

Brownfield Restoration

MEDA

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Brownfield Restoration

Economic Development Strategies

Agenda

Planning

Review and Assessment

Implementation

Objective

How to craft a renovation and redevelopment program that helps projects succeed while implementing the environmental and financial objectives of your organization.

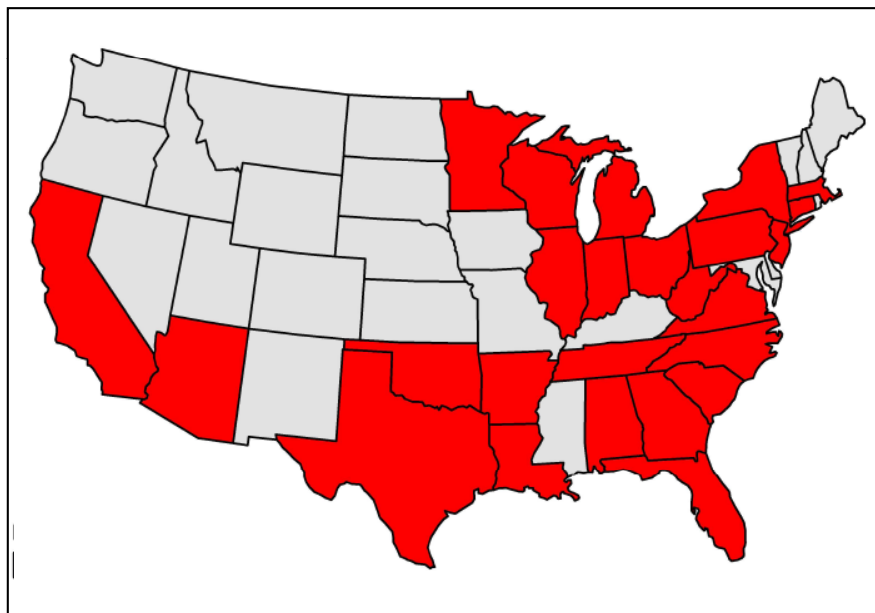
Established in 1985
Over 90% Repeat/Referral
Over 9,000 projects in the United States
Projects in Canada, Mexico and the
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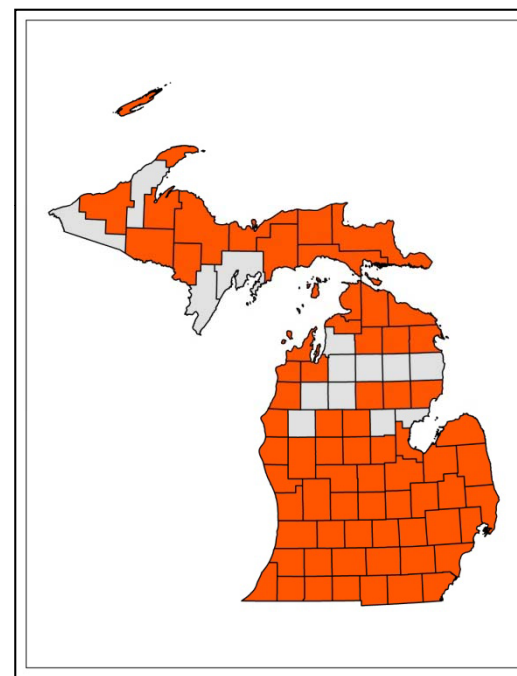


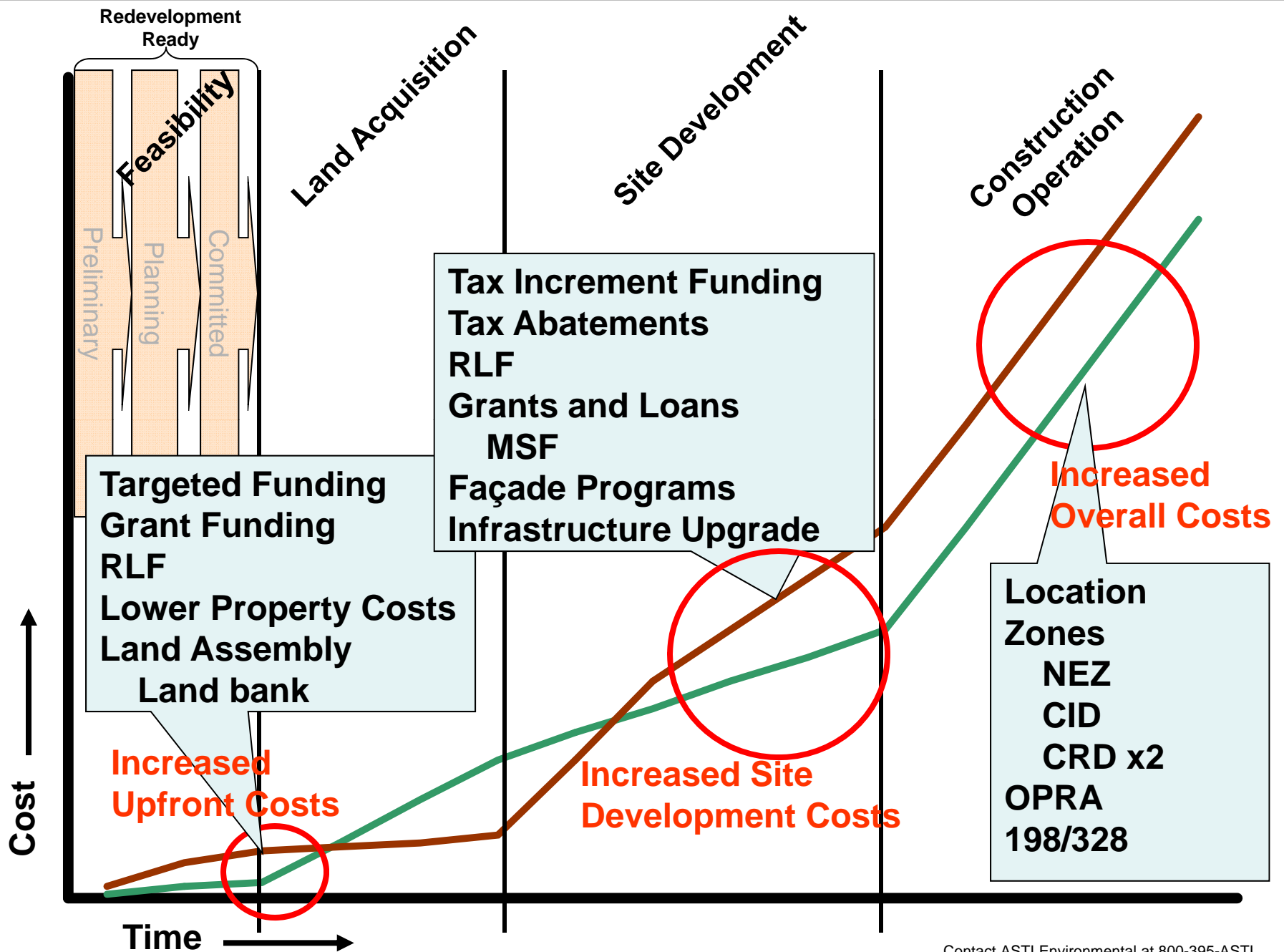
Project Locations

1.800.395.2784 • www.asti-env.com

Investigations • Compliance

Investigations • Compliance





Brownfield Definition

Michigan

For all Brownfields...

- Contamination greater than the applicable Residential Clean-up Criteria under Part 201, or
- Is in a Land Bank Fast Track Authority or
- Blighted or
- Functionally obsolete or
- Historic Resource or
- Adjacent and Contiguous Properties

Is different for Core and Non-Core Communities

www.michigan.gov/deq



Definitions - Michigan

Blighted Means Property That:

Has been declared a **public nuisance** in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;

Is an **attractive nuisance** to children because of physical condition, use or occupancy;

Is a fire hazard or is otherwise dangerous;

Has had the utilities, plumbing, heating or sewerage disconnected, destroyed or rendered ineffective for its intended purpose;

Has **substantial subsurface demolition debris** buried on site so that the property is unfit for intended use

Definitions - Michigan

Blighted Means Property That:

Is tax reverted property owned by a qualified local unit of government, by a county, or by the state (the sale, lease or transfer after inclusion in a brownfield plan shall not result in loss of the property status as blighted); or

Is property owned or under the control of a land bank fast track authority, whether or not located within a qualified local governmental unit - property included within a brownfield plan prior to the date it meets this requirement shall be considered eligible as of the date the property becomes qualified (the sale, lease or transfer after inclusion in a brownfield plan shall not result in loss of the property status as blighted).

Definitions - Michigan

Functionally Obsolete Property:

Is property or equipment that is unable to be used to perform as intended due to a substantial loss in value resulting from:

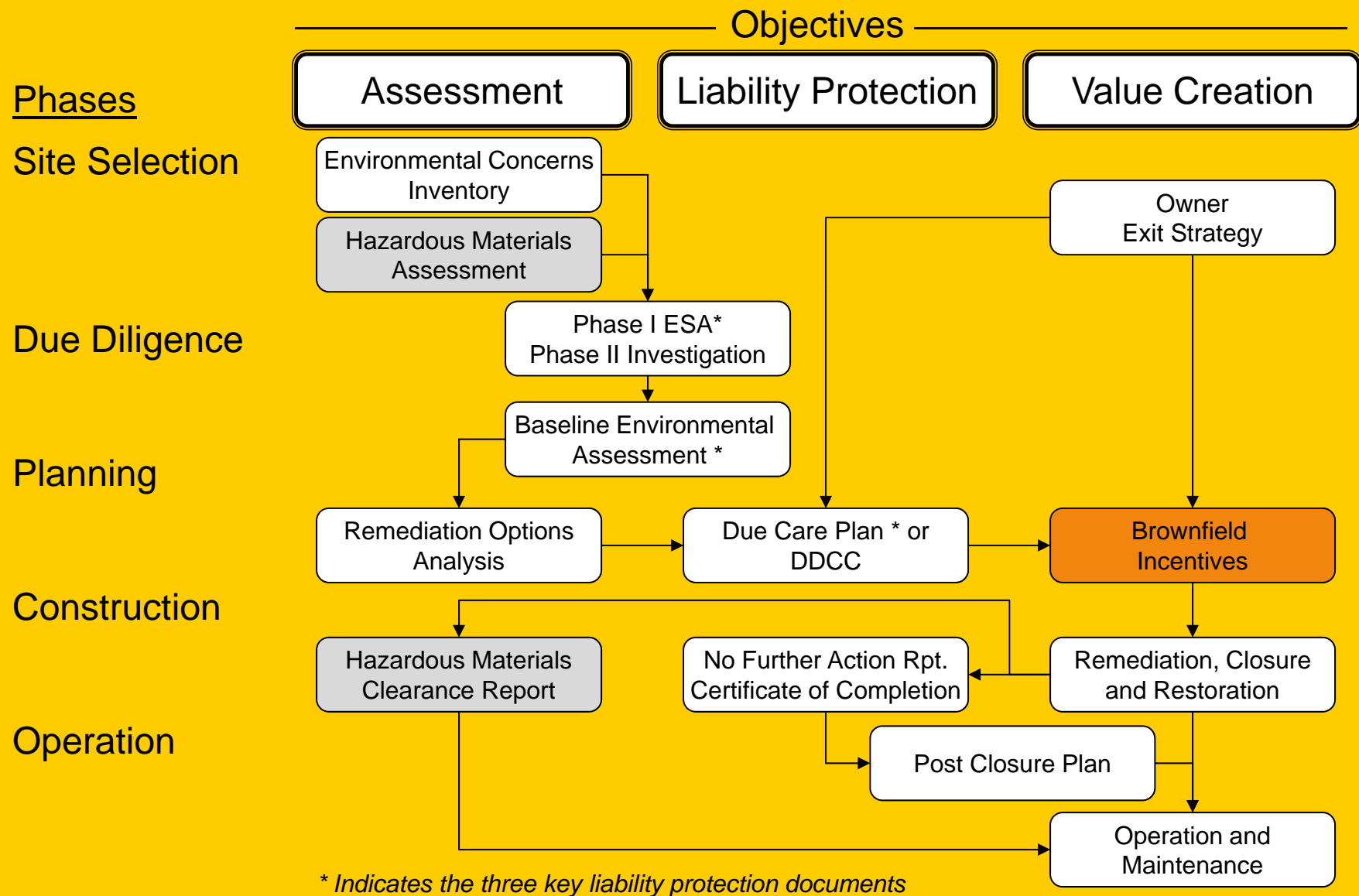
- Overcapacity;
- Changes in technology;
- Deficiencies or superadequacies in design;
- Or other similar features that affect the property:
 - ~ (Or the property's relationship with other surrounding property.)

