



# BRA OPERATIONS

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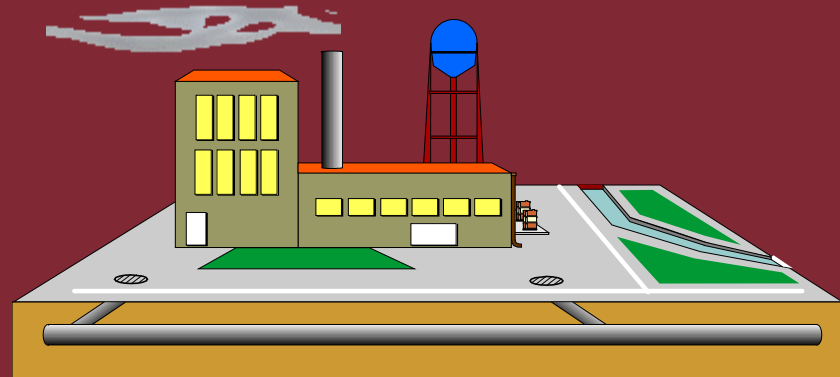
Plymouth ✧ Grand Rapids ✧ Lansing ✧ Kalamazoo  
Shelby Twp ✧ Bay City ✧ Traverse City ✧ Toledo



Consultants in Geosciences, Materials and Environment

# OVERVIEW

- **BRA Operations Overview**
- **Project Initial Review**
- **Brownfield Plan Approval Process**
- **Act 381 Work Plan**
- **Reimbursement Agreement**



# BROWNFIELD REDEVELOPMENT AUTHORITY OPERATIONS



# BROWNFIELD TAX INCREMENT FINANCING

- Public Act 381 of 1996, as amended (12/07 most recent amendments)
- Community creation of Brownfield Redevelopment Authorities
- Capture of incremental local and school operating taxes generated by brownfield redevelopment
- Reimbursement of eligible environmental and non-environmental redevelopment costs



# QUICK OVERVIEW



**\$6,900,000**



MDEQ Grant = \$1,000,000  
Developer Equity = \$600,000  
EPA RLF Grant = \$600,000  
MDEQ Loans = \$1,800,000  
EPA RLF Loans = \$1,900,000  
City Loan = \$1,000,000  
**TOTAL DEBT = \$5,300,000**

Initial taxable value = \$1,500,000



Pre-development taxes collected = \$75,000/yr

Final taxable value = \$35,000,000



Post-development taxes collected = \$1,750,000/yr

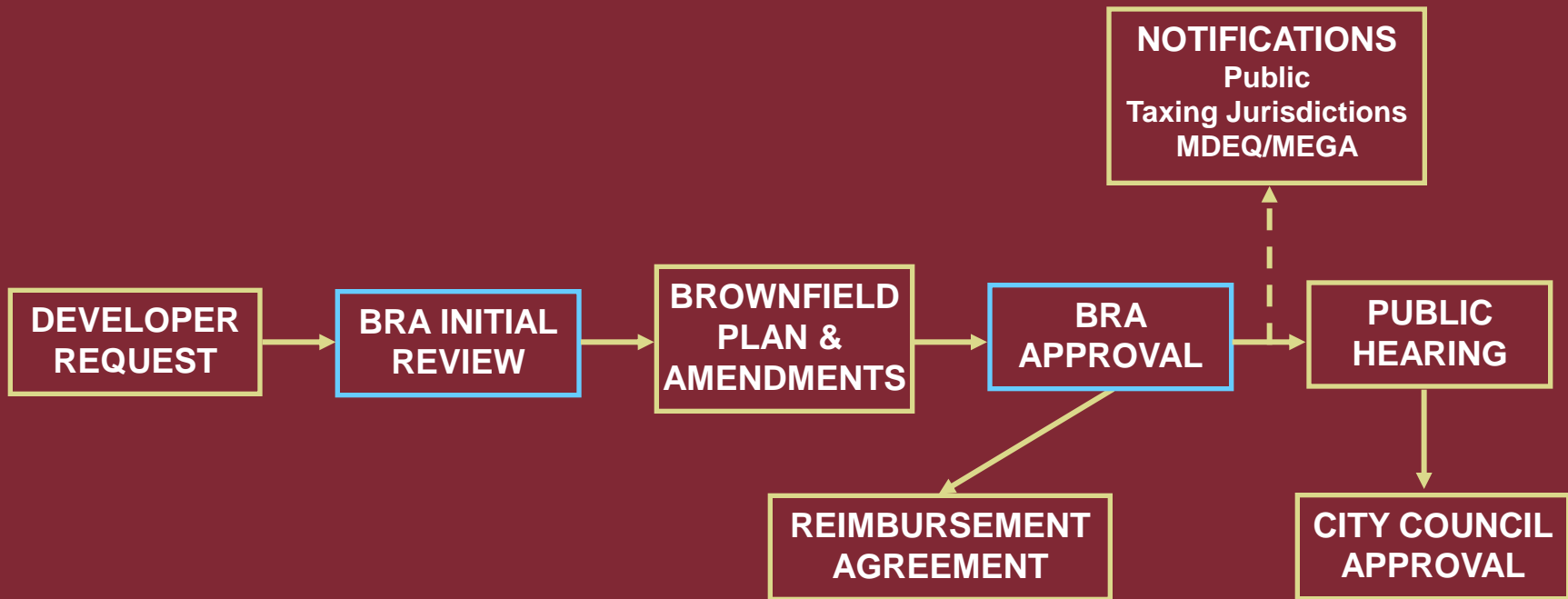
Incremental taxable value = \$33,500,000



