

TIFA Agenda
Thursday, July 11th, 2019, 1:00pm
City Hall

1. Call to order
2. Roll Call
3. Approval of Agenda
4. Approval of minutes of June 13th, 2019
5. Public Comment
6. DISCUSSION ITEMS
 - I. Financials
 - a. Change to bank accounts – update from City Manager
 - b. Confirm total investment for Property Improvement Program
 - II. Project Improvement Program
 - a. Attorney input – update from City Manager
 - b. Discuss roll-out
 - III. Property Owner Requests
 - a. Request for TIFA to fund asbestos survey for Walker Restaurant building – update from City Manager
7. ACTION ITEMS
 - I. Sidewalk Improvement Program
 - a. Formalize TIFA plan for FY2019-2020
 - II. Adopt FY2020 TIFA investment for Property Improvement Program
 - III. Set time and place for the two ACT 57 Informational meetings that must take place prior to Dec. 31, 2019
9. Communications from members
10. Adjournment



CITY OF HART

407 S. STATE ST.
HART, MI 49420

TAX INCREMENT FINANCE AUTHORITY (TIFA)

June 13, 2019, at 1:00 pm
Minutes

Members Present: Chair – Patrice Martin, Tracey Lipps, Garth Larson, Gale Goldberg, and Steve Bruch

Members absent: Bill Hegg, Tom Drenth

Also present: City Manager – Lynne Ladner, Deputy City Clerk - Cheri Eisenlohr, Main Street Manager – Julie Kreilick, George Sadler, Business Owner.

Chair Martin called the meeting to order; roll call was taken.

Agenda Approval: Ms. Goldberg made the motion, supported by Ms. Lipps, all ayes, motion carried.

May 9, 2019, Minutes Approval: Mr. Larson made a motion to approve, supported by Ms. Lipps, all ayes, motion carried.

Public comments were made at this time:

- None

Financial Report:

- Ms. Ladner went over the budget with the board and advised them that the Council has to approve the budget before the TIFA members do.
 - The fund needs to be spent down to below \$10,000.00 every five years.
 - The budget can be amended after the first of the fiscal year to accommodate other projects not initially listed in the budget.
- **Project Improvement Program:**
 - Ms. Martin went over the changes that were made to the application. This document needs to go to the City's attorney before being implemented.
 - Mr. Bruch made a motion to send the document to the attorney, supported by Mr. Larson, all ayes, motion carried.
- **Sidewalk Improvement Program:**
 - Residents can apply to both TIFA and the City for sidewalk assistance.
 - Give an early spring (April) deadline date for receipt of applications.
 - Ms. Ladner has two projects that she would like to have taken under consideration for this program.
 - Fairgrounds to Polk Road. Mr. Larson stated that this sidewalk would only be usable during the spring/summer/fall months and would be blocked with snow in the winter.
 - Street project on Lincoln Street. The sidewalks need to be made ADA compliant. Tripping hazards are the first items to be addressed for sidewalk repairs/improvements.
- **Property Owner (George Sadler) Requests:**
 - Alleyway property behind LaProbadita – the board does not feel that this would fall under a TIFA project.
 - Asbestos inspection of the "old Walker's Restaurant" property - the City will look into applying for a Brownfield Grant on behalf of Mr. Sadler to have the property inspected for asbestos.

Action Items:

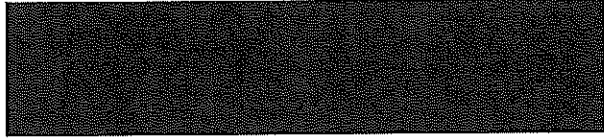
- **Project Improvement Program:**
 - **Adopt if no additional changes**
 - Tabled until the attorney responds.
 - **If adopted, schedule public roll-out**
- **Adopt FY2020 TIFA Budget**
 - Mr. Bruch made a motion to accept the FY2020 Budget, supported by Ms. Goldbert, all ayes, the motion carried.

Communications from Members:

- None

The meeting adjourned at 2:05 p.m. upon a motion made by Mr. Bruch and supported by Ms. Goldberg.

The next meeting will be Thursday, July 11, 2019, at 1:00 p.m. at City Hall.



Memo

To: Chairperson and TIFA Board Members
From: Lynne Ladner
cc:
Date: 7/8/19
Re: Request for use of TIFA funds for Asbestos Evaluation

Ladies and Gentlemen,

As you are aware the TIFA board has received a request for use of funds to conduct an asbestos evaluation on the property located at 227 E Main St., commonly referred to as Walker's. Attached are copies of information regarding the State of Michigan's Brownfield Redevelopment programs and incentives.

Additionally, I believe it is important to inform the board that this property is scheduled for auction at the County Courthouse for 10 am on Thursday morning July 11th. With this in mind and until the results of the auction are publicly known it would be my recommendation that the board hold off on making any decisions regarding either the TIFA board or the City applying for Brownfield funding or expending TIFA funds until information regarding future ownership is made public.