Definitions - Michigan

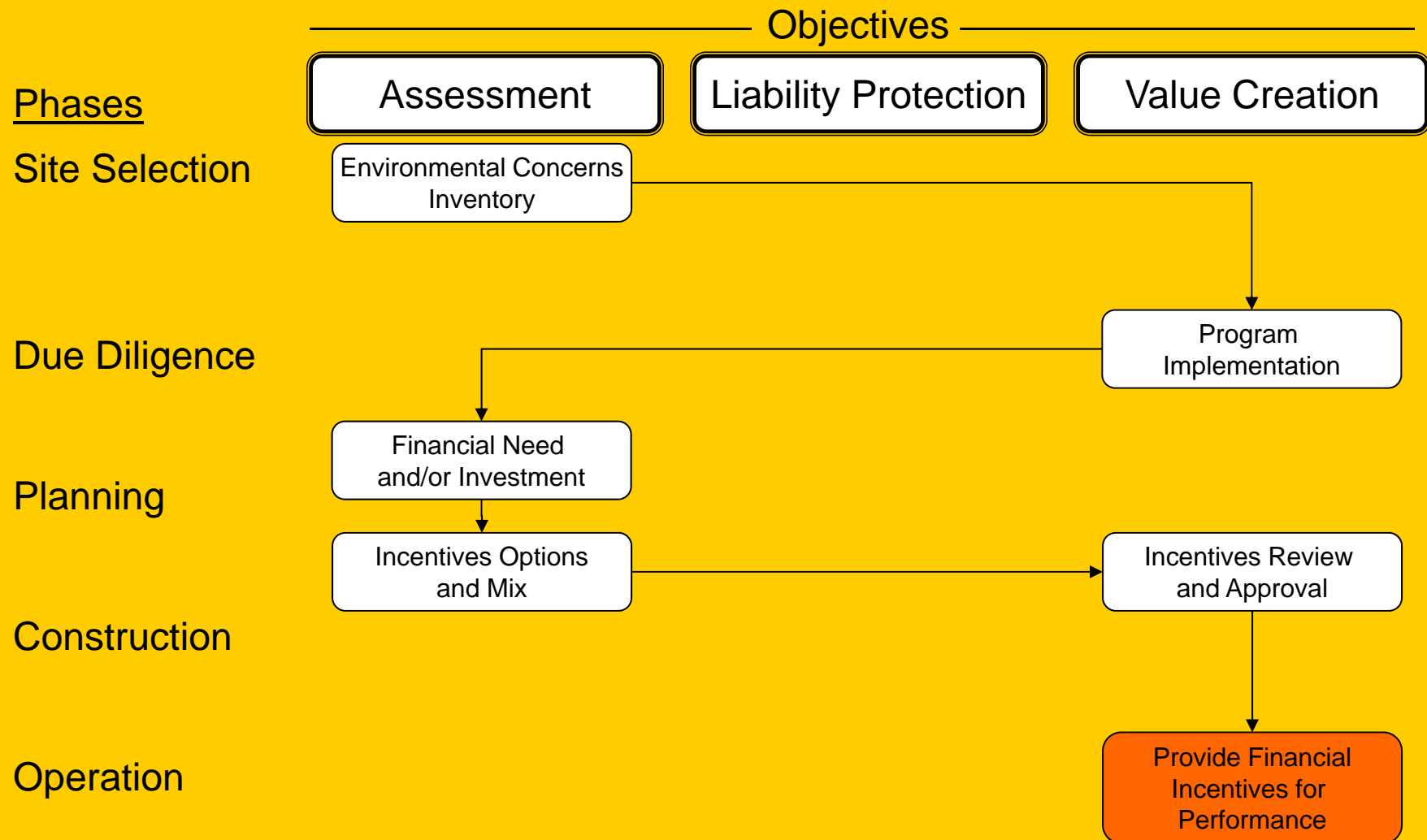
Historic Resource:

Is a publicly or privately owned historic building or structure located within a historic district designated by the national register of historic places, the state register of historic sites, or a local unit acting under the local historic districts act

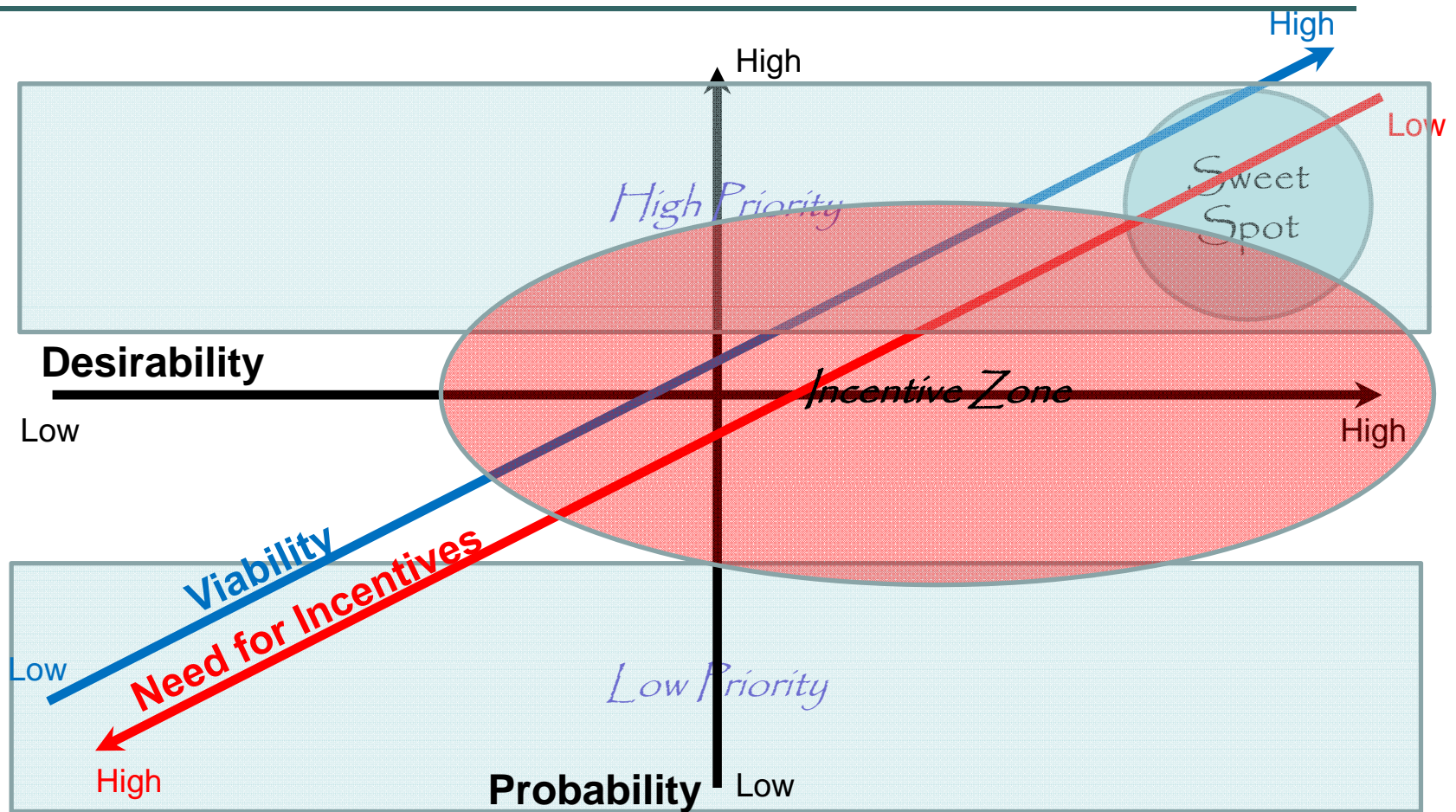
Restoration Process



Restoration Process – The LUG



The Conundrum





Planning

Brownfield Restoration

Community Specific Objectives

City of Flint

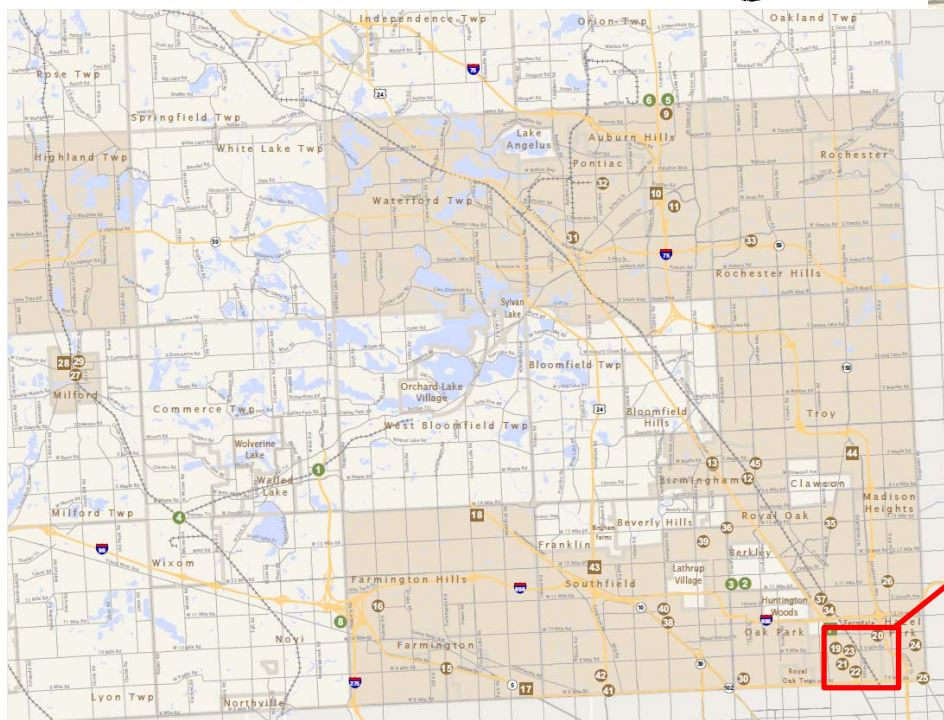
- A. Promote Economic Development and Job Creation Through the Reuse of Underutilized Properties
- B. Position Brownfield Redevelopment Projects to be Competitive with Traditional Development Projects
- C. Maximize the Impact of Incentives by Encouraging Brownfield Redevelopment that Complements Other Redevelopment Efforts
- D. Protect Human Health and the Environment Through the Use of Appropriate Remediation and Due Care Activities, and
- E. Maintain Transparency During the Approval Process

City of Rochester Hills

- 1. Incorporate a preference for source control, active remediation, or mitigation;
- 2. Create full time jobs;
- 3. Provide an increase in taxable value to the property and a potential beneficial effect in the area that would not have occurred without the incentives; and
- 4. Use these incentives only after all other sources of funding for eligible activities have been exhausted."

Community Specific Objectives

Popcorn Incentives v. Catalytic Projects v. Area Planning



Return on Investment for Incentive

Threshold Criteria and Performance Criteria

“An eligible project **can be considered** for Brownfield incentives in the City if it meets all of the following criteria:

- The project Internal Rate of Return indicates that it requires incentives to be successful and would not occur without the incentives, and
- The development will ameliorate threats to public health or the environment that were caused by site conditions through remediation, mitigation or control or redevelopment of an historic resource.”

