initial efforts to provide parking in this area.

IMPACT ON ASSESSED VALUES AND TAX REVENUES

The overall impact of the Development Plan is expected to generate increased economic activity in the downtown district, the City, and County at large. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing jurisdictions, through increases in assessed valuations of real and personal property, and from increases in personal income from new employment within the Watervliet Development Area, the downtown district, the City, other neighboring communities, and throughout the County.

DEVELOPMENT COST ESTIMATES AND FINANCING

Project activities, including the ongoing activities, committed and planned listed in this Plan have an estimated total cost of \$531,000 which will be initiated at the appropriate time and when the financial opportunity permits. The sources from which these costs have been, and/or will be, financed, partially or wholly, include one or more of the following:

- Tax increment bond proceeds.
- Tax increment revenues.
- Revenue bond proceeds.
- Donations received by the DDA.
- Proceeds from any property, building or facility owned, leased, or sold by the DDA.
- Monies obtained through development agreements with property owners benefiting from adjacent open space improvements.
- Monies obtained from other sources approved by the City Commission.
- Monies provided by the State to indemnify DDA's against losses resulting from possible tax restructuring.

PERSONS RESIDING IN THE DEVELOPMENT AREA AND THE NUMBER OF FAMILIES AND INDIVIDUALS TO BE DISPLACED

The estimated population living within the downtown district boundaries approaches 550. The Plan amendments do contemplate acquisition of some parcels that would cause

relocation of residents. If the City DDA pursues displacement of individuals, the City will follow the Uniform Relocation Act.

ZONING CHANGES:

There may be zoning changes in the Downtown Development District necessary to achieve the development goals, objectives and activities described earlier in this plan.

RIGHTS-OF-WAY VACATION:

With the improvements on First Street and the alleyway, there may be minor rights-of-way or easement negotiation necessary in the Downtown Development District to achieve the goals and objectives of this plan.

DURATION OF PLAN

The development plan and tax increment financing plan shall be for a term of fifteen (15) years from the date of its adoption by the City of Watervliet, City Commission.

AMENDMENT TO PLAN

The DDA with the approval and adoption of the City of Watervliet, City Commission may at any time, amend the plan or boundaries pursuant to Public Act 197 of 1975.

TAX INCREMENT FINANCING DISTRICT & PLAN

The Downtown Development Act requires the DDA to address three legislative requirements in the Tax Increment Financing Plan. These provide information about funds anticipated to be received by the DDA and its impact upon taxing jurisdictions. These requirements are found in Section 14 of the Act which states that *"when the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17..."*.

Specifically the Tax Increment Financing Plan must include, pursuant to Section 14(1) of the Act:

1. **A detailed explanation of the tax increment process,**
2. **The maximum amount of bonded indebtedness to be incurred, and**
3. **The duration of the program.**

The DDA has determined that tax increment financing is necessary for a 15-year period to complete all of the projects contained in the Project List and Budget. Based on current City resources, the City Council and DDA members realize that limited budgetary resources and a lack of other economic development funding sources prohibit the City of Watervliet from achieving the goals of the DDA without use of tax increment financing. There are no City or other sources of funds currently available for these programs that can replace the use of tax increment financing. Accordingly, the DDA shall employ tax increment financing pursuant to the provisions of section 14 of the Act.

1. Explanation of the Tax Increment Process

The tax increment financing plan shall comply with the procedures set forth in section 15 of the Act. For the purposes of this Plan, the DDA shall only capture taxes on the properties identified in Table 1 of the Appendix. The initial assessed value of these parcels shall be the taxable value established in tax year 1995. Annual tax incremental value shall be calculated by subtracting the current taxable value of the parcels in any giving tax year by their 1995 taxable value. Table 1 provides an estimate of the 1995 taxable value of these parcels, their current taxable value, and the captured taxable value of each parcel.

