



KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

**GENERAL OPERATIONAL POLICY
FOR
BROWNFIELD REDEVELOPMENT PROJECTS**

Revised 3-27-14

Kalamazoo County Brownfield Redevelopment Authority – 3/27/2014



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I. General Operational Policy

A. Introduction

The Kalamazoo County Brownfield Redevelopment Authority (the “Authority”) was established under the auspices of the Brownfield Redevelopment Financing Act (1996 PA 381, as amended) by the Kalamazoo County Board of Commissioners by resolution in 2002. Subsequent to the creation of the Authority, the County Board appointed an eleven member Brownfield Redevelopment Authority Board which is constituted by the Board of Directors of the Economic Development Corporation with rotating terms to oversee the policy and implementation of the Authority. The Authority Board has developed a set of Operational By-laws which in conjunction with Act 381, as amended and other applicable statutes of the State of Michigan will govern its activities and actions.

B. Purpose

The purpose of the Authority is to promote the revitalization of environmentally distressed areas (Brownfield Sites) throughout Kalamazoo County utilizing the various tools, incentives and resources offered through Act 381, as amended. It is the intent of the Authority to use these tools and incentives to support the long term benefits related to job creation, tax base enhancement, elimination of contaminated properties, etc.

C. Role of Local Units of Government

The Kalamazoo County Brownfield Redevelopment Authority will work closely and collaboratively with the Local Unit of Government (LUG) where the potential redevelopment is occurring in a timely manner on items related to Brownfield Redevelopment. The LUG will be sought as an active, affirmative and supportive partner in Brownfield Redevelopment work which could include the potentially eligible activities noted below. Any potential project which utilizes Tax Increment Financing (TIF) must receive approval, by resolution, from the LUG.



KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

D. Brownfield Plan Guidelines

A Brownfield Plan (Plan) includes detailed information for each site enrolled in the Plan. For each site, a general description of the eligible activities to be paid for with tax increment financing is included. Projections have been made regarding the investments planned for each site and the anticipated future taxable value. These projections will include assumptions about costs, property assessments, and the tax increment capture created by the redevelopment. The Plan shall describe the estimated tax increment capture and the effect to each taxing jurisdiction. Please refer to MEDC guidance for sample Brownfield Plan and guidance (<http://www.michiganbusiness.org/community/development-assistance/#brownfield>).

The Plan will remain in effect for as many years as is required to fully reimburse the Authority and/or Developer for all eligible activities, plus five (5) full years to allow the Authority to capture tax increment revenues for the Local Site Remediation Revolving Fund, or 30 years, whichever is less. The beginning date of the capture of tax increment revenues cannot be later than five (5) years following the date of the resolution approving the Plan, or Plan Amendment, which again, the duration of the tax increment capture cannot exceed 30 years.

For each adopted Brownfield Plan, the KCBRA will seek reimbursement of project-specific expenses and a portion its annual operating and administrative expenses as allowed by Act 381. Reimbursement of the KCBRA expenses are realized prior to reimbursement of any other eligible expenses, unless otherwise specified in an agreed upon Development Agreement.

E. Potentially Eligible Activities

MI Act 381 as amended provides for:

- 1) The ability to adopt Brownfield Plans which may:
 - a) Include any of the following on an eligible property as defined by Act 381:
 - i) Baseline Environmental Assessment Activities
 - ii) Due Care Activities
 - iii) Additional Response Activities
 - iv) Demolition, lead and asbestos abatement



KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

- v) Infrastructure Improvements (Core Community, as defined by Act 258 of 2003)
 - vi) Site Preparation Activities (Core Community)

 - b) Utilize tax increment financing to pay for certain eligible environmental activities as listed in 1a) herein. The intent of tax increment financing is to capture the increase in taxes (potentially school and non-school taxes) due to the increased value of the redeveloped property.

 - c) Submit Act 381 Michigan Department of Environmental Quality (MDEQ) or Michigan Strategic Fund (MSF) Work Plans for school tax capture.
- 2) The creation of a Local Site Remediation Revolving Fund (LSRRF)
- a) Allows Authority to capture additional tax increment revenue in excess of amount authorized for eligible activities under the Brownfield Plan.

 - b) Authority can capture tax increment for up to 5 full years after eligible activities have been repaid.
- 3) The Authority to capture tax increment to pay for administrative and operating expenses of the Authority and Baseline Environmental Assessments, Due Care Activities, and Additional Response Activities as allowed by Act 381 as amended.

F. Understanding of Brownfield Financing

State Brownfield assistance consists of Grants or Loans to pay for certain eligible environmental and non-environmental activities. Grants or loans require preparation of an application (See Attachment A) by the developer (or the Authority if using EPA Assessment Funds) and submittal by the Brownfield Authority, with approval by the Michigan Department of Environmental Quality or MSF.

Developer financing is the typical method to fund eligible activities. The developer arranges for the upfront costs and is repaid through tax increment capture. The terms and conditions of this arrangement, which may or may not include interest, are codified in the Development Agreement and Reimbursement Agreement.



KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

G. Interest

The KCBRA Board may allow interest as an eligible expense on a case by case basis as allowed by Act 381 and MDEQ/MSF policy using the guidelines below:

- The KCBRA Board will consider employment, total investment, developer return on investment, and length of reimbursement when considering interest expense for a project.
- If interest expense is granted, a maximum of 3% simple interest is calculated from the date of the first approved eligible expenses.
- Interest will be calculated based on the total remaining non-interest eligible expense approved at the end of each calendar year.
- The cumulative interest expense cannot exceed 20% of the total reimbursable expenses.
- Principal is paid before interest.

H. Project Marketing

The KCBRA reserves the right to publicize a project through on-site signage, its website, printed materials, and any other media outlets.

II. Project Proposal Process

The Authority has developed an Application for Proposed Project(s) (See KCBRA website) for interested parties to request reimbursement for eligible activities through a Brownfield Plan or to request potential Brownfield Funding via State and Federal Grants and Loans. The following information outlines the process for project consideration by the Authority, including use of the application.



KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

A. Brownfield Project Process:

Projects that are presented to the Authority for consideration of eligible activities through a Brownfield Plan will follow the procedure below:

- 1) An initial verbal inquiry is made to the Authority Staff.
- 2) Developer submits Part I Application to Authority Staff.
- 3) A general discussion with Authority staff and the interested party will ensue as to the proposed project including estimated project investment, potential eligible activities and costs and other information and timing requirements. Based on the merits of the project, Authority Staff will recommend completion of a Part II Application and/or review by KCBRA committee(s).
- 4) The following considerations are part of the Application review process:
 - a) The Applicant's environmental liability status is considered in the Application approval process.
 - b) Applicant is ultimately responsible for the overall redevelopment and environmental activities and costs.
 - c) Applicant must turn in a complete and signed Part II Application to Authority staff with the application fee, if applicable. For projects under \$100,000 investment the fee will be \$500. For projects between \$100,000 and \$500,000 investment, the fee shall be \$1,250. For projects over \$500,000 investment, the fee shall be \$2,500.
 - d) Once a complete application is received, Authority staff will coordinate the potential project with the LUG.
 - e) Once the Part II Application is reviewed by Authority staff, a recommendation to support or not support the application for a Brownfield Plan will be made to the Authority. The proposed project will be placed on the agenda for the next regularly scheduled Authority Meeting as scheduled in the Annual Public Notice.
 - f) The KCBRA has limited available funds to support projects. If the KCBRA funds are used on a project, the following will apply:



KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

- i. the KCBRA will utilize the services of its approved environmental consultant.
 - ii. The KCBRA will seek reimbursement of its eligible expenses through a Brownfield Plan. Reimbursement may be waived if project does not generate tax increment (i.e., non-profit owned, public greenspace, etc.)
 - 1. The KCBRA may waive up to \$3,000 per applicant, up to \$10,000 for all projects per calendar year.
 - 2. Preference is given to non-profits and local units of government.
 - iii. Applicant is agreeable to reimbursement of funds to Authority should the property be assessed but not developed within a period of two (2) years.
 - iv. Applicant must provide proof of access to the property in question by the owner of the property.
- g) If KCBRA funds are not used, the following will apply:
- i. If the Authority recommends approval of the application, the applicant can proceed with the development of a Brownfield Plan
 - ii. The applicant will contract with environmental consultants and others to prepare all information necessary for the Brownfield Plan, Act 381 and/or MSF Work Plan, and MDEQ, LUG and Authority approvals.
- h) Upon receipt of a draft Brownfield Plan, Authority staff will review the Plan and will either provide a recommendation to the Authority or request additional information from the applicant.
- i) Upon receipt of an approved Brownfield Plan, the Authority staff will negotiate a Development Agreement with the Developer.
- j) Once a Development Agreement and/or a Reimbursement Agreement are approved, the developer and staff will present the Brownfield Plan to the LUG for approval.
- k) If the Authority and LUG approve the Brownfield Plan, the Authority will either set the date for the required public hearing (if authorized) or recommend approval to the County Board of Commissioners requesting that a public hearing date be established with the appropriate notices.



KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

- l) If it is necessary to pursue other Federal or State grant or loan funding, all applications will be coordinated and submitted by the Authority and depending on whether the Applicant completes the application to the various agencies, the applications will be subject to approval by the Authority and the application may be subject to additional application fees.

- m) Upon completion of a successful public hearing and acceptance of the Brownfield Plan Amendment by the Board of Commissioners, the Developer can proceed with the project as outlined in the Application and Development Agreement.

The Authority reserves the right to accept or reject all applications for assistance under this program.

III. Amendments to Policy

The Kalamazoo County Brownfield Redevelopment Authority reserves the right to amend this policy for different purposes which may include but are not limited to: improvements which serve to benefit the Brownfield Redevelopment Process; changes in law and other applicable regulations on a local, state or federal level; and organizational changes affected by the County.

Changes to the policy will be approved by the Brownfield Redevelopment Authority and made available to the community at large through its website and other mechanisms available to the Authority.

IV. Contact

For more information, please contact Planning and Community Development at Kalamazoo County Government at (269) 384-8112.