“Projects **will be evaluated** based on, but not limited to, the following criteria:

- Amount of property tax generated
- Amount of investment on a square foot basis
- Job retention, creation and quality
- Location
- Existence of abandoned, blighted or functionally obsolete buildings
- Amelioration of threats to public health or the environment
- Whether the project will provide additional beneficial effects on the surrounding area and the community as a whole.”

Area-Wide Planning Tool Example

Brownfield Restoration

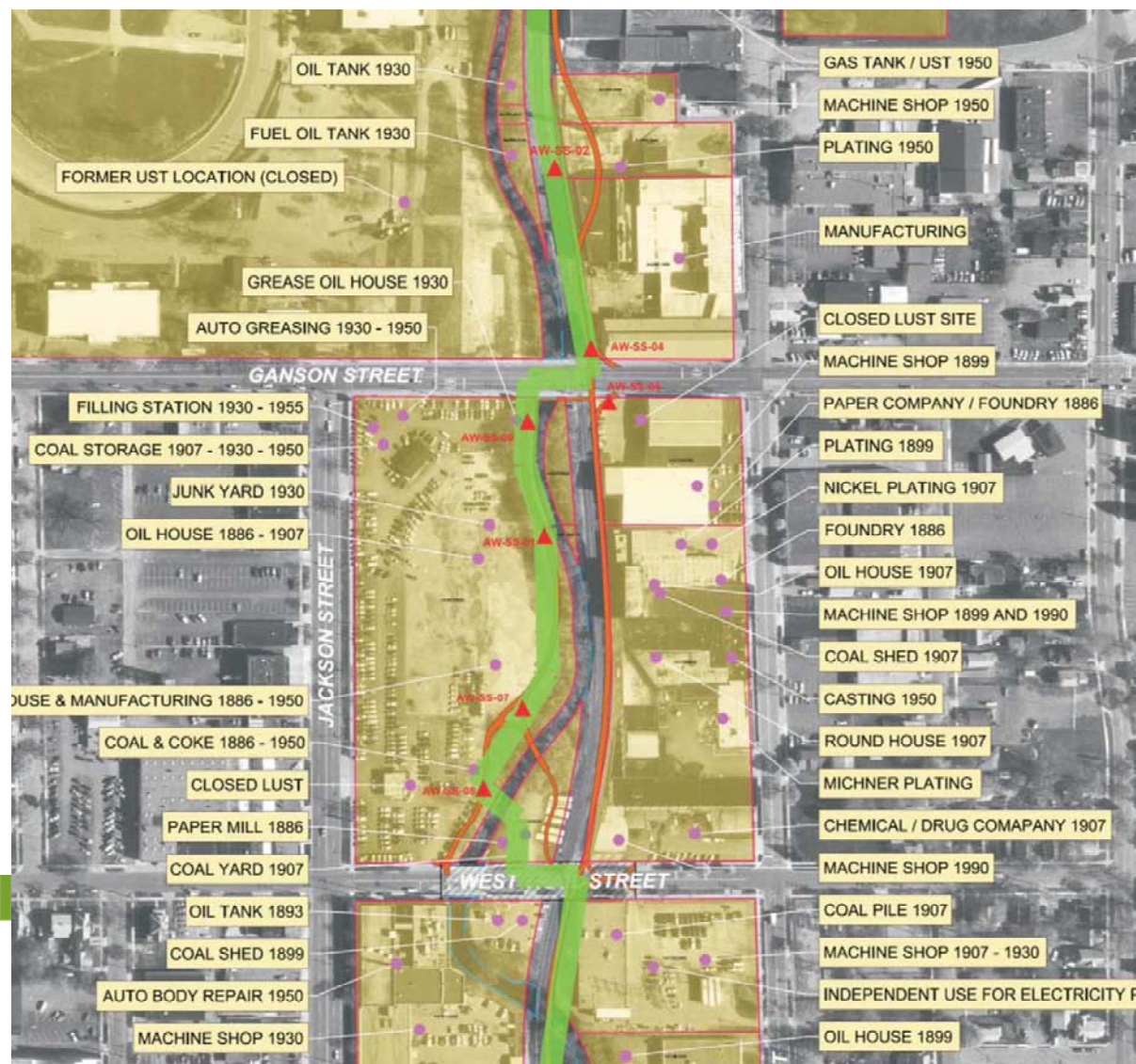
Environmental Concerns Inventory

Identify...

Historical Uses
Environmental Concerns
Extent of Existing Data

Define...

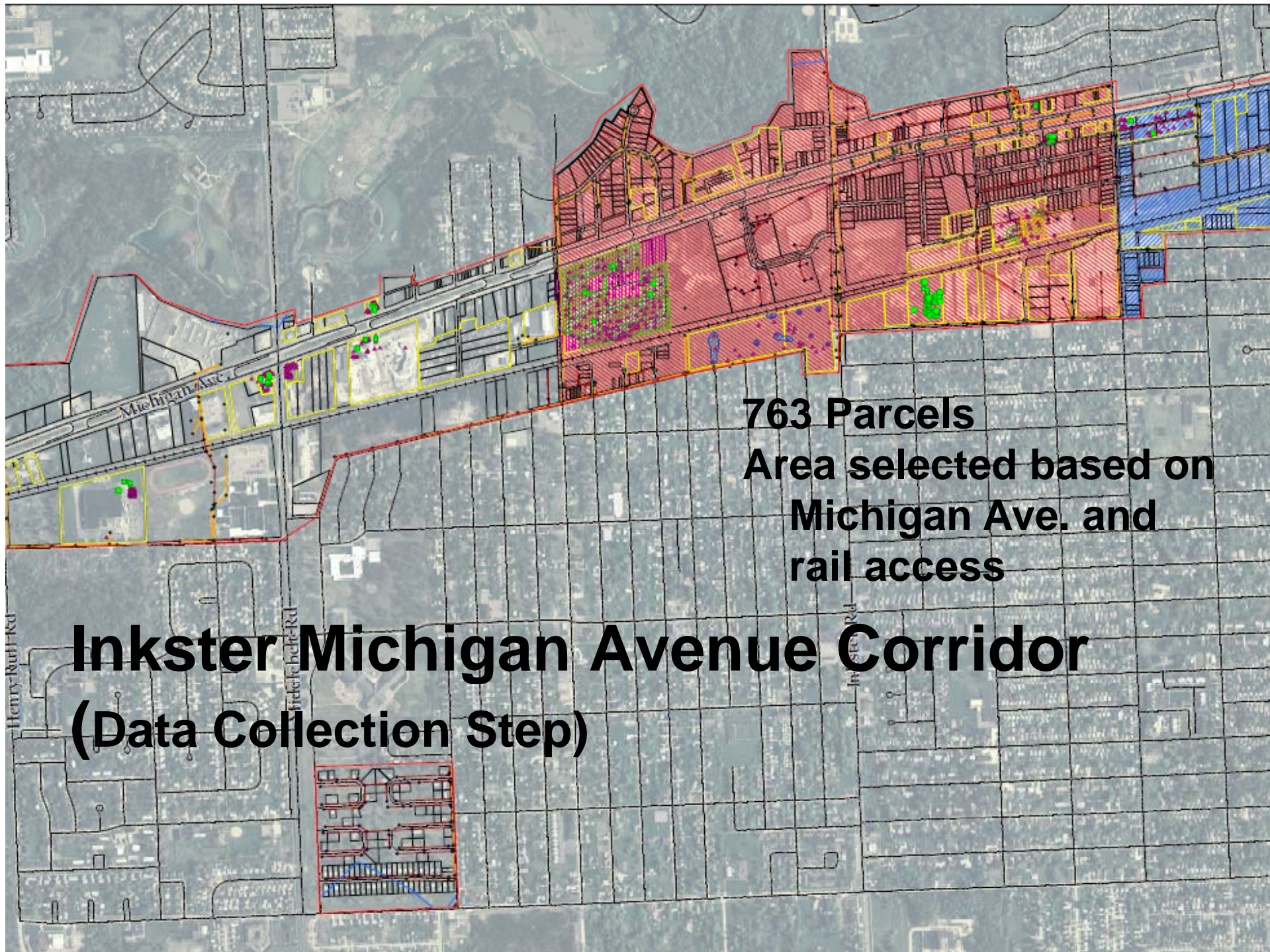
Limits of Existing Data
Investigation Priorities
Restrictions to Development
Priority of Parcels
Coordinated Incentives Plan

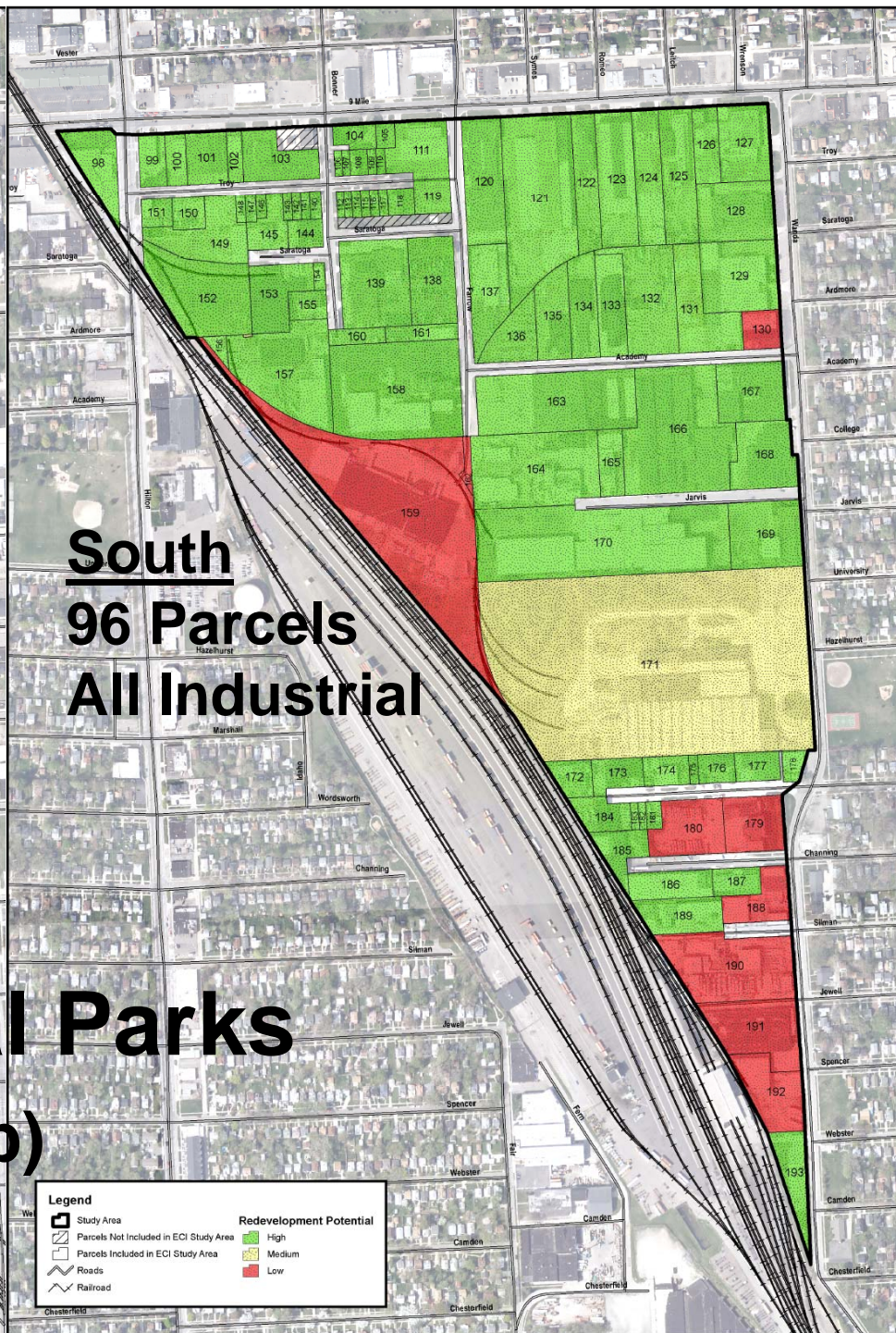
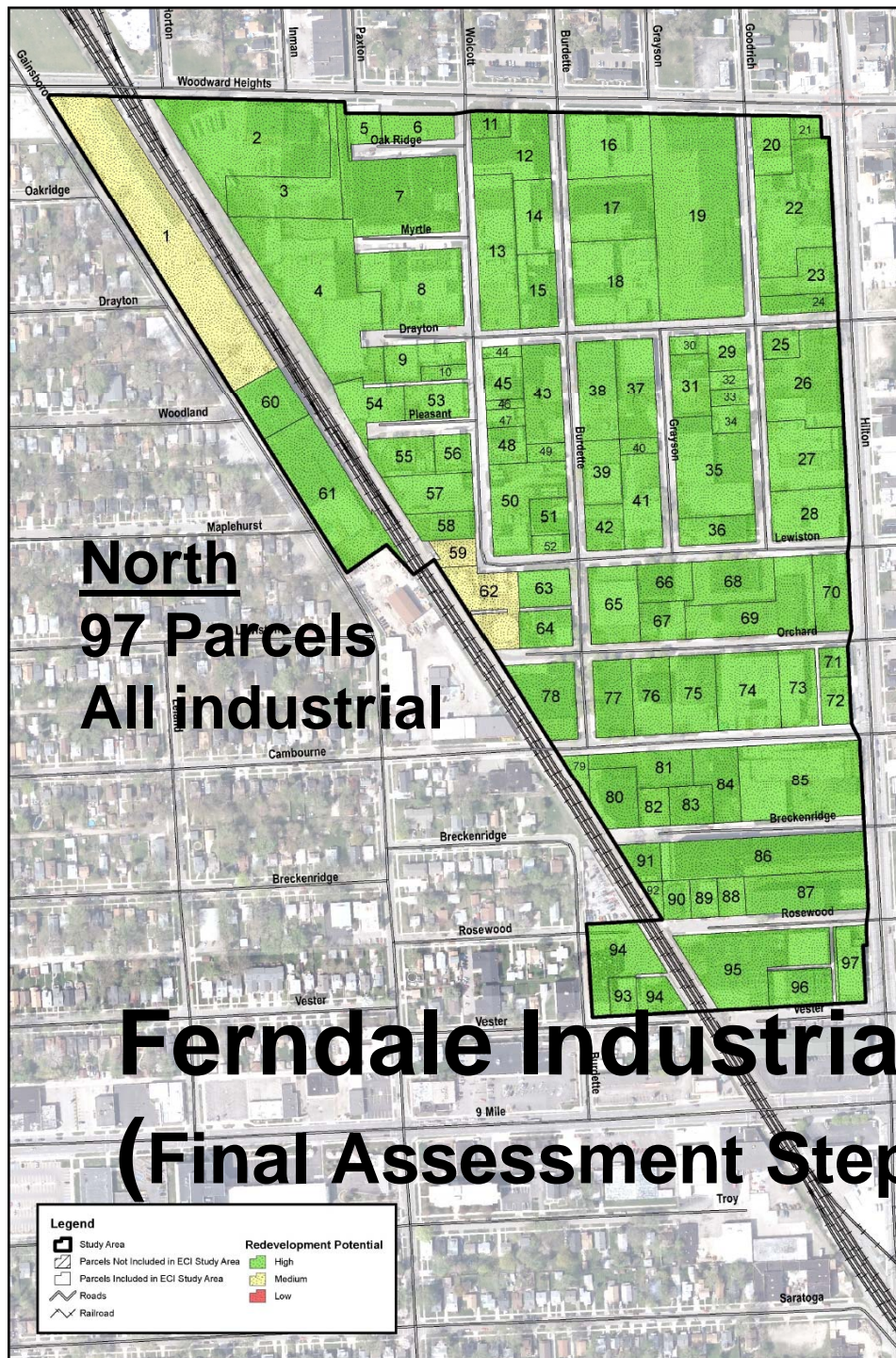


