

C O P P E R H A R B O R
DEVELOPMENT AND
TAX INCREMENT FINANCING PLAN

COPPER HARBOR
DOWNTOWN DEVELOPMENT AUTHORITY
Grant Township
Keweenaw County
1987

COPPER HARBOR DOWNTOWN DEVELOPMENT AUTHORITY

Development
and
Tax Increment Financing Plan

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I. INTRODUCTION

The resort community of Copper Harbor has been a well-established summer travel destination for many years. The provision of a public water system in the late 1970's allowed businesses in Copper Harbor to remain open for the winter season. The water system development was funded by a grant from the Economic Development Administration, and a grant and loan from the Farmers Home Administration.

Following the water system development,. the Copper Harbor business community began the task of promoting winter activities. Snowmobiling and cross-country skiing trail facilities were developed and promoted by working with the newly-consolidated Keweenaw Tourism Council, with partial funding from a room assessment district. The Keweenaw and Copper Harbor area are attracting great numbers of visitors from all parts of the Midwest. Winter tourism is now an important part of the Keweenaw County economy, as a direct result of the water system development.

Summer tourism has also increased. More persons traveling to Isle Royale are using the Isle Royal Queen, based out of Copper Harbor. As a result of increased visitation to Copper Harbor, the National Park Service is stationing a ranger in Copper Harbor for the provision of visitor information and permits.

In order to continue growth of year-round tourism, the Copper Harbor business community recognizes the need for a development and expansion program. Investments in new motel, restaurant, and service facilities are necessary to maintain a competitive edge in the industry and to attract the sophisticated traveler of the 1980's.

The present lack of a community sewer system is limiting expansion of motel, restaurant and service facilities. At this time,. individual on-site disposal systems provide wastewater treatment. Because of poor soils and bedrock conditions, these wastewater drainfields are large and are often of the mounded-type system. Failures are common and many businesses spend large sums for maintenance and pumping. Furthermore, developable land in Copper Harbor is limited and is further constrained by the presence of these on-site systems which use up large amounts of available land.

The recognition of the expansion limitations was the first step in a planning process for the Copper Harbor business community. With the cooperation of the Grant Township Board, a Downtown Development Authority (DDA) was created for Copper Harbor, under the provisions of Michigan Public Act 1987, in order to provide a formal organization for the planning and development of Copper Harbor. The DDA legislation was used in Copper Harbor because it allowed for the use of tax increment financing for the development and improvement of public facilities.

The potential for over \$1 million in private development projects contingent upon solving wastewater problems was used by the DDA and the Township Board to secure a \$20,000 CDBG Economic Development Planning Grant. U.P. Engineering and Architectural Associates, Inc. was retained by the Township to carry out the activities listed below:

- a. Design a feasible wastewater treatment and collection system in order to allow for further development of tourism-related facilities.
- b. Develop a comprehensively planned approach to the creation of private and public tourism, waterfront and recreation-oriented facilities in Copper Harbor.
- c. Implement both public and private facilities development through the appropriate and creative use of financing tools and incentives.

The Development and Tax Increment Financing Plan has been prepared by the Copper Harbor Downtown Development Authority in accordance with Michigan Public Act 197 of 1975. The purpose of the Plan is to establish a program for the economic development of Copper Harbor. The Plan will accomplish this by focusing efforts on:

1. Private tourism development projects
2. Public facilities necessary to support proposed private projects.
3. Waterfront and recreation-oriented improvements necessary to enhance and continue tourism growth.

The Development and Tax Increment Financing Plan also contains supporting documentation required by Public Act 197.

II. DEVELOPMENT PLAN

A. Development Area Boundaries

The Copper Harbor Development District includes all properties in Sections 30 and 32 and the North 1/2 of Section 31, Grant Township, T.59N.-R.28W., Keweenaw County. The District includes the platted area of Copper Harbor and surrounding private properties suitable and available for development.