2. Contemplated use of Debt

Historically, the DDA Board of Directors have used debt a "pay-as-you-go" funding philosophy. It is understood there is no current long-term debt obligations of the DDA. This Plan Update contemplates no use of debt financing. If the DDA deems it necessary to use debt to carry out the activities described in this Plan, after consultation with the Watervliet City Commission, it shall request an amendment to this plan authorizing the use of debt.

3. Duration of the Tax Increment Financing Plan

It is anticipated that this Tax Increment Financing Plan shall remain in effect during the complete 15 year duration of the this Development Plan.

TAX INCREMENT AND DDA REVENUE PROJECTION

Section 14(1) of the Act further requires the tax increment financing analysis to address **"a statement of the estimated impact of the tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located."** Table 2 in the Appendix contains DDA revenue projections for the period between the years 2009 and 2023. This analysis is based on two assumptions concerning the value of the DDA TIF District. First, the growth of the tax value of the District will be an annualized compound percent growth rate of 2.00%. For projection purposes the rate of growth was applied to the 2008 total tax value to provide a conservative projection. Second, no major investment would occur to increase the value during the period. Obviously, the location of a major new business in the DDA District would increase the district tax value and increase DDA tax increment revenue income. Such action would materially impact the amount and timing of DDA revenue and would allow the DDA (with approval of the City Commission) to add additional projects or to shorten the term of the Development and Tax Increment Financing Plan. See Table 2.

The millage capture rate excludes education, school operation and school debt, as prescribed by law.

TAX UNIT IMPACT ANALYSIS

Table 3 in the Appendix illustrates the probable impact upon various taxing jurisdictions.

ADOPTION

The above **Development and Tax Increment Financing Plan** is hereby adopted as of

_____, 2008 by:

Karl Bayer, DDA Chairman

Roger Prince, City Mayor



15665-03	PROJECT NO. 15665-03	CITY OF WATERVJET ODA BOUNDARY MAP	W&A WOODMAN & ASSOCIATES, INC. 1500 W. 10TH ST. SUITE 100 DENVER, CO 80202 TEL: 303.733.1100	SHEET NO. 15665-03
	DATE 12/10/03	2006 UPDATED BOUNDARY MAP	SCALE 1" = 100'	PROJECT NO. 15665-03
	DRAWN BY A.E.G.			CHECKED BY A.E.G.
	APPROVED BY 12/10/03			APPROVED BY 12/10/03