Kentwood South Division Avenue (Parcel Identification Step)

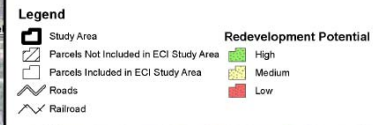
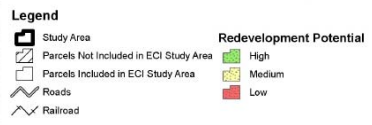
96 Parcels
2.3 Miles

A map of a residential area with several streets labeled: Pamela, Milhaven, Wolf Run, Harlan, Danville, Madison, Marlowe, and Juniper. A red dot is placed at the intersection of Pamela and Juniper. Another red dot is placed on Juniper street, between Madison and Marlowe. The text "To support transit proposal Properties selected based on transit stops" is overlaid on the map.

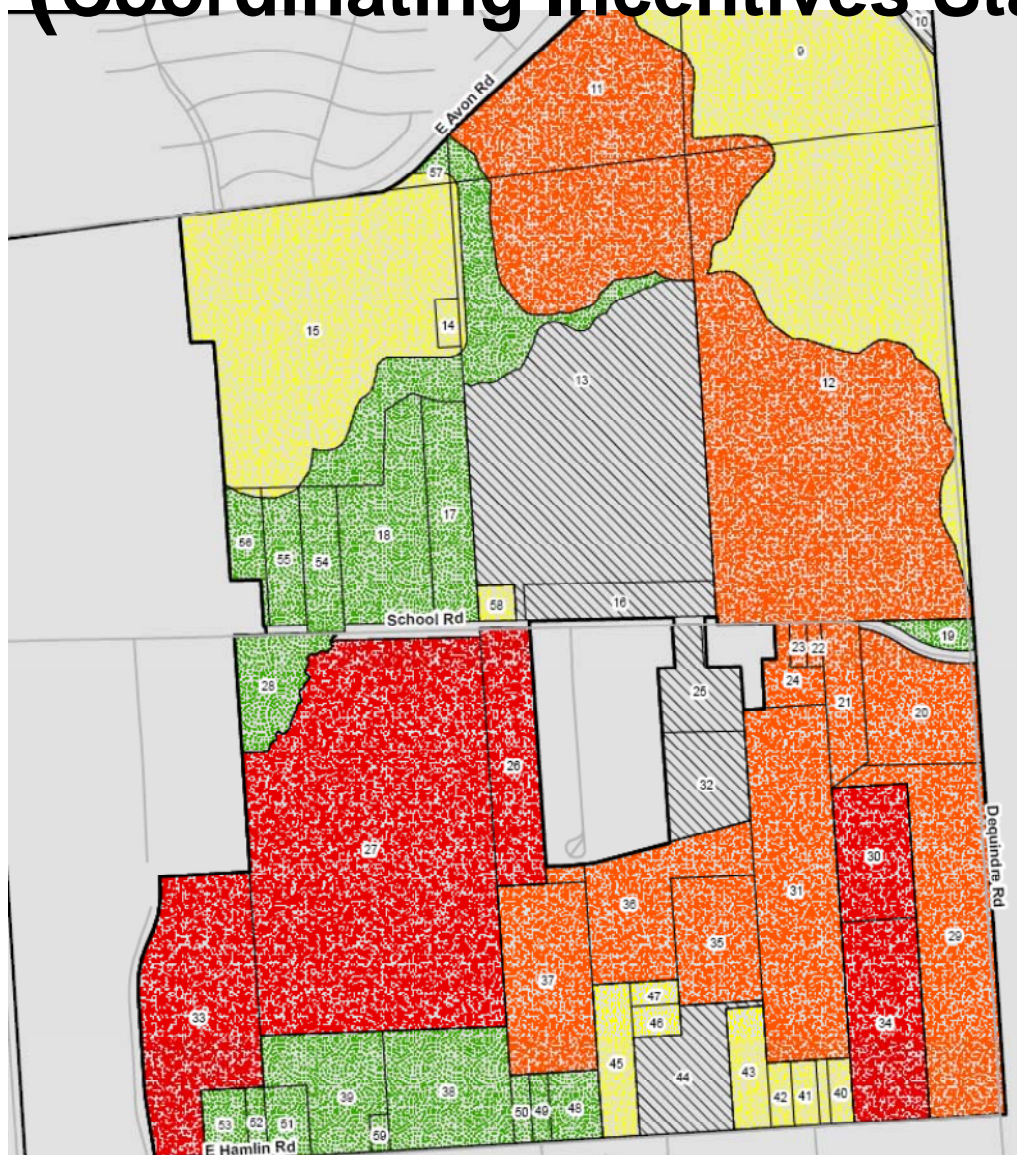




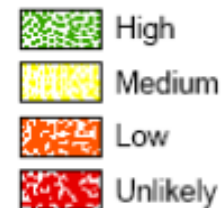
Ferndale Industrial Parks (Final Assessment Step)



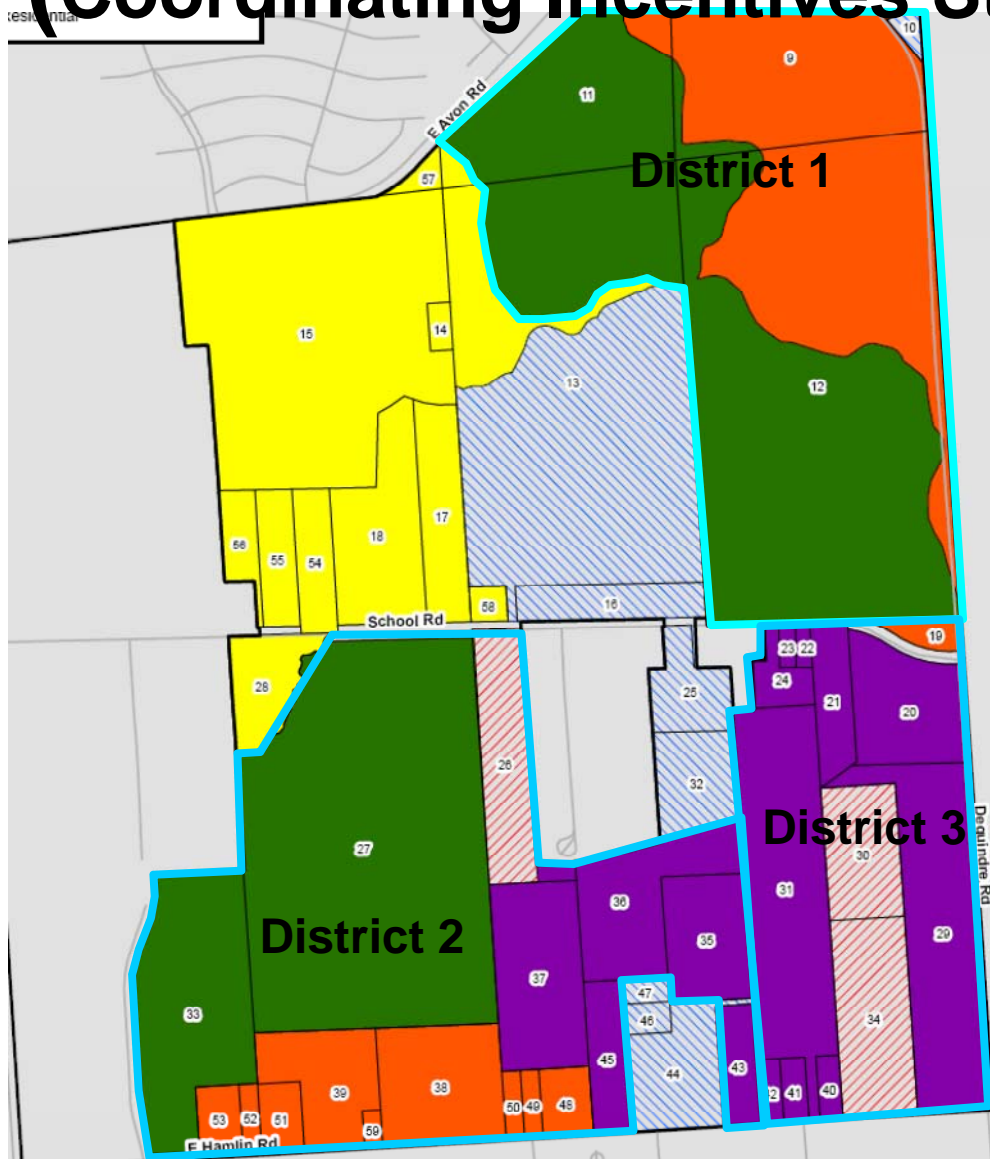
Rochester Hills Landfill Planning Area (Coordinating Incentives Stage)