Lynne



MICHIGAN DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY

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Brownfield Redevelopment Grants

Funding Available

Purpose:

Brownfield redevelopment grants provide funding to local units of government and other public bodies to investigate and remediate known sites of environmental contamination, which will be used for identified economic redevelopment projects.

Goals of the Program:

To ensure safe reuse of abandoned, vacant, or underutilized properties that are known to be contaminated, and to promote redevelopment of brownfields.

Criteria:

A proposed project must result in economic benefit for the community greater than the amount of the grant through job creation, private investment, and/or property tax increase. The property must meet the definition of a facility under Part 201 or a site under Part 213

of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. Grant recipients are required to sign a grant agreement prior to commencement of grant eligible work.

Dollar Amount(s) Available (Min or Max):

Maximum grant award is \$1 million dollars per project.

Eligibility:

Any county, city, village, township, Brownfield Redevelopment Authority, or other authority or other public body created pursuant to state law may apply for a grant. Eligible activities include environmental investigations and assessments, interim response, and due care response activities necessary for the proposed development. Only one project may be awarded to an applicant during any state fiscal year, but an applicant can receive both a Brownfield Redevelopment Grant and a Brownfield Redevelopment Loan in the same year. A liable party may not profit from the expenditure of state funds nor be relieved of responsibility for environmental response activities.

Application Process:

A pre-application must be requested from the Brownfield Redevelopment Unit. Pre-applications that meet threshold requirements may be invited to submit a full application, which are accepted on a continuing basis. Threshold requirements include: Evidence that the site is a facility, history of property use and ownership, a development agreement between the community and the developer, planning/zoning approvals, evidence of financing to complete the proposed project, and other pre-development information. Application evaluation criteria include: estimated private and public investment, applicant and owner liability, environmental benefit, and other factors.

Source(s) of Funds:

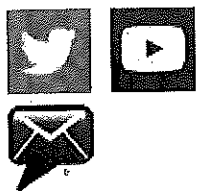
Clean Michigan Initiative Bond Fund.

Authority:

Part 196 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

For a list of Brownfield grant projects, please refer to the Consolidated Report.

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This is a summary of guidance used by the Department of Environment, Great Lakes, and Energy (EGLE) staff for brownfield redevelopment grant and loan awards. Please contact a [brownfield redevelopment coordinator](#) with questions about the guidance or the brownfield redevelopment grant and loan program.

PROPOSING A BROWNFIELD REDEVELOPMENT GRANT OR LOAN PROJECT: Brownfield projects need to create both environmental and economic development outcomes. This section will guide you through the outcomes EGLE looks for in a brownfield redevelopment project. When you're ready to pursue a brownfield redevelopment grant or loan, or if you have any questions, please contact an EGLE brownfield coordinator for help.

ENVIRONMENTAL OUTCOMES: To propose a brownfield grant or loan project to EGLE, you will need to:

- Describe known or suspected environmental condition of the property
- Describe environmental activities (including demolition and abatement) that are believed to be necessary for site reuse
- Indicate whether any underground storage tanks are present and whether they are regulated
- Estimate a cost for the environmental activities that will be paid with an EGLE grant/loan

ECONOMIC OUTCOMES: Grants that will be used for environmental assessments, and loans used for any type of response activities, can be awarded for projects with economic development *potential*. Grants that will pay for other environmental activities such as due care, transport and disposal of contaminated soil, vapor mitigation, and so on require *quantifiable* jobs, investment, and/or an increase in the property's value. You will need to:

- Describe the new or proposed use of the property
- Estimate the jobs and investment that will result from the project
- Indicate the expected date the redevelopment is to be completed and whether there are any deadlines that could affect the grant or loan

If the proposed grant or loan is for assessment only, you should also describe what actions will follow the site assessment (for example, marketing the property, additional cleanup, or sale to a developer).

COMMUNITY OUTCOMES: Community benefits may make a project more desirable in a competitive funding situation. A short description of community benefits will help us determine your project's priority for funding. Community benefits could include how the project fits local development plans.

LOCAL COMMITMENT: A local project match is not required for a brownfield redevelopment grant or loan. However, if funding is competitive, local participation may be key to meeting project budgets. If local funding will be part of the project, be prepared to describe the local commitment to the project, such as tax increment financing, other grants, and so on.

The following is a summary of the Brownfield Redevelopment Program's guidelines for using brownfield grants, loans, and tax increment financing under certain circumstances. This is not a complete list and may change without notice. Another great resource is our [When to Use What](#) table, a quick way to find the right funding source for your project needs.