B. Existing Land Use

The Development District includes several land uses: residential, commercial, public, and vacant or undeveloped land. These land uses are not segregated, but rather are intermingled in the district.

Both seasonal and year round single-family housing is a major land use in the district. Multi-family residential properties are not present.

Commercial development is the primary land use in the district, especially within the Copper Harbor platted area.

Commercial land uses present include motel and lodging facilities, restaurants, retail and service-type establishments. Many of these facilities are in seasonal use.

There are several public land uses in the District. The Township Community Building, Township School, a park, and a portion of Fort Wilkins State Park are included in the District.

Vacant lands including acreage and platted lots can be found in the District. The platted lots are located within the Copper Harbor developed area.

C. Improvement Program

This section of the Development Plan provides a general improvements program. The program focuses upon upgrading public infrastructure and facilities to encourage private development, investment and the creation of jobs.

The Improvement Program is outlined below:

Copper Harbor Wastewater System: A wastewater collection and treatment system is necessary for significant expansion of Copper Harbor facilities. Existing development now relies on individual septic systems with marginal performance because of soil and bedrock conditions. Alternatives for this project is now under evaluation, including a cooperative effort with Fort Wilkins State Park.

Storm Drainage Improvements: Storm drainage for the developed areas will be provided for as part of the wastewater project.

Marina Expansion: A broadside marina owned and operated by the Michigan Waterways Commission is located just west of Copper Harbor. It is believed that the Harbor is overlooked as a boating destination because of limited docking facilities.

An expansion of the State-owned Marina facility would warrant a marketing effort targeted to boaters, especially in the Minnesota-Wisconsin area, such as the Apostle Islands and Duluth-Superior.

Community Recreation Center: An expansion of the Community Center is proposed which will include indoor recreation facilities. In addition to providing an activity for tourists, the Center would provide recreation for residents, and could help attract employees to expanded job opportunities in Copper Harbor. The facility would include an indoor pool and multi-activity gymnasium. The facility could be supported through user fees.

Day Use Mooring Facilities: Additional mooring areas would be provided on public land where platted streets terminate at the lake. Several existing docks, at 6th, 10th, and 3rd Streets, would be improved. New facilities would be provided at 2nd and 8th. These docks could also be used for public fishing.

Porters Island Trail System: Porters Island is presently inaccessible except by boat. A bridge connection to the island is possible over the shallow reef that "connects" the island to the mainland. A trail from Copper Harbor, over the proposed bridge and onto the island would provide another activity for visitors.

Public Beach: The extreme west end of the Harbor is proposed for a public beach, adjacent to the marina facility.

D. Project Cost Data

Preliminary project cost estimates for the Improvement Program are provided below.

<u>Project</u>	<u>Estimated Cost*</u>
Copper Harbor Wastewater System	\$2,000,000
Storm Drainage Improvements	75,000
Marina Expansion	50,000
Existing Dock Improvements	15,000
New Dock Facilities	20,000
Porters Island Trail and Bridge	30,000
Community Recreation Center	100,000
Public Beach	100,000
 TOTAL	 \$2,390,000

*These costs are preliminary and are for planning purposes only.

E. Project Schedule

Projects will be developed as funding opportunities become available. The wastewater system could be constructed in the winter of 1988-89.

F. Zoning

Keweenaw County Controls the use of land in Grant Township and Copper Harbor through a zoning ordinance. The proposed projects are consistent with the Resort Service Provisions of the Keweenaw County Zoning

Ordinance.

G. Project Financing

A variety of financing mechanisms will be used to implement the Improvements Program. Tax increment financing (TIF) can provide matching funds for grants, such as the Community Development Block Grant (KDBG), DNR Recreation Grant programs, the Environmental Protection Agency (EPA), and the Economic Development Administration (EDA). TIF revenues may also be used to make bond payments for major project, such as the wastewater project.