414 Acres
59 Parcels
9 Landfills



Rochester Hills Landfill Planning Area (Coordinating Incentives Stage)

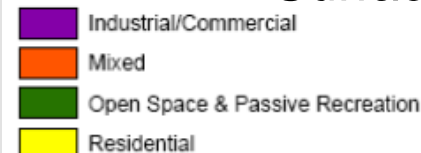


Area-Wide Incentives

Creating districts and/or using Targeted Redevelopment Area (or Land Bank), will permit collateralization of TIF funding

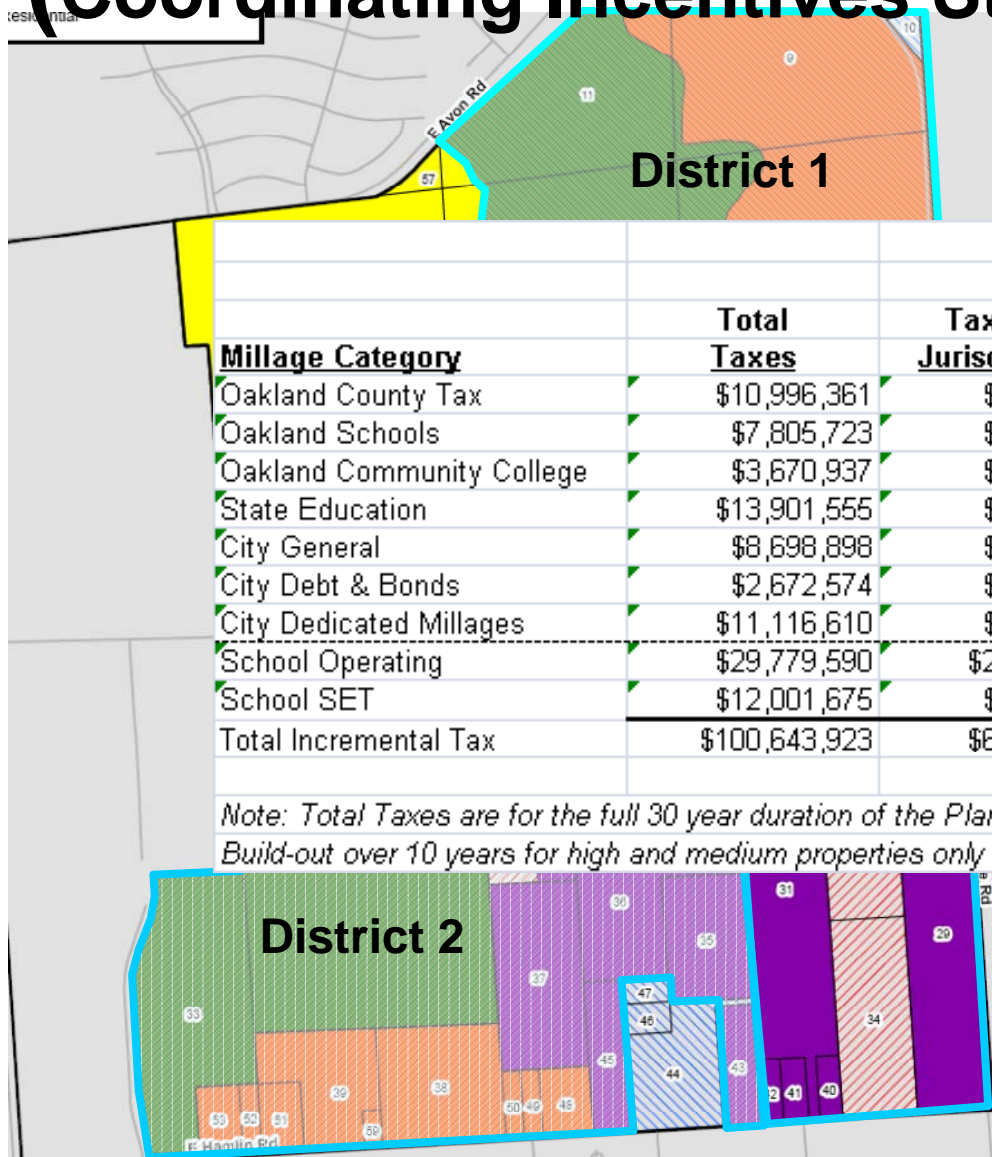
Grant funding

- Surface Water features



Rochester Hills Landfill Planning Area

(Coordinating Incentives Stage)



Millage Category	Total Taxes	Taxes to Jurisdictions	Tax Capture for This Plan		
			Total Capture	Capture for Reimbursement and BRA	Capture for LSRRE
Oakland County Tax	\$10,996,361	\$6,113,614	\$4,882,747	\$2,503,660	\$2,379,087
Oakland Schools	\$7,805,723	\$4,339,724	\$3,465,998	\$1,777,213	\$1,688,785
Oakland Community College	\$3,670,937	\$2,040,920	\$1,630,017	\$835,802	\$794,215
State Education	\$13,901,555	\$7,728,806	\$6,172,749	\$3,165,117	\$3,007,632
City General	\$8,698,898	\$4,836,300	\$3,862,598	\$1,980,572	\$1,882,026
City Debt & Bonds	\$2,672,574	\$2,672,574	\$0	\$0	\$0
City Dedicated Millages	\$11,116,610	\$6,180,468	\$4,936,142	\$2,531,038	\$2,405,103
School Operating	\$29,779,590	\$20,363,492	\$9,416,098	\$4,828,165	\$4,587,933
School SET	\$12,001,675	\$6,672,536	\$5,329,140	\$2,732,551	\$2,596,589
Total Incremental Tax	\$100,643,923	\$60,948,434	<u>\$39,695,489</u>	\$20,354,119	<u>\$19,341,370</u>

*Note: Total Taxes are for the full 30 year duration of the Plan
Build-out over 10 years for high and medium properties only*

3 Consider Area-Based Impacts



Review and Assessment

Brownfield Restoration

Example Financial Evaluations

\$73M

Investment

30 New Jobs

\$8.2M TIF

12 Year

Payback

\$10M MBT



The Basic E⁴ Equation

Eligible Property + Eligible Activities +
Eligible Taxpayer = Eligible Project

(Brownfield+ Investment Listed as Eligible+
Innocent Landowner= Eligible Project)

The Basic E⁴ Equation Problem

Eligible Project (Brownfield):

Contaminated Above Residential
Functionally Obsolete
Blighted
Historic Resource
In a Land Bank
Adjacent and Contiguous

Create Jobs

Sufficient Investment for Incentive
Defined Need (Financing Gap)

Contribute to Density and Area Wide Redevelopment

~~Can~~ Will be Successfully Completed

But For Test

What is the Financing Gap?

Equity vs. Debt

Debt to Equity Ratio

Are Extraordinary Costs the Cause?

What are the Other Incentives?

But For Test

8.9:1 Debt to Equity

8% Equity

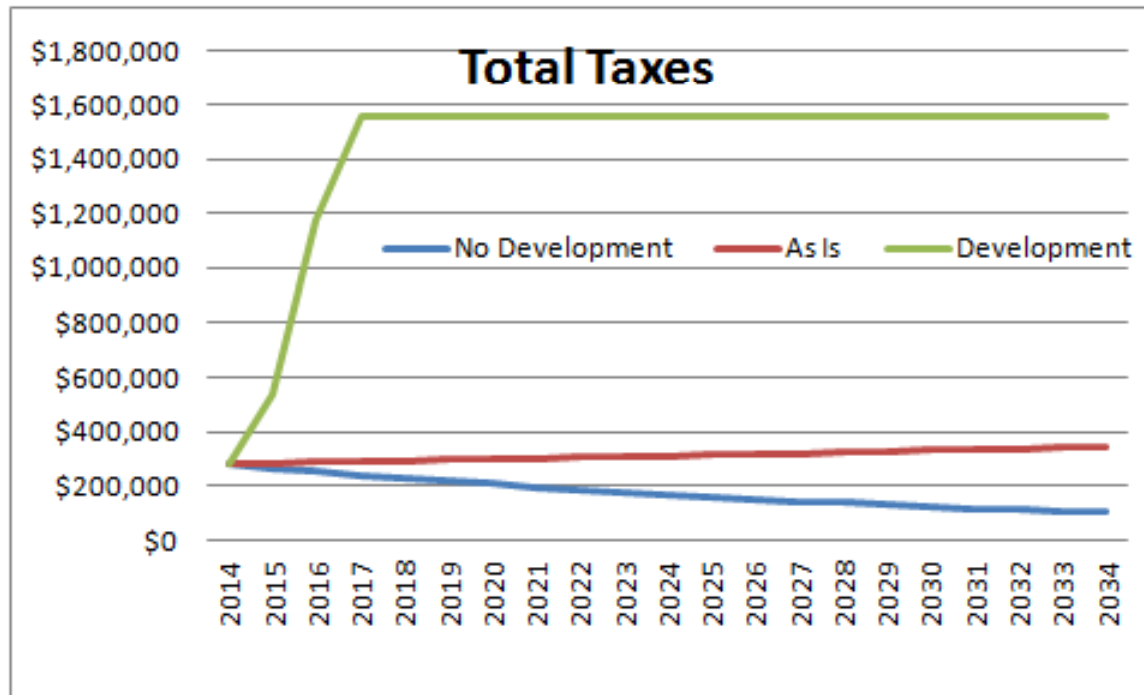
73% Debt

19% Incentives

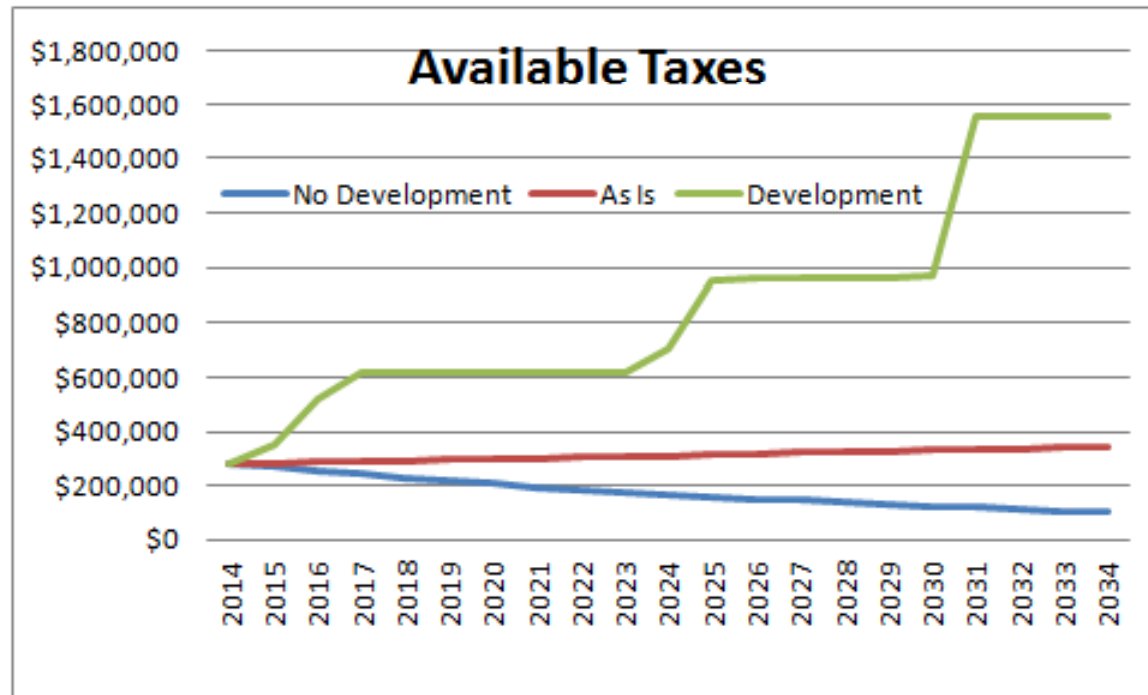
Source	Total Cost	Summary of Funding Sources			Reimbursement
		Equity	Debt		
Developer Equity	\$ 5,940,844	\$ 5,940,844	\$ -	\$ -	-
Senior Debt	\$ 52,978,320	\$ -	\$ 52,978,320	\$ -	-
MBT Credit (w/o Contingency, Resale Value)	\$ 7,944,371	\$ 7,944,371	\$ -	\$ -	-
TIF Reimbursement (w/o Contingency)	\$ 5,938,450	\$ -	\$ -	\$ -	5,938,450
Total Above	\$ 72,801,985	\$ 13,885,215	\$ 52,978,320	\$ -	5,938,450