ADMINISTRATIVE COSTS

Grantees and borrowers may hire consultants to manage non-technical services or provide technical oversight over another consultant. EGLE has established maximums for Project Administration (3% of the grant or loan amount) and Project Oversight (5% of the grant or loan amount). EGLE may approve both administration and oversight on a project with a maximum cost of 8% of the grant or loan amount.

AWARDS PER PROJECT AND AWARDS PER COMMUNITY

When a grant or loan award is not adequate to address the environmental due care and/or response activities necessary to prepare the property for redevelopment, or when a community has more than one great brownfield project in a single year, EGLE may award the community more than one grant or loan. According to 2017 changes in the statute:

- Brownfield projects that have significant economic AND environmental benefit may be awarded more than one grant or loan over consecutive years
- A local unit of government may be awarded more than one grant or loan in a single year for multiple, unrelated brownfield projects if the projects are determined to have significant environmental or economic benefits to the recipient's municipality or region.

DEWATERING

Grant, loan and Tax Increment Financing (TIF) approved by EGLE under an Act 381 work plan can be used for the **incremental cost** for transporting / disposing / treating contaminated water. The dewatering budget must be based on the lowest cost feasible method: frack tank, NPDES permit, sanitary sewer, etc. If the lowest cost method is not used, a non-state source must pay the cost difference.

DREDGING

When associated with a specific development project, grants, loans, and TIF can be used for:

- Dredging
- Testing
- Transportation and disposal to a licensed waste disposal facility
- Upland disposal or cover, provided that on-site disposal does not result in contaminated land

EXCAVATION, TRANSPORT, AND DISPOSAL OF CONTAMINATED SOIL; UNSTABLE SOIL

Excavation, transport and disposal costs are generally eligible when the costs are related to environmental contamination and are required for due care or to remove a source of environmental contamination. Contamination must exceed Part 201 or Part 213 criteria.

Shoring, security fencing, clearing and grubbing, soil erosion control and other incidental costs solely associated with an approved excavation are eligible for EGLE funding.

Soils that are non-indigenous fill material and/or unstable for building are eligible for transportation and disposal costs for grants and loans, and Act 381 TIF as long as the fill or unstable soil exceeds Part 201/213 criteria. When excavation is done for a building foundation, parking lot, or other construction, the excavation is not eligible for grant, loan, or TIF reimbursement.

LEAD, ACM, AND MOLD ABATEMENT, DEMOLITION

When abatement is a due care or response activity needed to address public health, safety, or environmental risk, it can be paid 100% with grant, loan, EGLE TIF, and/or local TIF.

Abatement and demolition that is not a response activity needed to address public health, safety, or environmental risk is subject to the following three conditions:

1. The site must be a facility under Part 201 or a site under Part 213
2. Demolition and abatement can't exceed 50% of project costs
3. To be paid with a GRANT, the project must have a committed developer

LIABILITY

Possible EGLE funding sources for eligible activities at properties with a liable party:

Party Responsible for Activity Causing a Release?	Possible DEQ funding sources for eligible activities with a liable party		
	Assessment activities	Due care activities	Response activities
NONE	Grant; Loan; Act 381 TIF	Grant; Loan; Act 381 TIF	Grant; Loan; Act 381 TIF
Third party unrelated to development (Not seller or developer)	Grant; Loan; Act 381 TIF	Grant; Loan; Act 381 TIF	Loan; Act 381 TIF
Seller of the property	Grant, Loan, Act 381 TIF	Grant, Loan, Act 381 TIF	Act 381 TIF
Developer of the property	NONE	NONE	NONE
LUG – Grant / Loan request	Loan with 50% match	Loan with 50% match	Loan with 50% match

UNANTICIPATED COSTS

For more specific information on Act 381, please consult the [EGLE-MEDC Act 381 Work Plan Guidance](#) document. This document can be found at Michiganbusiness.org/reports-data/brownfield-tax-increment-financing-projects/.

When unexpected contamination, buried structures, or other previously unknown conditions are found during project work (whether for a grant, loan, or TIF project), the consultant should:

- Immediately contact the EGLE brownfield coordinator and district project manager
- EGLE must be consulted in writing BEFORE the work is conducted, either by email or postal service. The written correspondence should include a description of the circumstances (why the unknown condition wasn't anticipated), a description of the remedy used to address it, and the anticipated cost.
- Act 381 requires unanticipated work to be approved in a subsequent brownfield plan and/or work plan that is approved by the BRA and EGLE. Therefore, an amended workplan would be required to be submitted to EGLE for approval.

The Michigan Department of Environment, Great Lakes, and Energy will not discriminate against any individual or group on the basis of race, sex, religion, age, national origin, color, marital status, disability, political beliefs, height, weight, genetic information, or sexual orientation. Questions or concerns should be directed to the Office of Human Resources, P.O. Box 30473, Lansing, MI 48909-7973.