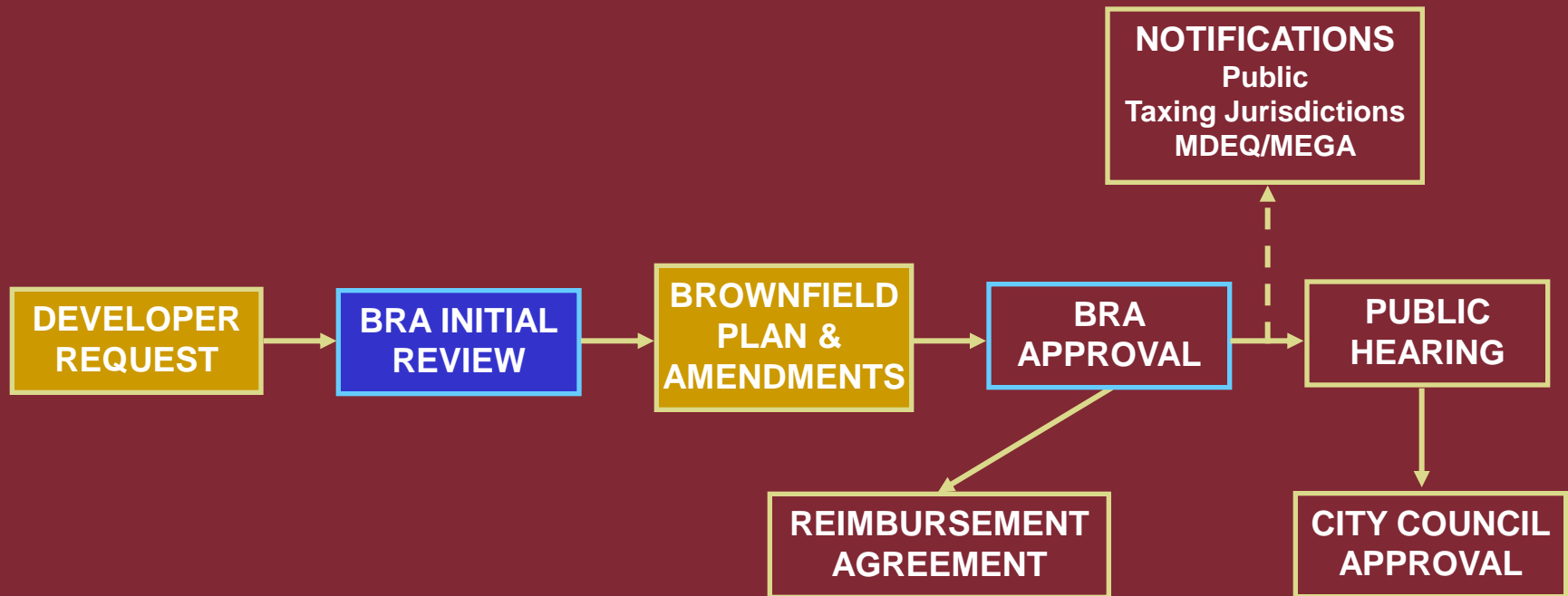
Incremental taxes = \$1,675,000/yr



# BROWNFIELD PLAN PROCESS DIAGRAM



# BROWNFIELD PLAN INITIAL PROCESS



# PROJECT INITIAL REVIEW





- **Evaluate brownfield financing**
  - TIF request – activities and costs
  - Project pro forma (taxable value, increment)
  - TIF capture period
  - Local-only vs. local + state
  - Time/\$\$ caps
  - DDA/TIFA overlaps
  - Developer financing of response costs
  - Other financing sources – state/federal grants and loans
  - MBT credits (community must “participate”)
- **Approve/Reject/Modify**

# ELIGIBLE ACTIVITIES

ACTIVITY	ELIGIBILITY	
	ALL	CORE
Baseline Environmental Assessment	X	X
Due Care Activities	X	X
Other Response Activities	X	X
Demolition	X	X
Asbestos Assessment/Abatement	X	X
Lead Paint Assessment/Abatement	X	X
Site Preparation		X
Public Infrastructure		X



## THINGS TO DECIDE AND TELL DEVELOPER

- **BRA administrative capture structure**
- **LSRRF capture structure**
- **Allow local-only capture**
- **Capture caps (% , \$ or time)**



# ELIGIBLE ACTIVITIES

ACTIVITY	LOCAL ONLY	LOCAL + STATE
Before Brownfield Plan Approval		
Assessment, Due Care, Other Responses	X	
Brownfield Plan	X	
Act 381 Work Plan		X
After Brownfield Plan Approval, Before Act 381 Work Plan Approval		
Enviro. Assessments, BEA Report		X
Due Care/Other Response Activities, Demo., Site Prep.* , Infrastructure*	X	
BRA Administrative Costs	X	
Local Site Remediation Revolving Fund (LSRRF)	X	
After Brownfield Plan and Act 381 Work Plan Approval		
Assessments, Due Care/Other Response Activities, Demo., Site Prep.* , Infrastructure*		X
LSRRF		X

- \* Core Communities only
- X Throughout capture period
- X School taxes for enviro. only



# BROWNFIELD PLAN APPROVAL



# BROWNFIELD PLAN

- **Content**