Uses	Total Cost	Summary of Funding Uses	
		Expended	Remaining
Site Acquisition	\$ 6,750,000		
Assessment and Brownfield Plan Costs	\$ 202,350		
Site Preparation Costs	\$ 636,600		
Site Improvements	\$ 2,146,475		
Infrastructure	\$ 7,920,600		
Demolition	\$ 1,174,500		
Construction/Renovation/Improvement	\$ 38,933,918		
Soft Costs and Fees	\$ 15,145,292		
Total Above	\$ 72,909,735	\$	
Contingency	15%		
	\$ 10,936,460		
Subtotal With Contingency	\$ 83,846,195		
Financing Gap	\$ (107,750)		

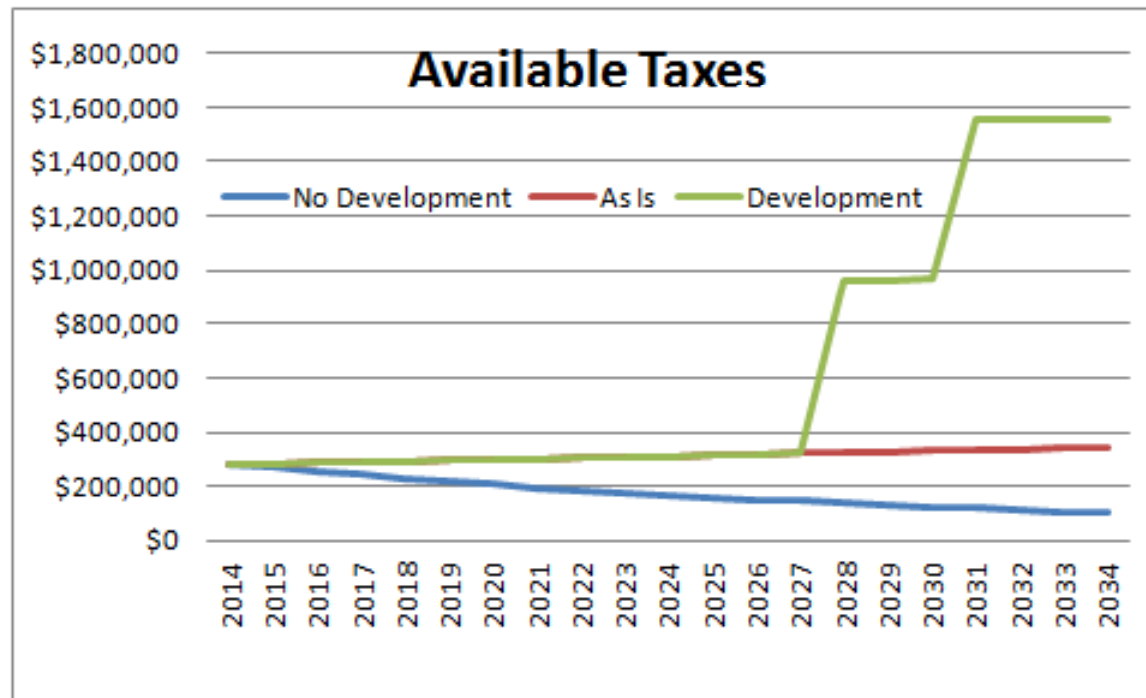
What If Not Test (the But Not Test)



What If Not Test (the But Not Test)



What If Not Test (the But Not Test)



Evaluate Need v. Incentive

Assess Need Based on 20-yr IRR not just
Financing Gap

Set Base Incentive on Need

Adjust Base Incentive For Other Criteria
Be Consistent with Policy and Objectives

Custom IRR Table

								<u>Assumptions</u>	
								Cap Rate	8.3%
								Stable Occupancy Rate	95%
Year	2014	2015	2016	2017	#	#	#	2022	2023
Plan Year	0	1	2	3	4	5	6	8	9
Percent Complete	20%	70%	100%	100%	#	#	#	100%	100%
Initial Investment/Sale	\$ (5,940,844)	\$ -	\$ -	\$ -				\$ -	\$ 30,707,046
MBT Credits (Resale Value)	\$ -	\$ -	\$ 7,944,371	\$ -				\$ -	\$ -
Other Grants and Incentives	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -
Net Operating Income	\$ (314,911)	\$ (293,915)	\$ 1,669,036	\$ 2,016,441				\$ 2,548,685	\$ 3,824,081
Principle Payments	\$ -	\$ -	\$ (1,132,436)	\$ (1,187,413)				\$ (1,505,024)	\$ (1,578,089)
Final Senior Debt Payment	\$ -	\$ -	\$ -	\$ -				\$ -	\$ (42,085,652)
Total Before Tax Cash Flow	\$ (6,255,755)	\$ (293,915)	\$ 8,480,971	\$ 829,028				\$ 1,043,661	\$ (9,132,615)
IRR	<13%								
Operating Pro Forma									
Occupancy Assumptions	0%	0.0%	95.0%	95.0%	#	#	#	95.0%	95.0%
Revenue									
Rental Income at 100% Leased	\$ 4,340,300	\$ 4,340,300	\$ 4,340,300	\$ 4,340,300				\$ 4,340,300	\$ 4,340,300
Adjustment for Occupancy	\$ (4,340,300)	\$ (4,340,300)	\$ (217,015)	\$ (217,015)				\$ (217,015)	\$ (217,015)
Total Rental Income	\$ -	\$ -	\$ 4,123,285	\$ 4,123,285				\$ 4,123,285	\$ 4,123,285
Other Income	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -
Brownfield TIF Reimbursement	\$ -	\$ (0)	\$ 403,428	\$ 672,772				\$ 754,047	\$ 771,793
NPV of Remaining TIF	\$ -	\$ -	\$ -	\$ -				\$ -	\$ 1,225,395
Total Revenue	\$ -	\$ (0)	\$ 4,526,713	\$ 4,796,057				\$ 4,877,331	\$ 6,120,473
Expenditures									
Administrative and General	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -
Management Fees	\$ -	\$ -	\$ 62,500	\$ 62,500				\$ 62,500	\$ 62,500
TIF Interest Costs	\$ 314,911	\$ 293,915	\$ 271,899	\$ 248,816				\$ 115,457	\$ 84,778
Remaining TIF Interest Costs	\$ -	\$ -	\$ -	\$ -				\$ -	\$ 71,489
Senior Debt Interest Costs	\$ -	\$ -	\$ 2,492,027	\$ 2,437,050				\$ 2,119,440	\$ 2,046,374
Total Expenditures	\$ 314,911	\$ 293,915	\$ 2,857,677	\$ 2,779,615				\$ 2,328,647	\$ 2,296,391
Net Operating Income	\$ (314,911)	\$ (293,915)	\$ 1,669,036	\$ 2,016,441				\$ 2,548,685	\$ 3,824,081

Developer Return Analysis

Year	Cash Investment	Net Developer Fees Rec'd	Cash flow	Sale Proceeds	Net Cash Investment	Land/Building Investment	Net Developer Investment
0	\$3,459,795	\$2,300,000	\$0	\$0	(\$1,159,795)	\$7,762,500	(\$8,922,295)
1		\$0	\$0	\$0	\$0	\$0	\$0
2		\$0	\$1,601,469	\$0	\$1,601,469	\$0	\$1,601,469
3		\$0	\$1,708,728	\$0	\$1,708,728	\$0	\$1,708,728
4		\$0	\$1,818,409	\$0	\$1,818,409	\$0	\$1,818,409
5		\$0	\$1,930,570	\$0	\$1,930,570	\$0	\$1,930,570
6		\$0	\$1,405,090	\$0	\$1,405,090	\$0	\$1,405,090
7		\$0	\$1,522,385	\$0	\$1,522,385	\$0	\$1,522,385
8		\$0	\$1,642,338	\$0	\$1,642,338	\$0	\$1,642,338
9		\$0	\$1,604,524	\$0	\$1,604,524	\$0	\$1,604,524
10		\$0	\$1,272,997	\$0	\$1,272,997	\$0	\$1,272,997
11		\$0	\$692,893	\$0	\$692,893	\$0	\$692,893
12		\$0	\$453,468	\$0	\$453,468	\$0	\$453,468
13		\$0	\$546,533	\$0	\$546,533	\$0	\$546,533
14		\$0	\$641,419	\$0	\$641,419	\$0	\$641,419
15		\$0	\$738,164	\$0	\$738,164	\$0	\$738,164
16		\$0	\$836,802	\$0	\$836,802	\$0	\$836,802
17		\$0	\$937,370	\$0	\$937,370	\$0	\$937,370
18		\$0	\$1,039,906	\$0	\$1,039,906	\$0	\$1,039,906
19		\$0	\$1,144,447	\$0	\$1,144,447	\$0	\$1,144,447
20		\$0	\$1,251,033	\$0	\$1,251,033	\$0	\$1,251,033
	\$3,459,795	\$2,300,000	\$22,788,544	\$0	\$22,788,544	\$7,762,500	\$22,788,544

MEDC IRR Worksheet

IRR = 79.89%

IRR = 12.47%

Eligible Costs Included

Threshold IRR v. Extraordinary v. All Interest

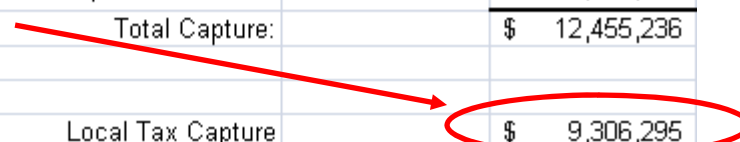
Total Eligible Activities		Total Cost	Eligible Cost	
1	Environmental Investigation and BEA/Due Care	\$ 107,350	\$ 107,350	} Extraordinary
2	Brownfield Plans (Brownfield Plan and 381 Work Plan)	\$ 95,000	\$ 20,000	
3	Demolition	\$ 1,174,500	\$ 1,174,500	
4	Site Work	\$ 636,600	\$ 636,600	} Limited by Threshold IRR
5	Infrastructure	\$ 7,920,600	\$ 4,000,000	
6	Contingency 15% (Excluding Task 2))	\$ 1,475,858	\$ 887,768	
Total Eligible Activities		\$ 11,409,908	\$ 6,826,218	
7	Interest	\$ 1,367,957	\$ 1,367,957	} Interest Included
8	Capture for Authority	\$ 1,245,524	\$ 1,245,524	
9	Capture for State BRF	\$ -	\$ -	
10	Capture for Local LSSRF	\$ 3,015,537	\$ 3,015,537	
Total Additional Capture		\$ 5,629,018	\$ 5,629,018	
Total Above		\$ 17,038,925	\$ 12,455,235	

