

CITY OF PORTAGE BROWNFIELD REDEVELOPMENT INCENTIVE POLICY

The City of Portage encourages the growth and development of the local industry and business tax base, the creation of additional job opportunities for community residents and desires to continue to provide incentives for industry and business expansion. The City Council also recognizes the essential responsibility to the community to maintain the array of public services necessary to ensure the high quality of life that exists in Portage. To facilitate tax base expansion and to fulfill these responsibilities, the City Council hereby establishes this City of Portage Brownfield Redevelopment Incentive Policy.

The City of Portage is *A Place for **Business Opportunities to Grow!*** To continue to be a community in which growth and development can prosper, the following attributes important to all industries and businesses will be maintained:

- **Low Tax Rate.** The maintenance of the lowest feasible tax rate compared to other full-service cities is essential to economic development and will facilitate expansion and job creation: A very competitive City of Portage tax rate will be continued.
- **Utility Service Rates.** The maintenance of competitive utility rates is also important to provide opportunities for continued growth and development: Cost effective rates and the efficient delivery of utility services by the City of Portage will be continued.
- **Capital Improvements.** Investments in existing public street, water and sewer infrastructure and the expansion of these public systems are necessary and will encourage additional private sector investment: The annual 10-year Capital Improvement Program budget will continue to reflect essential public improvements within the community.
- **Quality of Life Investments.** To provide opportunities for industry and business expansion and to ensure high quality of life standards, public safety, business and neighborhood services, cultural and recreational programming and related community attributes must be maintained: Quality of life investments will be continued by the City of Portage to foster a safe, *Living, Working and Learning* community.

In addition to these important locally-determined economic development and growth factors, the City Council will offer eligible industries and businesses the opportunity to apply for brownfield incentives under Michigan Statute. The City Council is desirous of fostering brownfield redevelopment to strengthen the tax base and to encourage job creation. The City Council also recognizes its fiduciary responsibility to the community to provide public services and uphold the quality of life. Periodic review of the brownfield policy is necessary to ensure consistency with the community needs and objectives.

Inquiries concerning this policy can be directed to the Department of Community Development (269.329.4477), or the Office of the City Clerk (269.329.4511) in Portage City Hall, 7900 South Westnedge Avenue, Portage, Michigan 49002.

Brownfield Redevelopment Policy

The following sections reference the framework for processing and considering brownfield redevelopment incentive applications as provided under the Brownfield Redevelopment Financing Act (PA381 of 1996, as amended). This policy, these procedures and related provisions will

assist the private investors in the ongoing effort to enhance the productive capacity of environmentally distressed property and contribute to the health and vibrancy of the City of Portage. The following sections address --

1. The Intent of the City of Portage Brownfield Redevelopment Program
2. The General Review Criteria for Brownfield Applications
3. Brownfield Redevelopment Financial Incentives in the City of Portage
4. Brownfield Redevelopment Application Review Process
5. Amendment of the City of Portage Brownfield Plan Process
6. State of Michigan Review Process
7. Annual Report Requirements for the City and the Applicant

1. The Intent of the City of Portage Brownfield Redevelopment Program

Per the resolution adopted by the City Council in July 2001, the City of Portage Brownfield Redevelopment Program was established to facilitate reuse of environmentally distressed property (functionally obsolete and/or blighted areas) in the community. This economic development program is intended to place vacant and/or underutilized/blighted properties back into productive use, fostering reinvestment in the city and, also, discouraging sprawl development. Consistent with the intent of PA381 of 1996, as amended, City Council established the Portage Brownfield Redevelopment Authority in August 2001 and appointed the Board of Directors of the Portage Economic Development Corporation/Tax Increment Finance Authority (EDC/TIFA) to serve as the Portage Brownfield Authority.

The objective of the Act is to assist in effectively addressing brownfield properties and consider the level of assistance necessary to encourage redevelopment. It is acknowledged that the greater development costs associated with a brownfield, when compared to the development costs of a property that is not environmentally contaminated or obsolete, is a significant consideration in successful redevelopment and use. The State of Michigan has enacted programs to assist in brownfield redevelopment, including Michigan Business Tax credits, and has authorized local units of government to capture incremental increases in local and school property tax revenues to finance eligible activities on a brownfield property including environmental response activities, demolition, public infrastructure improvements, site preparation and lead and asbestos abatement.