- **Eligible activities/costs summary**
- **Tax tables**
- **BRA administrative capture**
- **LSRRF capture**



## ■ Statutory requirements

- Description of costs to be reimbursed (cost summary)
- Summary of eligible activities (cost summary)
- Estimates of annual taxable value and tax increment revenues (tax table)
- Method for financing costs of Plan
- Maximum amount of note or bonded indebtedness to be incurred

## ■ Statutory Requirements (cont.)

- Duration of Plan (max = 35 years w/ 30 years capture)
- Impact on taxing jurisdictions (tax tables)
- Property information
  - » Legal description of each parcel
  - » Location and dimensions (map)
  - » How property is eligible (facility, blighted, functionally obsolete)
  - » Statement of inclusion/exclusion of personal property
- Family displacement/relocation information
- Description of proposed use of local site remediation revolving fund, if funded





# COST SUMMARY

- Eligible activities and costs
- Schedule of spending
- Type of capture

ACTIVITY	COST / YEAR INCURRED			TIF	
	2007	2008	2009	LOCAL	LOCAL+STATE
Phase I ESA (before B'field Plan)	\$2,800			\$2,800	
Phase II ESA (before B'field Plan)	\$14,500			\$14,500	
BEA	\$4,000				\$4,000
Due Care Assessment		\$22,400			\$22,400
Due Care Plans		\$5,000			\$5,000
Excavation contaminated soil		\$15,000			\$15,000
Transportation/disposal contaminated soil		\$120,000			\$120,000
Backfill			\$37,000		\$37,000
Dewatering treatment and disposal		\$15,000	\$15,000		\$30,000
Subslab vent system			\$128,000		\$128,000



- **Statutory requirements**
  - Estimates of annual taxable value and tax increment revenues
  - Impact on taxing jurisdictions
- **Other**
  - Tax increment revenues by collection period
  - Annual cash flows (developer, admin., local fund)