BROWNFIELD REDEVELOPMENT GRANT AND LOAN FACT SHEET

Brownfield grants and loans are available from the Michigan Department of Environmental Quality (DEQ) for projects that promote economic development and reuse of brownfield properties. Grants and loans can be used for environmental assessments and cleanups at properties with known or suspected contamination. DEQ grants and loans can help communities:

- Revitalize abandoned properties and return them to tax rolls
- Attract developers to brownfields
- Avoid sprawl by reusing properties with existing infrastructure

WHO CAN APPLY? Applicants may be local units of government including brownfield redevelopment authorities (BRAs), economic development corporations, or other public bodies created pursuant to state law. Applications are accepted year-round.

ELIGIBLE ACTIVITIES

Grants and loans can pay for:

- Environmental evaluations/assessments
- Baseline Environmental Assessments
- Due care planning and implementation
- Response Activities
- Demolition, lead, mold, and asbestos abatement

FUNDING

- Up to \$1 million grant and \$1 million loan per project, or more for projects with significant economic or environmental benefits
- Grants are available to determine whether a property with redevelopment potential is contaminated, and for due care and cleanup at contaminated properties with a specific redevelopment, when economic benefits will exceed the grant amount
- Loans may be used at properties with suspected contamination and economic development potential
- Grants cannot benefit a party responsible for an activity causing contamination. Loans may be available when a responsible party will benefit, but with some restrictions

LOAN TERMS

- Interest rate is 1.5 percent
- 15-year payback, beginning with a 5-year interest-free, payment-free grace period
- Loans may be repaid through a BRA using tax increment financing

HOW TO APPLY

DEQ Brownfield Redevelopment staff collaborate with communities to determine eligibility and the optimal mix of project funding prior to application. Please contact a DEQ grant coordinator to discuss your project.

CONTACT US

Jeff Hukill, Brownfield Coordinator
hukillj@michigan.gov
517-284-5113

www.michigan.gov/deqbrownfields
#mibrownfields



ACT 381 BROWNFIELD TAX INCREMENT FINANCING FACT SHEET

Developers of brownfield sites can be reimbursed for eligible environmental costs with their own property taxes. When development results in higher property values, local brownfield redevelopment authorities (BRAs) may approve reimbursement from increased property taxes. This is known as tax increment financing (TIF) and is authorized under the Brownfield Redevelopment Financing Act, PA 381 of 1996 (Act 381). Even school taxes can be used toward brownfield redevelopment costs when an Act 381 work plan is approved by the Michigan Department of Environmental Quality (DEQ). TIF can help:

- Revitalize abandoned properties and return them to tax rolls
- Attract developers to brownfields, creating jobs and investment, and increasing nearby property values
- Provide a source of repayment for DEQ Brownfield Redevelopment Loans
- Reduce sprawl by reusing properties with existing infrastructure

WHO CAN USE TIF? A BRA or developer through a BRA

ELIGIBLE ACTIVITIES

A property must be contaminated to be eligible for DEQ TIF. If contamination is suspected but not known, DEQ TIF can be used for site investigation. Eligible activities include:

Phase I and Phase II Environmental Site Assessments and Baseline Environmental Assessments (BEAs)*

Asbestos, mold, and lead surveys, hazardous materials surveys, and pre-demolition surveys*

Due Care Activities

- Due care investigation and planning*
- Documentation of due care compliance*
- Activities performed to protect human health and the environment, such as removing contaminated soil or installing vapor mitigation systems or exposure barriers

Response Activities

- Remedial actions
- Demolition under some circumstances
- Lead, mold, or asbestos abatement when there is an imminent and significant threat
- And many more (refer to the Act 381 Work Plan Guidance for additional eligible environmental activities)

* School and local taxes are pre-approved. Pre-approved activities may be conducted prior to adoption of a Brownfield Plan and do not require approval by the MDEQ for the use of school taxes.

TIF APPROVAL PROCESS

1. BRA and local unit of government approve the Brownfield Plan. Public notifications and a public hearing are required.
2. If DEQ school TIF approval will be requested, submit draft Act 381 Work Plan to DEQ (optional).
3. BRA or local government submits Act 381 Work Plan to DEQ.
4. DEQ reviews and provides response within 60 days.
5. Local government or BRA administers TIF capture and is subject to reporting requirements.

HOW BROWNFIELD TIF WORKS

When a contaminated property is redeveloped and the property value increases, the difference between taxes on the base value and taxes on the new value is the tax increment. The tax increment can be reimbursed to a developer or other investor for eligible redevelopment costs. No existing taxes are taken away from a taxing jurisdiction; instead the increment is deferred for the duration of the approved brownfield plan.

CONTACT US

Ron Smedley, Brownfield Coordinator
smedleyr@michigan.gov
517-284-5153

www.michigan.gov/deqbrownfields
#mibrownfields