Map I Existing Land Use

City of Watervliet
Berrien County, MI

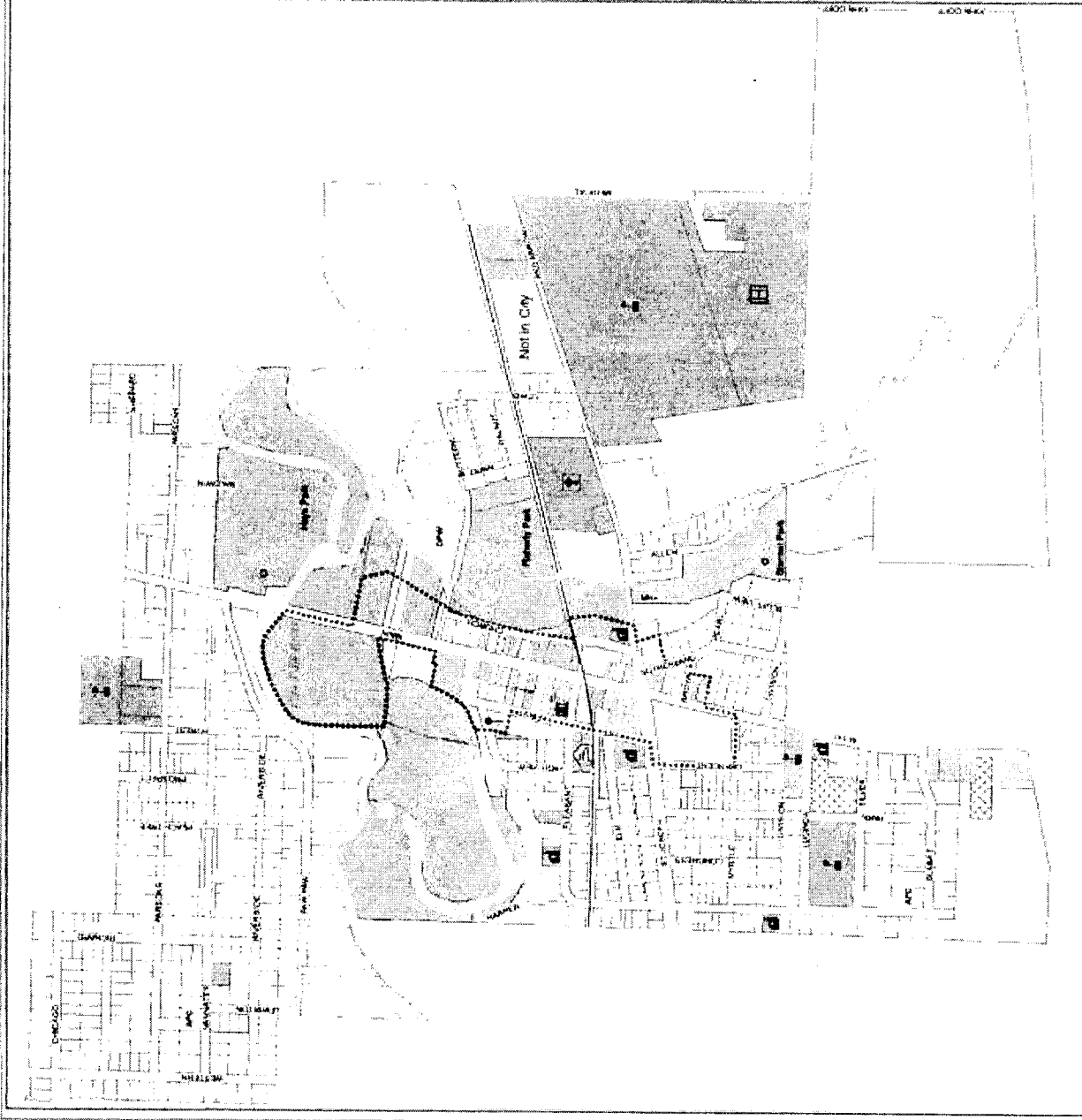
	Industrial		Office
	Institutional		Parking
	Single Family		Public/Park
	Multi-Family		Utility
	Commercial		Vacant