TIF Revenues are proposed to be used as they accrue to the Downtown Development Authority. In this manner, projects will be financed on a "pay as you go" basis.

H. Displacement

The Development Plan will not result in the displacement of residences or businesses. No relocation efforts will be required.

III. TAX INCREMENT FINANCING PLAN

In order to finance the public improvements identified in the Development Plan, the Downtown Development Authority is proposing the use of Tax Increment Financing (TIF) as authorized by Public Act 197 of 1975. Simply stated, TIF allows the capture of tax dollars generated by new private development projects and improvements for financing necessary public improvements.

In order to use TIF, a Downtown Development Authority must follow a public and legal process. A Development and TIF plan must be prepared in accordance with Public Act 197 of 1975. A public hearing before the Township Board must be scheduled and public notices published, posted and mailed in accordance with the Act. A reasonable opportunity must be provided to the County Board of Commissioners and the members of the Board of Education for comment. The public hearing shall allow for public comment on the plan and all aspects of the plan shall be open for discussion.

After the public hearing on the Development and Tax Increment Financing Plan, the Township Board shall determine whether the program constitutes a public purpose. If it determines that a public purpose is served, it shall then approve the plan by ordinance based upon the following considerations, as set forth in Public Act 197 of 1975:

- (a) The findings and recommendation of a development area citizens council, if a development area citizens council was formed.
- (b) The plan meets the requirements set forth in section 17 (2) of Public Act 197 of 1975.
- (c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.
- (d) The development is reasonable and necessary to carry out the purposes of this act.
- (e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this act in an efficient and economically satisfactory manner.
- (f) The Development Plan is in reasonable accord with the master plan of the municipality.
- (g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.
- (h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

All amendments to an approved Development and Tax Increment Finance Plan must be submitted by the Downtown Development Authority to the Township Board for approval or rejection.

DETERMINATION OF TAX INCREMENT

In accordance with Public Act 197 of 1975 Section 14(1), the following definitions shall apply to this section of the plan:

- (a) "Captured assessed value" means the amount in any 1 year, by which the current assessed value of the project area exceeds the initial assessed value.
- (b) "Initial assessed value" means the most recently assessed value of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero.

The initial assessed value of all taxable property within the boundaries of the Development Area is \$2,150,700. Using construction cost estimates, it is possible to estimate the assessed valuation of new development projects proposed which will be added to the Development Area assessed valuation, resulting in a 1988 current assessed value that is greater than the initial assessed value. The difference is called the captured assessed value. The tax increment amount is that portion of the tax levy of all taxing bodies paid each year on real and personal property in the Development Area on the captured assessed value. The tax increment is to be transmitted by the Township and County Treasurers to the Downtown Development Authority for the development program in accordance with the tax increment financing plan. The estimated tax increment is determined as follows:

Initial Assessed Valuation:	\$2,150,700
(+) (Private Projects)	<u>+ 400,000</u>
New District Assessed Valuation:	\$2,550,700
(-) Initial A.V.	<u>-2,150,700</u>
Captured Assessed Value:	\$ 400,000

Tax Increment: $\$400,000 \text{ (CAV)} \times 13.55 \text{ (LEVY)}^* = \$5,420$
(to be used for public improvements program)

*Levy excludes the Township School

ESTIMATE OF IMPACT ON OTHER JURISDICTIONS

Based upon the assumptions above, the estimate of impact on other taxing jurisdictions is as follows:

<u>Jurisdiction</u>	<u>Mill Levy</u>	<u>Tax Increment</u>
County	6.4500	2580
School*	-----	-----
Intermediate	.4000	160
Special Education	1.0000	400
Township	5.7000	2280
	<u>13.5500</u>	<u>5420</u>

