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 Natural Place to Move.* 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 Incentive 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, functionally obsolete or blighted buildings and properties 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
8. Coordination with the Kalamazoo County Brownfield Redevelopment Authority

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, functionally obsolete, and/or blighted buildings and property 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 Redevelopment 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, functionally obsolete, or blighted is a significant consideration in successful redevelopment and use. The State of Michigan has enacted programs to assist in brownfield redevelopment, 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 will facilitate the environmental clean-up to accepted State of Michigan standards and the productive reuse of one or more distressed properties, or
- The brownfield redevelopment will facilitate the demolition and removal of a functionally obsolete building (or selective interior building demolition) and site condition, or a blighted building and site condition.
- The brownfield redevelopment involves property that is zoned for office, business or industrial use and/or 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/or 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. 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 facilities or the rehabilitation of existing 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 economic feasibility of an office, commercial or industrial project on a brownfield site. 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, storm water retention, environmental response, demolition, 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 and/or designated for office or business use and located in a "Commercial Revitalization Area", the Downtown Development Authority, the Lake Centre subarea, or the City Centre subarea as identified in the Comprehensive Plan and meet the guidelines of the state brownfield program; OR
   b. The property must be zoned and/or designated 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; AND
   c. The local tax capture is limited to a maximum of 15 years or when 100% reimbursement of eligible expenses is achieved, whichever time period is shorter. Eligible expenses for projects that involve a functionally obsolete building or blighted building/property shall be limited to activities that demolish and/or remove the obsolete or blighted factors of the building/property; AND
   d. The applicant is not responsible for any existing on-site environmental contamination and/or blighted building or site conditions.

3. The City Council may increase the financial assistance and level of city participation, by granting a TIF capture period that exceeds 15 years but is not longer than 30 years, consistent with the requirements of Act 381 and objectives stated in this policy. One of the following criteria should be considered for such projects:

    a. The project is transformative and involves significant economic development benefits to the community; OR
    b. The minimum taxable value of the project upon completion will be at least $10 million; OR
    c. The project will result in the creation of: 100 or more new jobs with a *median annual salary* above 80% of the Kalamazoo County Area Median Income for a single-person household; OR 50 new jobs, *all* of which have an annual salary above 80% of the Kalamazoo County Area Median Income for a single-person household; OR
    d. Others benefits as may be determined by the City Council.

4. Brownfield Redevelopment Application Review Process

The application review process includes the following information/steps:

A. Applications shall be submitted to the Department of Community Development and include:

    1. Letter of application, together with the adopted fee.
    2. Project summary of the overall project investment and proposed job creation/retention, a preliminary site plan or 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.
    5. Preliminary estimate of the impact of tax increment financing on the revenues of all taxing units subject to tax capture.

    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, with assistance from the Office of City Assessor. The Community Development Department will prepare a report that will include appropriate analyses and give consideration to the application, Michigan Statue, the General Review Criteria specified in this policy and any other pertinent considerations. If the City Manager approves the brownfield redevelopment application, 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 Manager 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:

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, with assistance from the Office of City Assessor. A report will be prepared and include appropriate analyses, giving consideration to the approved brownfield application, Michigan Statute, this policy and any other pertinent considerations. The review and report, together with a draft development agreement, 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 adopt a resolution certifying the plan.

6. State of Michigan Review Process

If captured school taxes will be used to reimburse the cost of environmental response activities, or any non-environmental activities, approval of the Brownfield Redevelopment Plan and a Work Plan by the MDEQ and/or the MEDC is necessary. A Work Plan details the proposed project, specific activities to be undertaken, and the costs and time frame for completion. The MDEQ and MEDC will review the Brownfield Redevelopment Plan and Work 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 if additional information is needed. The applicable state agency(ies) will approve the 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. Local Brownfield Revolving Fund

PA 381 of 1996 authorizes the creation of a Local Brownfield Revolving Fund (LBRF) that can be used for eligible activities such as: site investigation (e.g. environmental studies such as Baseline Environmental Assessments and Due Care Plans); preparation of a Brownfield Redevelopment Plan; environmental cleanup; demolition; site clearing, amongst others. The benefit of a LBRF is that it can provide funding for future brownfield redevelopment projects that require additional assistance with up front due diligence and planning costs required to prepare a Brownfield Redevelopment Plan, and/or with the cost of eligible redevelopment activities where a project may not otherwise be economically feasible.

Funding for a LBRF typically consists of funds from tax increment revenue in excess of the amount required to reimburse the developer, the local Brownfield Redevelopment Authority for administrative expenses, and the State Brownfield Redevelopment Authority. However, funding for a LBRF may also be derived from appropriations and/or grants from public and private sources. In the case of the Portage Brownfield Redevelopment Authority, the LBRF will initially be funded from tax increment revenue derived from approved Brownfield Redevelopment Plans. The LBRF will capture excess tax increment revenue for a period not to exceed five years (which must fall within the maximum 30-year capture period).

8. 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.

9. Coordination with Kalamazoo County Brownfield Redevelopment Authority

The Kalamazoo County Brownfield Redevelopment Authority (KCBRA) was created in 2002, which also provides incentives for brownfield redevelopment. While most KCBRA projects have occurred within Kalamazoo County townships, the City of Portage may permit a KCBRA project within the city. The KCBRA has established a Local Site Remediation Revolving Fund (LSRRF) that provides funding to assist applicants with up front expenses including environmental studies and preparation of a Brownfield Redevelopment Plan. In the event an applicant seeks approval through the KCBRA, the following criteria and process shall be utilized for the review and approval process:

- KCBRA staff reviews the initial application and consults with the City of Portage Department of Community Development regarding the project.
- KCBRA Brownfield Plans proposed within the City of Portage must be consistent with the criteria and TIF capture provisions outlined in the City of Portage Brownfield Redevelopment Incentive Policy. An additional TIF capture period will be permitted for a period of not more than five years to fund the LSRRF. Dependent on the amount of TIF capture and scope of the project, this time period may be shortened to less than five years.
- After the KCBRA reviews and approves Brownfield Plan, the plan shall be submitted to the City of Portage Department of Community Development. After review by the City Administration, the City of Portage Brownfield Redevelopment Authority will review the Brownfield Plan and make a recommendation to City Council.
- The City Council will then review the Brownfield Plan and if approved, adopt a Resolution Approving a Brownfield Plan.
- If approved by the Kalamazoo County Board of Commissioners and the State of Michigan (if applicable), the KCBRA shall provide an executed copy of the development agreement for the project and annually provide a report regarding Brownfield Plan projects within the City of Portage.

DATE OF ADOPTION BY CITY COUNCIL: June 11, 2019