State Share

Coordinating with
State Programs
Consider Entire
Incentive Package

Millage Category	Total Mills/\$1000	Total Capture
Wayne County Operating	0.9897	\$ 234,207
Wayne County Jail	0.9381	\$ 221,995
Wayne County Parks	0.2459	\$ 58,177
Wayne County HCMA	0.2146	\$ 50,783
Wayne County RESA (ISD)	0.0965	\$ 22,832
WCCC	3.2408	\$ 766,952
Wayne County Zoo	0.1000	\$ -
General City Operating	19.9520	\$ 4,721,775
Debt Service (City)	8.9952	\$ -
Library	4.6307	\$ 1,095,875
School Debt	13.0000	\$ -
Wayne County Tax (Winter)	5.6483	\$ 1,336,696
Wayne County RESA Sp Ed	3.3678	\$ 797,003
Wayne County DIA	0.2000	\$ -
School Judgment	0.1423	\$ -
School Operating	18.0000	\$ 2,361,716
School SET	6.0000	\$ 787,224
Total Incremental Tax	85.7619	\$ 12,455,236
Brownfield Tax Capture		Total
Tax Capture for Reimbursement		\$ 6,826,218
Interest Payment to Developer		\$ 1,367,957
Capture for Brownfield Authority:		\$ 1,245,524
Capture for State BRF		\$ -
Capture for LSRRF		\$ 3,015,537
Total Capture:		\$ 12,455,236
Total Tax Capture		
Local Tax Capture		\$ 9,306,295
School Tax Capture		\$ 3,148,941
Total		\$ 12,455,236

Proportional Local Share



Limit Payment Period to Prediction

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Evaluate Revenues v. Incentive

Look at 20-yr Tax Revenues

\$14.6M in Additional Revenue (51%)

Tax Capture

Millage Category	Total Taxes	Taxes to Jurisdictions		Total Capture	Reimbursement	BRA	LSRRE
	Paid	Incremental Taxes	Base Taxes				
Wayne County Operating	\$328,793	\$29,474	\$65,112	\$234,207	\$154,082	\$23,421	\$56,704
Wayne County Jail	\$311,651	\$27,939	\$61,717	\$221,995	\$146,048	\$22,200	\$53,747
Wayne County Parks	\$81,692	\$7,337	\$16,178	\$58,177	\$38,274	\$5,818	\$14,085
Wayne County HCMA	\$71,293	\$6,392	\$14,118	\$50,783	\$33,410	\$5,078	\$12,295
Wayne County RESA (ISD)	\$32,059	\$2,878	\$6,349	\$22,832	\$15,021	\$2,283	\$5,528
WCCC	\$1,076,642	\$96,479	\$213,210	\$766,952	\$504,570	\$76,695	\$185,687
Wayne County Zoo	\$33,221	\$26,643	\$6,579	\$0	\$0	\$0	\$0
General City Operating	\$6,628,348	\$593,944	\$1,312,629	\$4,721,775	\$3,106,409	\$472,178	\$1,143,189
Debt Service (City)	\$2,988,338	\$2,396,550	\$591,788	\$0	\$0	\$0	\$0
Library	\$1,538,387	\$137,861	\$304,651	\$1,095,875	\$720,965	\$109,588	\$265,322
School Debt	\$4,318,792	\$3,463,530	\$855,262	\$0	\$0	\$0	\$0
Wayne County Tax (Winter)	\$1,876,448	\$168,154	\$371,598	\$1,336,696	\$879,399	\$133,670	\$323,627
Wayne County RESA Sp Ed	\$1,118,833	\$100,264	\$221,565	\$797,003	\$524,340	\$79,700	\$192,962
Wayne County DIA	\$66,443	\$53,285	\$13,158	\$0	\$0	\$0	\$0
School Judgment	\$47,259	\$37,900	\$9,359	\$0	\$0	\$0	\$0
School Operating	\$5,979,865	\$2,433,940	\$1,184,208	\$2,361,716	\$1,553,750	\$236,172	\$571,795
School SET	\$1,993,288	\$811,328	\$394,736	\$787,224	\$517,907	\$78,722	\$190,595
Total Incremental Tax	\$28,491,351	\$10,393,898	\$5,642,217	\$12,455,236	\$8,194,175	\$1,245,524	\$3,015,537

Note: Total Taxes are for 20 year duration

\$5.6M without Project (20%)

\$8.2M to Applicant (29%)

Evaluate Total Impact

Look at 20-yr Impact

	No.	20-Yr Impact		20-Yr Impact
Income Tax Direct Jobs	190	\$ 3,350,400	Brownfield TIF	\$ 6,826,218
Income Tax Indirect Jobs	285	\$ 6,700,800	Interest	\$ 1,367,957
Income Tax Construction Jobs	300	\$ 225,000	MBT Credit	\$ 10,000,000
Real Net Property Tax		\$ 20,297,176		
Personal Property Tax		\$ 4,200,000		
Corporate Income Tax		\$ 907,863		

\$35.7M Impact

\$18.2M Incentive
\$9.3M Local Taxes

Implementation

Brownfield Restoration

Timing

“Unless otherwise agreed to in writing by the BRA, this Plan will expire and no longer be valid if the applicant does not execute a Reimbursement Agreement within one hundred and eighty days of the date the Plan is approved by City Council. To remain eligible for the approved incentives, eligible activities must start within eighteen months of Plan approval, construction must start within five years of the executed Reimbursement Agreement, and construction must be completed within three years of the estimated completion date.”

Clawback Provisions

How much investment is substantially compliant?
Rigorous review of content and date of
reimbursement requests

12 Step Program Summary

1. Focus Efforts to Leverage Assets
2. Communicate Performance Expectations
3. Consider Area-Based Impacts
4. Eligibility is a Condition Not a Criteria
5. Economic Considerations First
6. See Who Has Skin in the Game
7. Look at Tax Impact with and without Project
8. Consider All Policy Criteria
9. Balance Incentives and Revenues
10. Leverage Local Commitment Amount
11. Consider Other Relevant Financial Contributions
12. Demand Performance

Questions?

Contact: Tom Wackerman

810.599.5463 (c)

810.225.2800 (w)

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**[https://www.medaweb.org/about/
history/13-job-placement/95-
2014-may-program-handouts](https://www.medaweb.org/about/history/13-job-placement/95-2014-may-program-handouts)**



February 2012

DEVELOPMENT INCENTIVES IN MICHIGAN

www.asti-env.com

Central Great Lakes
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West Great Lakes
616.957.5601

Services

Asbestos, Mold and Lead Assessments
Baseline Environmental Assessments
Brownfield and Historic Redevelopment
Compliance Permitting and Assessments
Due Care Plans
Ecological Surveys
Environmental Concerns Inventories
Environmental Due Diligence
Habitat Restoration
Indoor Air Quality
NEPA Reports
Phase I ESAs
Reclamation Plans
Redevelopment Incentives
Remediation
Restoration
SHPO Assessments
Soils/Groundwater Investigations
Stormwater Management
Transaction Screens
UST Closures
Wetland Mitigation and Banking

If you lived in Michigan last Spring, or closely followed the new administration, you know that one of Governor Snyder's first acts was to eliminate the dreaded Michigan Business Tax (MBT) and to replace it with a 6% corporate income tax on "C" corporations. Designed to improve business attraction and expansion, it also resulted in the elimination of all MBT Credits utilized as development incentives (Brownfield, State Historic and MEGA Jobs Credits.) As of December 31, 2011, the Governor insisted that Lansing should not be in the business of picking winners and losers by awarding tax credits, that each project should stand on its own merit, and that the state should be assisting only when there is a real need for incentives.

Governor Snyder signed a five-bill package into law creating new economic development and community revitalization programs that empower the Michigan Strategic Fund (MSF) to provide \$100 million in incentives for highly competitive projects. This is an annual appropriations-based allocation and continued funding is not guaranteed.

Background

The Brownfield and Historic Tax

Credit programs in Michigan were among the best in the country. In recent years the amount approved for Brownfield, Historic and MEGA credits totaled about \$500 million per year. These credits were essential in attracting redevelopment to struggling downtowns and brownfields.

Although the new MSF is designed to similarly assist redevelopment efforts, the \$100 million represents 20% of the credits provided annually under the previous program, and only a third of the funds that some predict are needed to assist with redevelopment.

What Happened to Brownfield and Historic Tax Credits?

The Community Revitalization Program (CRP) replaces the Brownfield and Historic Tax Credit programs. The CRP will provide grants, loans and other assistance to help close financing gaps on eligible projects. To be eligible, a project must be a facility (contaminated above residential criteria), a historic resource, blighted, functionally obsolete, or adjacent and contiguous to any of these types of properties.

Once eligible, the types of investments that can be covered (eligible investments) include demolition,

construction, rehabilitation, site improvements, machinery and equipment, environmental and professional services, and fees. When reviewing applications, the MEDC will consider whether the project provides revitalization of a regional urban area, is located in a downtown or traditional commercial center, is important to the community and has the community's support (both conceptually and financially). Additional considerations include, but are not limited to, development density, job creation, reuse of vacant or historic buildings, and the financial need.

The incentives can be no more than 25% of the eligible investments. The incentives can be a combination of a grant and loan, but there is a maximum grant amount of \$1,000,000 per project and a total limit of \$10,000,000 per project. Allocation and repayment of the incentive is performance based, with grant repayment required under some circumstances.

What About the MEGA Job Credits?

The other MSF program is the Business Development Program (BDP). There are some similarities to the CRP, but the BDP provides grants, loans and economic assistance to qualified businesses making qualified investments or creating qualified new jobs. A qualified business is one that physically is, or will be, located or operated in Michigan, and is financially viable. Preference is given to businesses that need additional assistance for deal-closing or second stage gap financing. The qualified investment must be made in Michigan, and the qualified jobs must be new positions (retainage and transfers within Michigan are not considered).

The project must create a minimum of 25 jobs in a rural county or for a high technology activity project, or 50 jobs elsewhere. Factors influencing these awards include out-of-state competition, private investment in the project, business diversification opportunities, near-term job creation, wage and benefit levels of the new

jobs and net-positive return to the state.

What Other Incentive Are Available?

Even with the changes to the tax credits, there are still other valuable redevelopment tools available in Michigan (contact us for more information). These include, but are not limited to:

- Tax Increment Financing
- DEQ grants and loans for remediation
- EPA assessment and cleanup grants
- Local and EPA Revolving Loan Funds
- Neighborhood Enterprise Zones (NEZ)
- New Market Tax Credits
- Federal historic tax credits
- USDA Rural Development Grants
- Renaissance Zones
- 21st Century Jobs Fund
- Private Activity Bond Program

Next Step?

The details for implementation of the CRP and BDP have been released by the MEDC, and market realities will undoubtedly help shape the program. The MEDC has engaged Austin-based Angelou Economics to conduct an economic impact study to determine whether our business incentives are still competitive with other states. However, don't wait for the comparative study to explore these incentives. Contact our staff to review options and stay tuned as this story unfolds.

For more information about redevelopment incentives contact Tom Wackerman at 810.599.5463 or twacker@asti-env.com.



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ENVIRONMENTAL CONCERNS INVENTORY

ASTI ENVIRONMENTAL



The traditional environmental due diligence process is designed to protect a prospective purchaser from liability for existing impacts, and to provide information to assess remediation or due care requirements. However, sometimes the first thing that is needed is to understand the environmental challenges of a specific property, a selection of properties, or an area, in order to make informed decisions on a redevelopment or purchase strategy. The Environmental Concerns Inventory (ECI) can provide that assessment by reviewing publically available documents and inspecting properties from the public right-of-way.

PROGRAMS

The ECI can be adjusted to the specific needs of your development. From focusing on the nature and extent of impacts on single site, to reviewing the comparative challenges of multiple sites, the ECI can assist you in identifying impediments to redevelopment or determining data gaps. The three basic types of ECIs are:

- **Project Specific Assessment:** This reviews the environmental data for a single or associated group of parcels to assist with site design and construction. It can be limited to publically available information, or can include the results of previous investigations. This ECI provides a summary map of all known impacts, a table listing the steps needed for site redevelopment, and a summary of additional investigations required to comply with the due diligence requirements. It can be expanded to include a review of redevelopment incentives focused on the intended future use of the property.
- **Corridor Assessments:** Identifying environmental impediments prior to planning or developing a corridor can save time and money. This ECI can be used during the planning process for linear parks, road expansions, or commercial improvement districts to assess perceived or known impacts that may affect redevelopment. It can also be used to identify investigations needed to support due diligence during property acquisition, or to prepare due care requirements during construction.
- **Area Wide Assessments:** As a supplement to traditional planning programs, the Area Wide ECI can provide information on environmental impediments that can affect the mix of recommended land uses or identify parcels that will require assistance for success redevelopment. When combined with an evaluation of available development incentives, this ECI can help create a strategy for redevelopment and reinvestment.