2. The General Review Criteria for Brownfield Applications

The City Council will evaluate brownfield redevelopment applications based on the following criteria. The criteria shall be equally applied during the review of applications from eligible property owners:

- The brownfield redevelopment application will facilitate the environmental clean-up to accepted State of Michigan standards and the productive reuse of one or more distressed properties.
- The brownfield redevelopment application involves property that is included in the Portage Brownfield Redevelopment Plan.
- The brownfield redevelopment application involves property that is designated for office, business or industrial use in the Portage Zoning Code and is planned for office, business or industrial use in the Portage Comprehensive Plan.
- The financial incentives to be provided for the project will not result in the impairment of the operation or the financial soundness of any affected taxing unit.
- A public purpose would be served; i.e., expanded tax base as well as the multiplier effects of additional employment, income and capital investment in the community.
- The project will provide for an expansion of the employment base in the community.

- The proposed facilities will be compatible with the present and future requirements for city services such as roads, utilities and public safety.
- The applicant meets current financial obligations to the city, is in compliance with all applicable state and city codes and ordinances and has no pending or current litigation against the city (including appeals to the Michigan Tax Tribunal).

The preceding criteria are not intended to be exhaustive. The City Council reserves the right to consider such additional criteria that are intended under this policy and that are consistent with promoting the general health, safety, and welfare of the City of Portage.

3. Brownfield Redevelopment Financial Incentives in the City of Portage

The Portage City Council wishes to encourage the environmental clean-up and the redevelopment of eligible brownfield sites by leveling the playing field between “brownfield” and “greenfield” sites. The Portage City Council will offer the following incentives to stimulate reinvestment in eligible brownfield sites.

- A. Michigan Business Tax Credit. The preferred approach to foster the redevelopment of brownfield properties by the private sector is to support an application to the State of Michigan for the Michigan Business Tax (MBT) credit program for small projects (\$10 million or less) and large projects (over \$10 million) where developers of eligible brownfield properties can receive a tax credit equal to 12.5 percent of the eligible investment. Eligible investment costs include demolition, construction, restoration, alteration, renovation, site improvements, and addition of machinery, equipment and fixtures for the owner or lessee. It is recognized that the City of Portage support for the issuance of a tax credit and the receipt of this tax credit by the property owner represents a significant redevelopment incentive.
- B. Tax Increment Financing Incentive. Tax increment financing (TIF) allows the use of tax revenues that result from an increase in taxable value caused by the construction of new commercial or industrial facilities. Tax revenues can then be used to fund/reimburse the cost of eligible brownfield redevelopment activities.
 1. The Portage City Council will support tax increment financing if such financing is necessary for the granting of a Michigan Business Tax credit by the State of Michigan for an office, commercial or industrial project on a brownfield site. The state and all local taxing jurisdictions are expected to participate. Tax increment financing may be approved to reimburse the applicant only for those costs attributed to approved activities directly related to the brownfield property such as public infrastructure, stormwater retention, environmental response, demolition that is a response activity, including reasonable interest expenses as allowed by the Act, and for related fees and costs associated with the tax increment plan, financing, scheduling, reporting and related activities. City Administration costs for review and approval of the brownfield application and plan that involve tax increment financing will be incorporated into the tax increment finance plan as allowed by the Act. The city will not borrow money or issue negotiable revenue bonds or notes to finance eligible activities.
 2. In order for a project to be considered for tax increment financing, the following minimum threshold criteria must be met:
 - a. The property must be zoned for business use and located in a “Commercial Revitalization Area” as identified in the Comprehensive Plan and meet the business guidelines of the state brownfield program (retail operations that are not “big box” retailers unless as an anchor in a retail center located in an historically underserved market in a traditional

- downtown area or a significant commercial node that complements rather than competes with existing retailers); OR
- b. The property must be zoned for industrial use and located within the general industrial area identified in the Comprehensive Plan and meet the manufacturing guidelines of the state brownfield program (preference given to re-use of existing obsolete/blighted industrial facilities by a Michigan manufacturer in a competitive industry, which preserves/creates jobs, or is high growth potential technology-based company); AND
 - c. The tax capture is limited to a maximum of five years or a predetermined amount as approved by the City Council; AND
 - d. The applicant is not responsible for any existing on-site environmental contamination.
3. The City Council may make modifications to increase the financial assistance and level of city participation, which are deemed appropriate and consistent with the requirements of Act 381 and objectives stated in this policy, for a brownfield project that involves the following significant economic development benefits to the community:
- a. The project is necessary for a new business to locate or an existing business to expand in the city.
 - b. The minimum taxable value of the project upon completion will be at least \$5 million.
 - c. The project will result in the creation and/or retention of a significant number of full time equivalent jobs in the community.
 - d. The project will result in a significant average annual salary level for each full-time equivalent job.
 - e. The project has the potential to create spin-off development through multiplier effects that have positive community economic impact.
 - f. Others benefits as may be determined by the City Council.