	Cemetery		School
	Church		Water Tower
	City Hall		Fire Station
	Hospital		Well



Data Sources:
Berrien County Land Information Service
City of Watervliet

0 375 750 1,500 Feet



Map 5

Future Land Use

City of Watervliet
Berrien County, MI

Central Business District

Highway Commercial

Multiple Family Residential

Mixed Use

Public/Quasi-Public

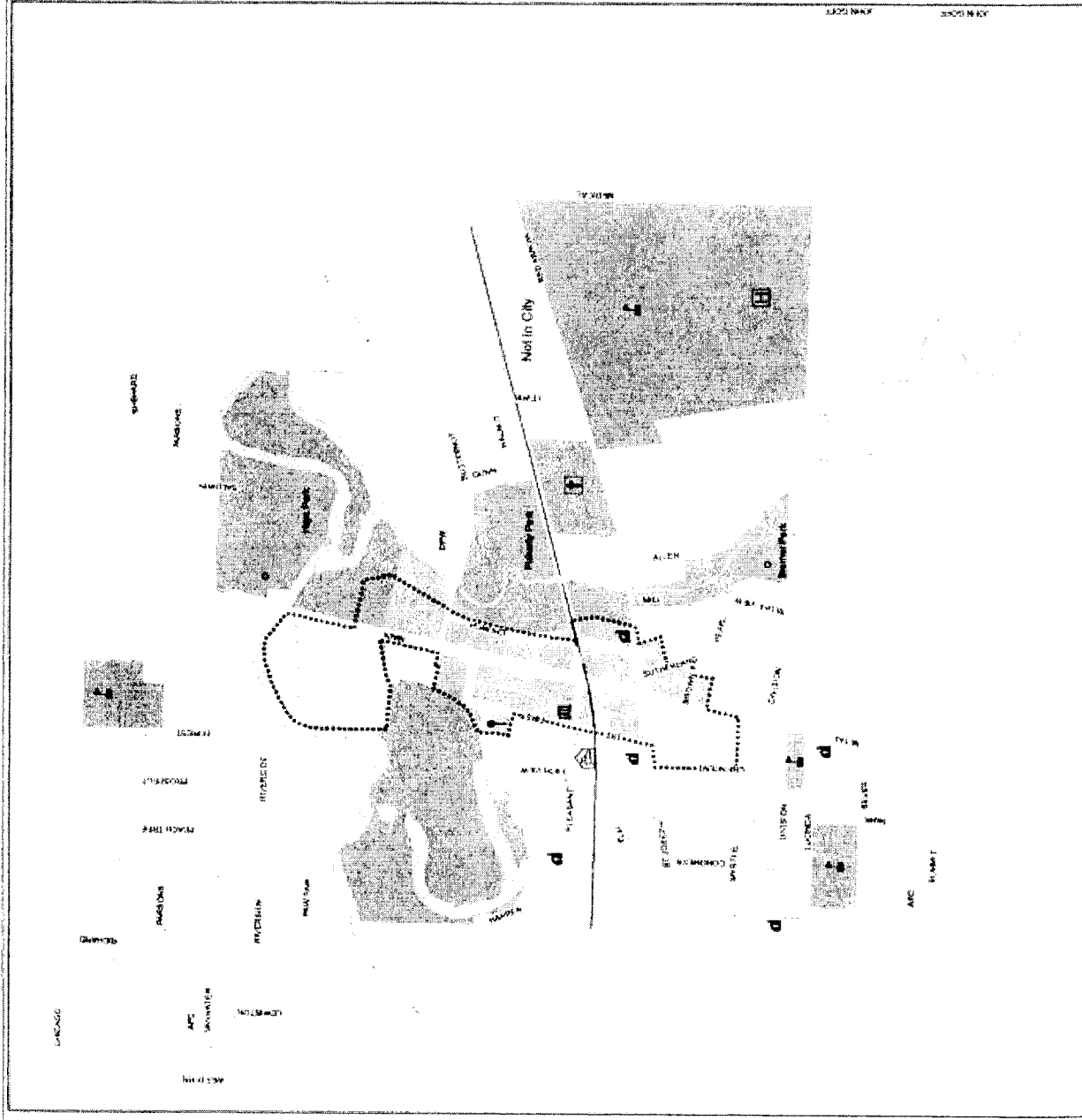
Single Family Residential

	Cemetery		School
	Church		Water Tower
	City Hall		Fire Station
	Hospital		Well

City of Watervliet
Berrien County, MI

Data Source:
Berrien County Land Information Service
City of Watervliet

0 370 740 1,480 Feet



Property ID	Notes	Original Base 1995	Current Taxable 2007	Captured Taxable Value
11-78-0023-0026-00-6	Homestead	2,800	11,376	8,576
11-78-0340-0003-00-3		31,806	43,304	11,498
11-78-0340-0003-02-1		159,851	222,949	63,098
11-78-0340-0006-00-4		53,249	79,448	26,199
11-78-0340-0007-01-9		13,388	33,305	19,917
11-78-0340-0007-02-7		5,027	6,695	1,668
11-78-0340-0008-00-7		24,521	74,745	50,224
11-78-0340-0008-01-5		29,561	80,341	50,780
11-78-0340-0009-00-3		25,650	33,000	7,350
11-78-0340-0010-00-1		25,342	37,451	12,109
11-78-0340-0011-00-8		33,140	48,030	14,890
11-78-0340-0014-01-5		12,415	23,500	11,085
11-78-0340-0014-02-3		36,423	46,919	10,496
11-78-0340-0016-00-0		43,810	55,827	12,017
11-78-0340-0019-00-9		16,108	27,013	10,905
11-78-0340-0019-01-7		16,519	21,900	5,381
11-78-0340-0020-00-7		39,398	55,930	16,532
11-78-0340-0021-00-3		76,232	95,350	19,118
11-78-0340-0023-05-7		54,378	68,874	14,496
11-78-0340-0024-01-1		14,056	17,687	3,631
11-78-0340-0025-00-9		20,417	82,648	62,231
11-78-0340-0026-02-1		16,416	26,132	9,716
11-78-0340-0027-00-1		28,933	39,368	10,435
11-78-0340-0028-00-8		49,248	117,427	68,179
11-78-0340-0028-01-6		29,651	47,400	17,749
11-78-0340-0029-00-4		16,416	25,406	8,990
11-78-0340-0030-00-2		16,313	22,128	5,815