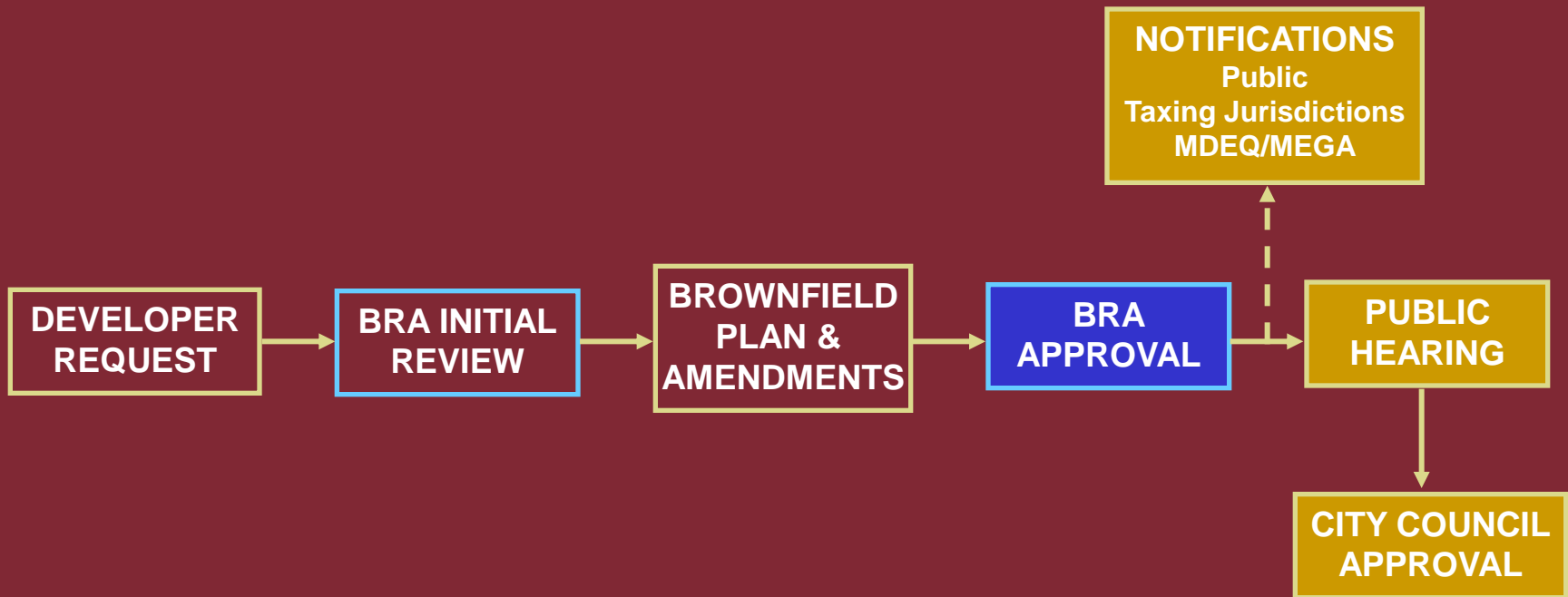
- **Administrative expense capture**
  - Reasonable and actual annual expenses
  - Maximum annual capture
    - » Up to 5 active projects - \$100,000
    - » 6 - 10 active projects - \$125,000
    - » 11 - 15 active projects - \$150,000
    - » 16 - 20 active projects - \$175,000
    - » 21 - 25 active projects - \$200,000
    - » > 25 active projects - \$300,000



- **Local Site Remediation Revolving Fund (LSRRF)**
  - Equal to 5 years capture after cost reimbursement
  - Local taxes + school operating taxes for environmental (MDEQ) costs; cannot capture school operating taxes for non-environmental (MEGA) costs
  - Optional funding schedule
    - » End of reimbursement period
    - » All or part simultaneous with developer reimbursement



# BROWNFIELD PLAN APPROVAL PROCESS



# APPROVAL PROCESS

- **Step 1 – BRA approves the plan**
- **Step 2 - Public hearing is scheduled**
  - Default hearing body is city council
  - May be delegated to BRA or other body by city council resolution



## APPROVAL PROCESS (cont.)

- **Step 3 - Notices are published/issued**
  - Public – Two notices published in local paper no less than 10 days nor more than 40 days before the public hearing (statutory minimum content)
  - Taxing jurisdictions – No less than 10 days before public hearing
  - MDEQ and/or MEGA (MEDC) - No less than 10 days before public hearing if state school tax increments will be captured
- **Step 4 – City Council holds public hearing**
- **Step 5 – City Council approves plan (may alter it before approval)**