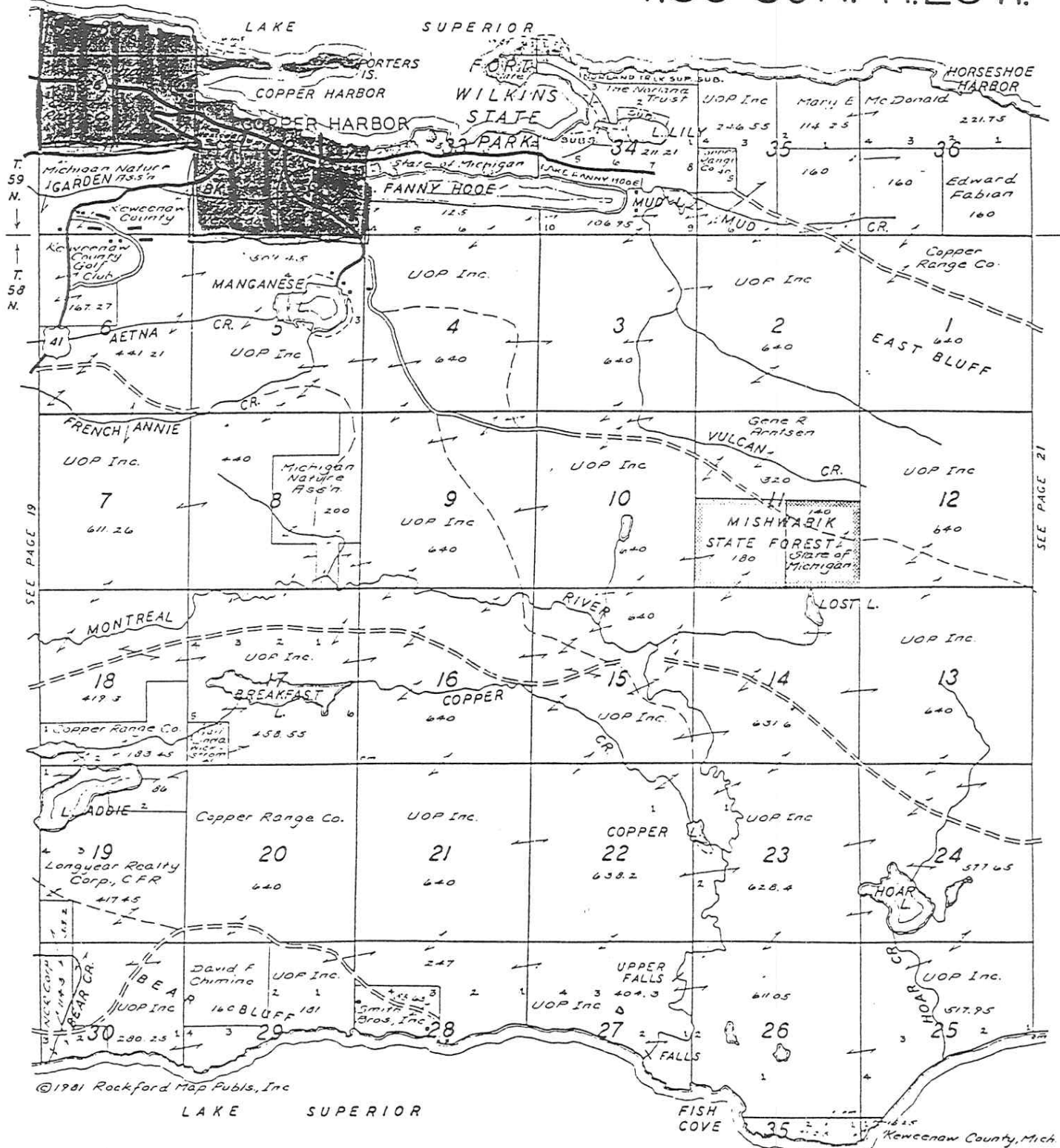
*School levy of 4.45 mills excluded because of negative impacts from being "out of formula".

COPPER HARBOR DEVELOPMENT DISTRICT

NORTHEAST
CENTRAL PART

GRANT

T.58-59N.-R.28W.