ASTI SOLUTION

ASTI's has completed ECIs ranging from a single location preliminary data review to areas over 500 acres and 200 parcels. These provide:

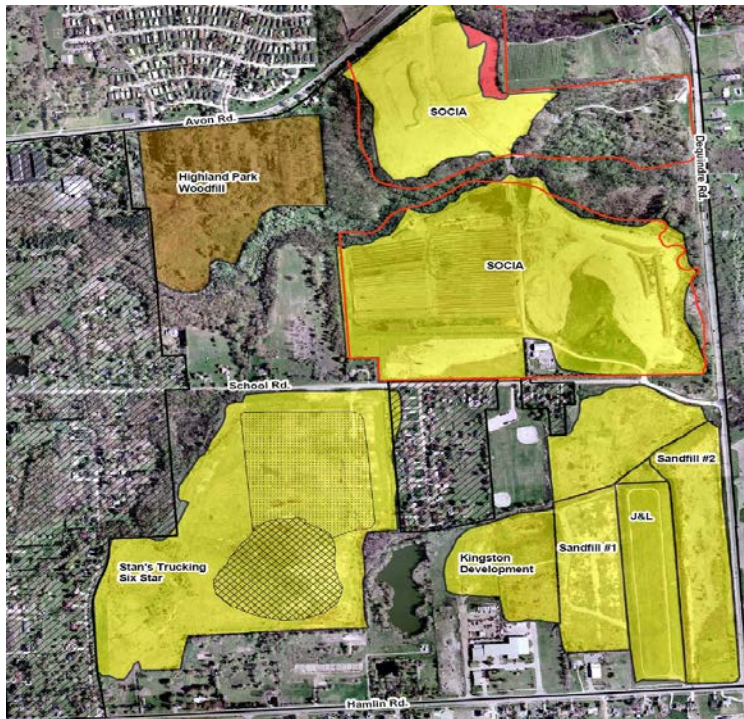
- A concise presentation of issues and solutions
- The ability to evaluate individual parcels in the context of wider planning objectives
- Valuable information for building a strategy for area wide incentives
- A summary that supports the redevelopment vision

For more information about Site Assessment Services, contact Mr. Tom Wackerman at **ASTI Environmental** at 800.395.ASTI, or visit our homepage at www.asti-env.com.

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ENVIRONMENTAL CONCERNS INVENTORY

ASTI ENVIRONMENTAL



ASTI Environmental completed an Environmental Concerns Inventory (ECI) of the 414 acre landfill planning area in the City of Rochester Hills in order to identify specific environmental impacts and to provide a basis for recommend additional assessment or remediation that could support redevelopment. The inventory included a review of publically available databases, site inspection for all properties (from the right-of-way or on the City owned property), and a review of agency files.

ASTI utilized this information to prepare an *interactive environmental concerns map* of the 59 parcels included in the ECI. The interactive map allows the user to see an overview of the entire project area while identifying the environmental concern(s) on each parcel. The mapped environmental concerns include the location of remediation equipment, landfill boundaries, infrastructure and site improvements that may impact redevelopment.

Using the recommended land uses and assuming appropriate densities, ASTI then prepared a summary of available redevelopment incentives and recommended various options for maximizing incentives by coordinating redevelopment of the entire area. This evaluation indicated that a coordinated redevelopment approach could provide sufficient funding to permit stabilization and restoration of the most environmentally challenged properties.

This project was partially funded by the Oakland County EPA Site Assessment Grant.

Client

City of Rochester Hills
Oakland County

Contacts

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City of Rochester Hills
*Director, Planning and
Development*
248-656-4660

Mr. Brad Hansen
Oakland County
*Environmental Grant
Program Coordinator*
248-858-8073

Location

Rochester Hills, MI

Project Date

2010

ASTI Staff Contacts

Thomas Wackerman
Brian Earl



ENVIRONMENTAL CONCERNS INVENTORY

ASTI ENVIRONMENTAL

ASTI Environmental completed an Environmental Concerns Inventory (ECI) of a 48.5 acre (3.5 mile long) abandoned rail line in the City of Flint for a conversion to a linear park. The ECI included a review of all adjacent parcels to support the environmental due diligence process, to identify potential impacts to the park that would require special consideration during construction, and to identify any areas that would require additional investigation or controls to support the intended future use.

The ECI included over 130 parcels ranging from residential to former industrial. Of these, 29 parcels had indentified impacts that required additional consideration in the construction or operation of the park due to historical impacts. These impacts ranged from former coal storage, to solvent releases, to underground and above ground storage tanks. In most cases modifications to park construction would provide adequate protection for park users. In some cases, remediation or engineered controls would be required.

As part of the project, a Phase I ESA was completed for the two parcels that constituted the park land, and a Phase II was needed to determine historical impacts on the park. Impacts in the park will be addressed by paved areas and an isolation barrier. Some areas will required special health and safety procedures during construction. A long term due care plan will be required following construction.

The ECI used publically available information and a survey from the park area to provided the necessary site information. The ECI supported the redevelopment process by focusing investigation efforts in areas with historical impacts and by providing information that can be used in park design to reduce remediation costs.

This project was partially funded by the City of Flint EPA Site Assessment Grant.

Client

Grand Traverse Greenway
City of Flint

Contacts

Ms. Tracy Atkinson
Administrator
810-766-7426

Location

Flint, MI

Project Date

2009

ASTI Staff Contacts

Thomas Wackerman
Carey Kratz
Brian Kuberski



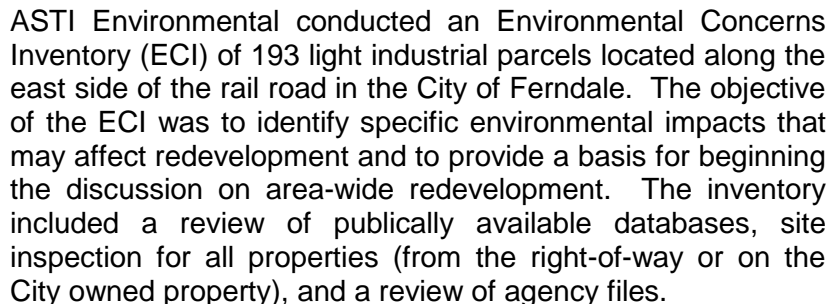
Grand Traverse Greenway

Flint, MI

Created for City of Flint
Created by: AGS, February 18, 2009, ASTI Project 0479-30

Environmental Concerns Inventory

ASTI ENVIRONMENTAL



The ECI supported the City's commitment to redevelopment in their industrial core by providing information on potential future uses that would require minimum environmental remediation or control. A site specific evaluation to support property purchase or redevelopment is the next step in this long term process.

Thomas Wackerman
Brian Earl

SITE ASSESSMENT SERVICES

ASTI ENVIRONMENTAL



The smartest thing that any property owner can do is to pursue due diligence. An important part of a due diligence program consists of different phases of environmental assessments based on the type and amount of building, soil, or groundwater impacts existing on the property. In addition to defining impacts and identifying any affirmative obligations, this program allows the developer to identify cost and time constraints, and provides investigation that is an important part of the liability protection offered under various state and federal regulations.

PROGRAMS

ASTI's environmental site assessments are designed to identify recognized environmental conditions and the nature and extent of historical impacts. We will provide you with the following services, or will prepare a customized program:

- Phase I Environmental Site Assessments
- Transaction Screens
- Soil and Groundwater Sampling
- Mold Investigations
- Asbestos Surveys
- Lead Paint Inspections
- Geotechnical Investigations
- Indoor Environmental Quality Evaluations
- Mining Research Analysis
- Baseline Environmental Assessments
- Due Care Plans
- Cost Analysis

ASTI SOLUTION

ASTI's environmental specialists have conducted thousands of Phase I environmental site assessments and successfully pursued due diligence for our clients, since 1985. Our team approach maintains projects on time, a critical consideration when you are coordinating the various aspects of site development. Whether it is a simple Phase I or a complete program to investigate historical impacts, ASTI can deliver the results needed. By teaming with ASTI, you will receive the following:

- Environmental Site Assessments that exceed the ASTM standards
- Reports that meet the requirements of any lender
- On-time delivery
- Exceptional attention to detail

For more information about Site Assessment Services, contact Mr. George Kandler at **ASTI Environmental** at **800.395.ASTI**, or visit our homepage at www.asti-env.com.

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SITE RESTORATION SERVICES

ASTI ENVIRONMENTAL



Successful redevelopment on Brownfield and urban properties requires a combination of skills to both identify impediments and provide solutions. If assessed early in the development process, impediments can be addressed through optimal site design, costs and contingencies can be included in the project pro-forma, and gap financing options can be assessed. If the correct assessments are completed, solutions to contamination and infrastructure problems can be incorporated into site design and use. Development on a brownfield or grayfield site involves risk and uncertainty by the set of assessment and remediation services provided by ASTI can reduce that risk and provide a clear strategy for redevelopment.

PROGRAMS

ASTI ENVIRONMENTAL (ASTI) has developed a complete site restoration program that can be used for screening multiple properties, purchasing specific properties for redevelopment, converting properties to greenspace or providing valuable information for site design, construction and use.

ASTI's Site Restoration services includes the following services:

- Preliminary Data Screening
- Environmental Concerns Assessments
- Exit Strategies for Sellers
- Due Diligence Assessments such as Phase I and Baseline Environmental Assessments
- Pre-Demolition Hazardous Materials Assessments (Asbestos, Lead Based Paint, Mold and Universal Wastes)
- Incentives Assistance
- Brownfield Grant Administration
- Evaluation of Remediation Alternatives
- Due Care Plans for Construction and Operation
- Soils and Groundwater Treatment Systems
- Remediation, Abatement Management, and Removal Actions
- Ecological Restoration
- Closure Documentation
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ASTI SOLUTION

ASTI has provided restoration services for our commercial, municipal, and private clients since 1985. Our expertise in assessment, remediation, compliance and closure allows us to quickly identify issues and provide solutions. ASTI will direct you through the entire process to ensure that you:

- Understand how site-specific impacts and historical use can impact construction and site use,
- Select the most cost effective solution to contamination and infrastructure impediments, and
- Obtain documentation for the necessary innocent landowner protection.

For more information about site restoration programs, contact Tom Wackerman at ASTI ENVIRONMENTAL at 800.395.ASTI, or visit our homepage at www.asti-env.com.

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REDEVELOPMENT INCENTIVES

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In addition to numerous options for cleanup and closure, various financial incentives are available through Federal and State agencies to make Brownfield Redevelopment more enticing for developers and municipalities. The key to a successful Brownfield Redevelopment project is quickly identifying site development and funding opportunities. Some factors that affect the amount of funding you can receive are location, the amount of investment, the intended use, the number of jobs created, the financing gap, and the extent of remediation or environmental management needed. If you plan to develop contaminated, blighted, or functionally obsolete property, you'll need to determine what incentives will work for you.

PROGRAMS

ASTI ENVIRONMENTAL (ASTI) has developed a complete Brownfield Redevelopment program that will be customized to fit your development needs. Our specialized programs can help you to identify and optimize your funding opportunities before you even select a property.

ASTI's Brownfield Redevelopment program includes the following services:

- Brownfield Financing Assistance
- Brownfield Grant Administration
- Environmental Site Assessments
- Asbestos and Lead Based Paint Management
- Hazardous Materials and Special Waste Clearance
- Contaminant Mapping and Modeling
- Evaluation of Remediation Alternatives
- Soils and Groundwater Treatment Systems
- Remediation and Removal Actions
- Demolition Management

ASTI SOLUTION

ASTI has provided Brownfield Redevelopment services for our commercial, municipal, and private clients since the program began in 1996. Our expertise in Brownfield options and requirements allows us to quickly identify appropriate financial incentives for your next project. Additionally, ASTI will direct you through the entire process to ensure that you:

- Maximize funding incentives,
- Optimize site usage,
- Minimize clean-up costs, and
- Successfully manage environmental issues

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