# ELIGIBLE ACTIVITIES

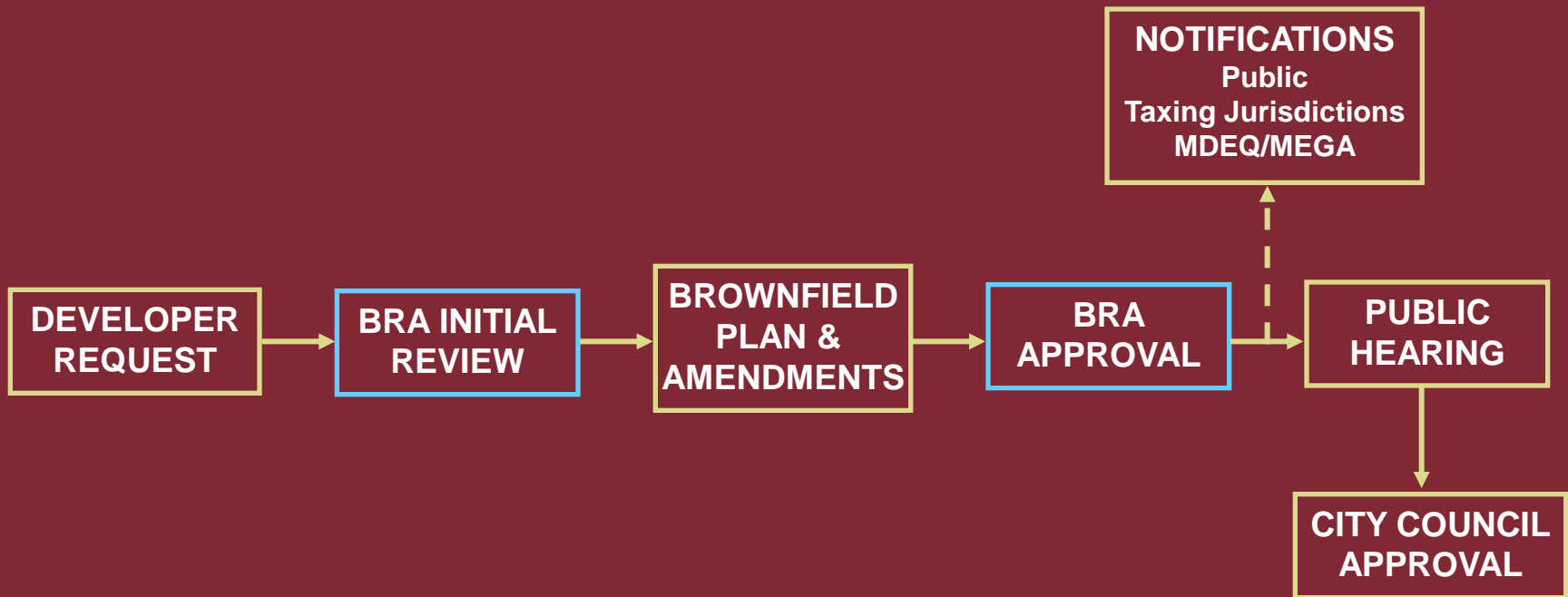
ACTIVITY	LOCAL ONLY	LOCAL + STATE
Before Brownfield Plan Approval		
Assessment, Due Care, Other Responses	X	
Brownfield Plan	X	
Act 381 Work Plan		X
After Brownfield Plan Approval, Before Act 381 Work Plan Approval		
Enviro. Assessments, BEA Report		X
Due Care/Other Response Activities, Demo., Site Prep.* , Infrastructure*	X	
BRA Administrative Costs	X	
Local Site Remediation Revolving Fund (LSRRF)	X	
After Brownfield Plan Approval, After Act 381 Work Plan Approval		
Assessments, Due Care/Other Response Activities, Demo., Site Prep.* , Infrastructure*		X
LSRRF		X

- \* Core Communities only
- X Throughout capture period
- X State school for enviro only

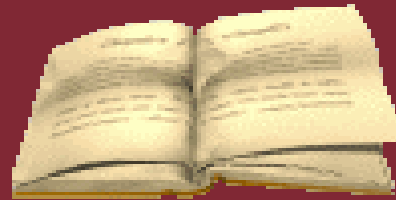




# ACT 381 WORK PLAN PROCESS



# ACT 381 WORK PLAN



- **Approval required for state school tax capture**
- **Environmental activities – MDEQ**
  - BEA activities
  - Due Care activities
  - Other response activities
- **Non-environmental activities – MEGA (MEDC)**
  - Demolition
  - Asbestos and lead abatement
  - Site preparation\*
  - Infrastructure improvements\*