Copper Harbor Development District

Property Data

<u>Parcel #</u>	<u>Owner</u>	<u>1987 Sev</u>
G10-30-1R	Lake Superior Land Co.	\$40,000
G10-30-1R	Lake Superior Land Co.	32,500
G10-31-2EX	State of Michigan	EX
G10-31-3R	Gene R. Arntsen	7,500
G10-32-1R	Lake Superior Land Co.	6,200
G10-32-2A	State of Michigan (Porter's Island)	7,700
G10 32-4R	John A. & Dorothy R. Ala	4,800
G10-32-4aR	Joyce L. Broughton	500
G10-32-4bR	Keith Walters	500
G10-32-5R	Gene Krepetz	6,100
G10-32-5R6A [~]	Harold & Marilyn Wescoat	4,000
G10-32-6bR	Harold Wescoat	8,000
G10-32-6cR	Harold Wescoat	3,000
G10-32-6bbEX	Grant Twp.	EX
G10-32-7C	Rudolph & H. Lukezich	58,000
G10-32-10C	Alan A. & Sonja Catron	20,500
G10-32-11C	Alan A. & Sonja Catron	50,500
G10-32-12A	State of Michigan	75,000
G10-32-16EX	Grant Twp. Cemetary	EX
G10-32-17R	Lake Superior Land Co.	2,700
G10-31-4aR	Bethany Luthern Church of Keweenaw	5,000
G10-32-19R	Lake Superior Land Co.	13,200
G10-32-20R	Sara Ann Bonde Drennan	26,400
G10-32-21EX	Grant Twp.	EX
Plat of Copper Harbor		
GH1-1C	Ehlers <i>GEORGE</i>	\$46,300
GH1-2R	Nousiainen	8,200
GH1-3R	Hughes	6,700
GH1-4R	Ehlers <i>GEORGE</i>	6,200
GH1-5R	(Ehlers) <i>NOUSIAINEN</i>	7,200
GH1-6R	Strow	2,500
GH1-7R	Yerkovich	4,000
GH1-8R	Yerkovich	7,200
GH1-9R	Boost	27,500
GH1-10C	Boost	35,600
GH1-10aC	Briski	11,000
GH1-11C	Nousianen	20,000
GH1-12R	Bracco	6,000
GH1-13R	Sunberg	7,200
GH1-14R	Jamsen	7,200
GH1-15R	Jamsen	4,600
GH1-16R	Held	6,200
GH1-17EX	Lady of Pines	EX
GH1-18C	Catron	14,000
GH1-19C	Catron	16,000

Plat of Copper Harbor (Continued)

<u>Parcel #</u>	<u>Owner</u>	<u>1987 Sev</u>
GH2-1R	Stanley & Martin	\$28,500
GH2-2R	Mills	9,700
GH2-3R	Stanley & Martin	18,300
GH2-4R	Shinn	9,200
GH2-5R	Eddy	12,600
GH2-6C	Sotala	12,500
GH2-7R	Dickens	9,700
GH2-7aR	Rose	11,300
GH2-8C	Rooks	13,900
GH2-9C	Schmitz	19,500
GH2-10C	Twardzik	36,400
GH2-10aC	Twardzik	6,700
GH2-11 EX	Catholic Missions	EX
GH3-1R	Elwood	12,000
GH3-2R	Stover & Willoughby	11,400
GH3-3R	McDonald	11,400
GH3-4R	McDonald	20,000
GH3-5C	Tullpo	28,500
GH3-6R	Moffat & Shields	8,300
GH3-7R	Jens & Vera Evanoff	10,000
GH3-9C	Kauppi	65,700
GH4-1R	Jens & Vera Evanoff	11,500
GH4-2R	Westcoat	7,000
GH4-3R	Robertson	3,500
GH4-4C	Wescoat	18,500
GH4-4aR	Wescoat	7,500
GH4-5C	Billings	26,100
GH4-6EX	Grant Twp.	EX
GH5-1C	King Copper Inc.	51,900
GH5-2C	King Copper Inc.	5,000
GH5-3C	King Copper Inc.	8,200
GH5-4R	King Copper Inc.	2,500
GH5-5C	King Copper Inc.	10,700
GH5-6C	Keweenaw Agate Shop	24,000
GH5-7C	Koivu	6,700
GH5-8C	Davis	5,500
GH5-9C	Davis	9,000
GH5-10R	Fosner	5,000
GH5-11C	Hall	15,700
GH5-12C	Elwood	7,900
GH5-14R	Elwood	7,200
GH5-15R	Smith & Freedwood	3,700
GH5-16R	Robertson	24,400
GH 3-10	GRANT TWP EX	