11-78-0340-0033-02-8		30,780	38,637	7,857
11-78-0340-0033-04-4		22,162	28,602	6,440
11-78-0340-0033-05-2		37,244	47,291	10,047
11-78-0340-0034-00-8		13,235	17,524	4,289
11-78-0340-0034-01-6		5,130	11,209	6,079
11-78-0340-0035-03-9		17,647	23,580	5,933
11-78-0340-0035-05-5		28,010	35,754	7,744
11-78-0340-0036-03-5		22,777	29,479	6,702
11-78-0340-0036-04-3		100,958	130,604	29,646
11-78-0340-0037-04-0		26,881	53,000	26,119
11-78-0340-0038-02-0		3,000	4,078	1,078
11-78-0340-0038-03-8		79,300	99,866	20,566
11-78-0340-0043-00-7		9,542	12,166	2,624
11-78-0340-0043-01-5		20,623	69,000	48,377
11-78-0340-0046-00-6		19,597	26,612	7,015
11-78-0340-0050-01-1		25,650	32,992	7,342
11-78-0340-0053-00-2		21,956	39,103	17,147
11-78-0340-0054-00-9	Homestead	18,673	25,384	6,711
11-78-0340-0055-00-5	Homestead	14,569	19,785	5,216
11-78-0340-0056-00-1	Homestead	14,980	36,600	21,620

REAL PROPERTY

11-78-0340-0057-00-8	Homestead	14,364	24,461	10,097
11-78-0340-0058-00-4	Homestead	31,293	42,606	11,313
11-78-0340-0071-00-1	Homestead	23,598	32,127	8,529
11-78-3500-0114-00-1		69,050	202,837	133,787
11-78-7350-0001-01-6		21,033	28,100	7,067
11-78-7350-0002-00-4	Homestead	28,010	66,300	38,290
11-78-7350-0003-00-1		21,546	29,332	7,786
11-78-7350-0004-00-7	Homestead	19,186	36,110	16,924
11-78-7350-0004-01-5	Homestead	23,598	32,127	8,529
11-78-7350-0005-00-3		39,800	50,055	10,255
11-78-7350-0006-00-0	Homestead	28,600	38,939	10,339
11-78-7350-0022-00-5	Homestead	1,334	1,810	476
11-78-7350-0022-01-3	Homestead	19,391	26,399	7,008
Totals Real Property		1,852,308	2,954,916	1,102,608
PERSONAL PROPERTY				
11-78-9999-0205-00-4		12,500	23,140	10,640
11-78-9999-0335-00-5		133,400	147,540	14,140
11-78-9999-0467-00-9		23,000	46,380	23,380
11-78-9999-0513-00-1		5,000	6,300	1,300
11-78-9999-0528-00-8		-	81,190	81,190
Totals Personal Property		173,900	304,550	130,650
TOTAL		2,026,208	3,259,466	1,233,258