\* Core Communities only

- **Required submissions for school operating tax capture**
  - Copy of Brownfield Plan
  - Current and future ownership information
  - Historic and current use and environmental conditions
  - Existing and proposed zoning
  - Summary of proposed redevelopment
  - Work Plan
  - Reimbursement or development agreement (MEGA only)



## ACT 381 WORK PLAN (cont.)

- MDEQ/MEGA requirements (published guidance)
- BRA requirements (if any)



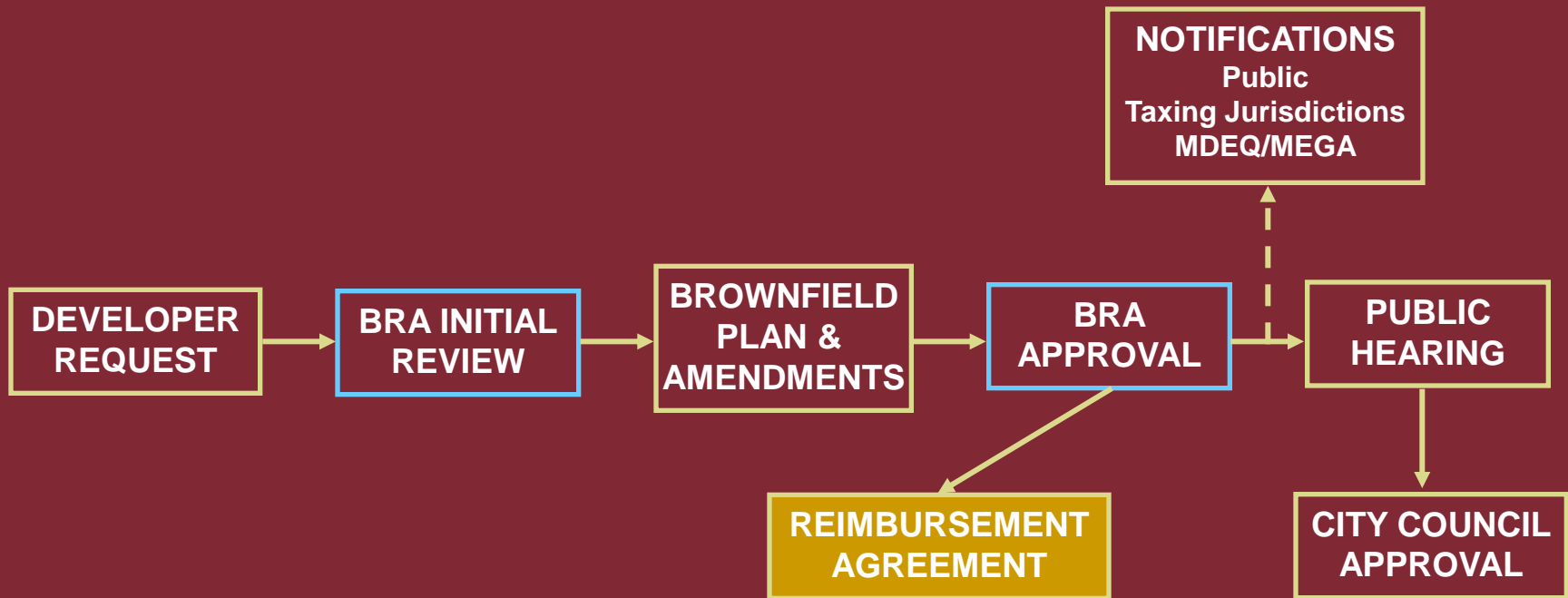
# ELIGIBLE ACTIVITIES

ACTIVITY	LOCAL ONLY	LOCAL + STATE
Before Brownfield Plan Approval		
Assessment, Due Care, Other Responses	X	
Brownfield Plan	X	
Act 381 Work Plan		X
After Brownfield Plan Approval, Before Act 381 Work Plan Approval		
Enviro. Assessments, BEA Report		X
Due Care/Other Response Activities, Demo., Site Prep.* , Infrastructure*	X	
BRA Administrative Costs	X	
Local Site Remediation Revolving Fund (LSRRF)	X	
After Brownfield Plan Approval, After Act 381 Work Plan Approval		
Assessments, Due Care, Other Response Activities, Demo., Site Prep.* , Infrastructure*		X
LSRRF		X