4. Brownfield Redevelopment Application Review Process

The application review process is intended to allow the community the opportunity to review the proposed brownfield redevelopment project in advance of the finalization of a formal brownfield plan amendment. Approval of the application by the City Council will allow the applicant to proceed with preparation of the formal brownfield plan amendment. The application review process includes the following information/steps:

- A. Applications shall be completed and submitted to the Department of Community Development and include the following:
 1. Application form, together with the adopted fee.
 2. Project summary with site plan, site sketch, graphics or other illustrations that detail the project
 3. Summary of environmental conditions and eligible activities that necessitate consideration of a brownfield plan amendment.
 4. Preliminary estimate of the captured taxable value and tax increment revenues from all eligible properties, if applicable.
 5. Preliminary estimate of the impact of tax increment financing on the revenues of all taxing units subject to tax capture, if applicable.

The application will be promptly processed when all required information has been submitted.

- B. Review of a brownfield redevelopment application will be coordinated by the Department of Community Development and a report will be prepared for the consideration of the City Manager. The Department of Community Development may request the assistance of appropriate departments in the preparation of the report. If the application requests the tax

increment financing incentive, the Finance Department will be involved in the review of the application and financing documents and may request the services of municipal financial consultants. The report will include appropriate analyses and be prepared giving consideration to the application, Michigan Statute, the General Review Criteria specified in this policy and any other pertinent considerations. If City Council approves the brownfield redevelopment application, the approval will extend for a six month period, after which a new application will be required. During this approval period, the applicant will prepare an amendment to the City of Portage Brownfield Plan, which will be considered as required by Act 381 and relevant statutory requirements.

5. Amendment to the City of Portage Brownfield Plan Process

Within six months of the City Council approval of the brownfield application, the applicant may proceed and prepare an amendment to the City of Portage Brownfield Redevelopment Plan for consideration by the city to include an additional eligible property per the following sections:

- A. Preparation of the Brownfield Redevelopment Plan. The applicant, or designated agent, is responsible for preparing the Brownfield Redevelopment Plan consistent with the Act. The Brownfield Redevelopment Plan shall be properly completed and submitted to the Department of Community Development.
- B. City Administrative Review. The Brownfield Redevelopment Plan will be reviewed by the Department of Community Development and a report will be prepared for consideration by the City Manager. The Department of Community Development may request the assistance of appropriate departments including the Office of the City Attorney in the preparation of the report. If the application includes tax increment financing incentives, development agreement and related documents, the Finance Department will review the application and may involve the services of municipal financial consultants. The report will include appropriate analyses and be prepared giving consideration to the approved brownfield application, Michigan Statute, this policy and any other pertinent considerations. The review and report will be provided to the Brownfield Redevelopment Authority and to City Council for consideration at the public hearing on the plan.
- C. Brownfield Redevelopment Authority Review. The Authority will review the Brownfield Redevelopment Plan and related documents and develop a recommendation that will be forwarded to City Council. After review by the Authority, the plan will be forwarded to the City Council.
- D. Public Hearing on the Brownfield Redevelopment Plan. City Council will hold a public hearing on the plan consistent with Act 381 including written notice to taxing units subject to tax capture.
- E. Resolution adopted by City Council. After consideration of the proposal and Brownfield Redevelopment Plan, development agreement and related documents, City Council will consider a resolution certifying the plan to the State of Michigan. The applicant would then submit the plan and related documents to the Michigan Department of Environmental Quality (MDEQ) and Michigan Economic Growth Authority (MEGA) for review and approval.

6. State of Michigan Review Process

The MDEQ and MEGA will review the Brownfield Redevelopment Plan to ensure consistency with statutory, procedure and process requirements and notify the City of Portage Brownfield Redevelopment Authority that the plan has been approved, approved with conditions, denied or additional information is needed prior to approval. The applicable state agency(ies) will approve the Michigan Business Tax Credit and Tax Increment Finance Incentives, including the required work

plans. The city and the authority will only use tax increment revenues in a manner consistent with the approval(s) granted by the applicable state agency(ies). If the plan is approved or approved with conditions by the State of Michigan, the City Council and other local units will be advised, as applicable.

7. Annual Report Requirements for the City of Portage and the Applicant

In accordance with Act 381 requirements, an annual financial report will be submitted to the City Council and the State Tax Commission on the status of the activities.

DATE OF ADOPTION BY CITY COUNCIL: July 22, 2008