WATERVLIET DDA **PROJECTED TAX VALUE CAPTURE AND THE REVENUE GENERATION**

Table -2

Tax Year	IFT Adj Back	TAXABLE VALUE CAPTURE			DDA REVENUE			
		High	Moderate	Low	High Projection	Moderate Projection	Low Projection	
					Annual	Cumulative	Annual	Cumulative
2008		1,233,258	1,233,258	1,233,258	36,988		36,988	36,988
2009		1,294,921	1,257,923	1,245,391	38,837	38,837	37,728	37,358
2010		1,359,667	1,283,082	1,258,046	40,779	79,616	38,482	76,210
2011		1,427,650	1,308,743	1,270,627	42,818	122,434	39,252	115,461
2012		1,499,033	1,334,918	1,283,333	44,959	167,393	40,037	155,498
2013		1,573,984	1,361,616	1,296,167	47,207	214,600	40,837	196,335
2014		1,652,684	1,388,849	1,309,128	49,567	264,167	41,654	237,990
2015		1,735,318	1,416,626	1,322,220	52,045	316,212	42,487	280,477
2016		1,822,084	1,444,958	1,335,442	54,648	370,860	43,337	323,814
2017		1,913,188	1,473,857	1,348,796	57,380	428,240	44,204	368,018
2018		2,008,847	1,503,335	1,362,284	60,249	488,489	45,088	413,106
2019		2,109,290	1,533,401	1,375,907	63,262	551,751	45,990	459,095
2020		2,214,754	1,564,069	1,389,666	66,435	618,176	46,909	506,005
2021		2,325,492	1,595,351	1,403,563	69,746	687,922	47,848	553,852
2022		2,441,766	1,627,258	1,417,598	73,233	761,155	48,805	602,657
2023		2,563,855	1,659,803	1,431,774	76,895	838,050	49,781	652,437

ANNUAL COMPOUND GROWTH RATE ASSUMPTIONS

Future growth predictors:

High	5.0%
Moderate	2.0%
Low	1.0%

APPLICABLE MILLAGE RATE FOR CAPTURE

City General	16.9389
City Spec	5.5784
LMO	1.7946
County General	4.7882
County Spec	0.8918
Total	29.9919

WATERVILLE DDA
TAXING JURISDICTION IMPACT ANALYSIS - MODERATE GROWTH ASSUMPTION

Table - 3

Jurisdiction	Millage Rate	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Tax Increment		1,257,923	1,283,082	1,308,743	1,334,918	1,361,616	1,388,849	1,416,626	1,444,958	1,473,857	1,503,031
City		22,5173	28,325	29,469	30,059	30,660	31,273	31,899	32,537	33,187	33,85
ISD	0.0000	-	-	-	-	-	-	-	-	-	-
Sp Education	1.7946	2,257	2,303	2,349	2,396	2,444	2,492	2,542	2,593	2,645	2,69
LMC	1.7946	2,257	2,303	2,349	2,396	2,444	2,492	2,542	2,593	2,645	2,69
County General	4.7882	6,023	6,144	6,267	6,392	6,520	6,650	6,783	6,919	7,057	7,19
911	0.2477	312	318	324	331	337	344	351	358	365	37
Law Enforcement	0.3468	436	445	454	463	472	482	491	499	507	511
Senior Citizen	0.2973	374	381	389	397	405	413	421	429	438	44
3,6800	7,145	7,288	7,434	7,582	7,734	7,889	8,046	8,207	8,372	8,531	8,691
Total	29,9919	37,728	38,482	39,252	40,037	40,837	41,654	42,487	43,337	44,204	45,081

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2019	2020	2021	2022	2023	Total
1,533,401	1,564,069	1,595,351	1,627,258	1,659,803	
34,528	35,219	35,923	36,641	37,374	489,837
-	-	-	-	-	-
2,752	2,807	2,863	2,920	2,979	39,039
7,342	7,489	7,639	7,792	7,947	104,161
380	387	395	403	411	5,388
532	542	553	564	576	7,544
456	465	474	484	493	6,467
8,710	8,884	9,062	9,243	9,428	123,562
45,990	46,909	47,848	48,805	49,781	652,437

19%

6%

75%