- \* Core Communities only
- X Throughout capture period
- X State school for enviro only



# REIMBURSEMENT AGREEMENT PROCESS



# REIMBURSEMENT AGREEMENT

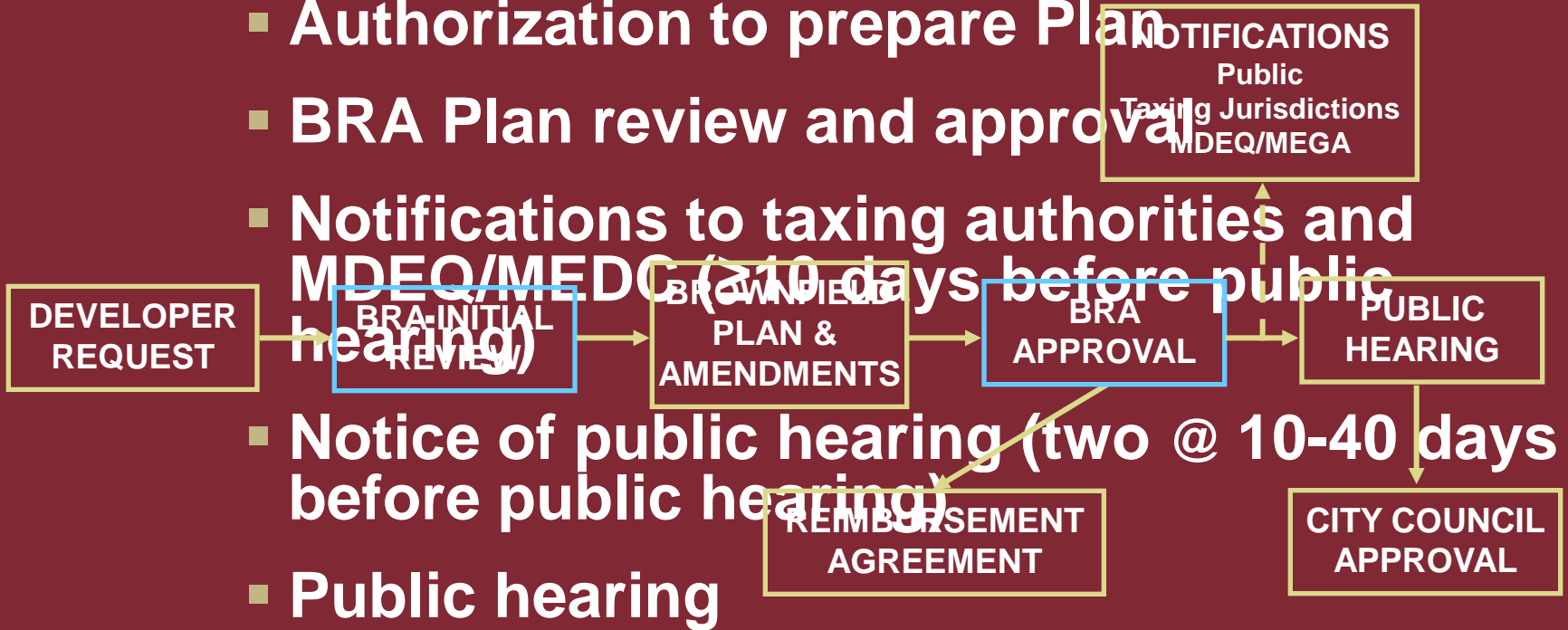
- Reimbursement criteria and obligations
- Capture limitations (time, \$\$)
- Activities eligible for local-only reimbursement
- Payment schedule
- Debt financing (e.g. bonds, city loans, etc.)
- Dedicated or shared reimbursements (administrative capture, LSRRF capture)





# TIF APPROVAL PROCESS SUMMARY

- Authorization to prepare Plan
- BRA Plan review and approval
- Notifications to taxing authorities and MDEQ/MEDC (>10 days before public hearing)



- Notice of public hearing (two @ 10-40 days before public hearing)
- Public hearing
- Governing body approval





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