Plat of Copper Harbor (Continued)

<u>Parcel #</u>	<u>Owner</u>	<u>1987 Sev</u>
GH6-1C	Kilpela	11,800
GH6-2C	Jamsen	11,700
GH6-3C	McDonald	3,600
GH6-4C	King Copper	62,000
GH6-5e6 C	Haskins	36,600
GH6-7C	Koldeway	2,500
GH6-8C	Koldeway	5,000
GH6-9C	Koldeway	27,700
GH6-10R	Stevens	7,500
GH6-12C	Davis	102,300
GH7-4C	Lampa	78,900
GH7-5C	Latoski Entrp.	45,200
GH7-6R	Jaaskelainen	7,500
GH7-7EX	Keweenaw County	EX
GH7-8R	Jaaskelainen	6,000
GH7-9C	Shea	3,000
GH8-1C	Shea	22,300
GH8-2R	Drennan	6,200
GH8-3R	Quince	10,000
GH8-4C	Lampa	40,600
GH8-4aC	Beinert	38,600
GH8-5R	Jameson	3,500
GH8-6R	Sundberg	3,250
GH8-6aR	Moore	3,250
GH8-7R	Szyszkowski	9,200
GH8-7aC	King Copper Inc.	12,300
GH8-7bC	Kipela	12,500
GH8-8C	Coltas	26,100
GH8-9R	Jaaskelainen	16,000
GH9-1R	Nekervia	10,000
GH9-2R	Fulayter	3,100
GH9-3R	Beveridge	15,300
GH9-4R	Patrick	25,000
GH9-6R	Funkey	8,200
GH9-7R	Sauch	5,000
GH9-8R	Nover	8,000
GH9-8a^	Nover	8,000
GH9-10C	Parenti	10,800
GH9-11C	Wescoat	22,500
GH9-12C	Jamsen	11,000
GH9-13R	Haataja	2,000

45,200

6,500

2,500

Plat of Copper Harbor (Continued)

<u>Parcel #</u>	<u>Owner</u>	<u>1987 Sev</u>
GH10-1R	Davis	7,000
GH10-2R	Jaaskelainen	3,000
GH10-3C	Kauppi	4,000
GH10-4R	Foley	9,500
GH10-4aR	Foley-Pietri	5,000
GH10-5aC 5c	Latoski Ent.	11,200
GH10-6C	Nousianen	10,500
GH10-7R	Robinson & Hucker	8,200
GH10-8R	Jamsen	4,000
GH11-1R	Bergh	5,100
GH11-2R	Bergh	1,500
GH11-3R	Bergh	1,500
GH11-4C	Bergh	18,000
GH11-5R	Broughton	6,300
GH11-5aR	Grosnick	4,000
GH11-5bR	Grosnick	5,100
GH11-6R	Tester	12,500
GH11-7R	Walters	14,300
GH11-8R	Foley	5,000
GH11-8aR	Kauppi	4,000
GH11-8b C	Kauppi	20,200
GH11-8cR	Beveridge	17,000

Total Sev

\$2,150,700 ✓

GH 105 & C DOYLE

NOT ON

14,000.00

2,164,000