

# Leelanau County Brownfield Redevelopment Authority

***Brownfields 101***  
***February 16, 2016***

**AKT**PEERLESS



  
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environmental consulting + services

# Brownfield 101

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## □ What is a Brownfield?

### ■ EPA's Definition:

“Brownfields are real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.”

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## □ What is a Brownfield?

### Michigan's Definition:

- **“Facility”** – contaminated above residential cleanup criteria, or;
- **“Blighted”** – determined by the local governing body to be:
  - Public nuisance in accordance with local code or ordinance;
  - Attractive nuisance to children – physical condition, use or occupancy;
  - Fire hazard or dangerous;
  - Had utilities disconnected, destroyed, removed or rendered ineffective;
  - Tax reverted property owned by a qualified local governmental unit, county or state;
  - Property owned or under control of a Land Bank;
  - Has substantial subsurface demolition debris buried on site, or:

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## □ What is a Brownfield?

### Michigan's Definition:

- **“Functionally Obsolete”** – property is unable to be used adequately for its intended use due to loss in value from overcapacities, changes in technology, etc. (requires determination by Level 3 (Michigan Advanced Assessing Officer) or 4 (Michigan Master Assessing Officer) Assessor), or;
- **“Historic Resource”** - 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 Places, or a local historic district (Section 90A of the Michigan Strategic Fund Act, 1984 PA 270).
- Includes property that is adjacent or contiguous to property qualifying as a “facility” within the project, and is estimated to increase the captured taxable value of that property.

# Brownfields - all shapes and sizes

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The Brownfield Redevelopment Financing Act, 1996 PA 381, as amended (Act 381)

- Provides municipalities with a method to finance eligible activities at brownfield sites through:
  - Creation of Brownfield Redevelopment Authorities:
    - Municipality
    - County, on behalf of municipalities within the county
    - There are 291 BRAs in Michigan
    - There are approximately 35,000 “brownfield sites” in MI;
    - Creation of Brownfield Plans – use of Tax Increment Financing to reimburse eligible activities

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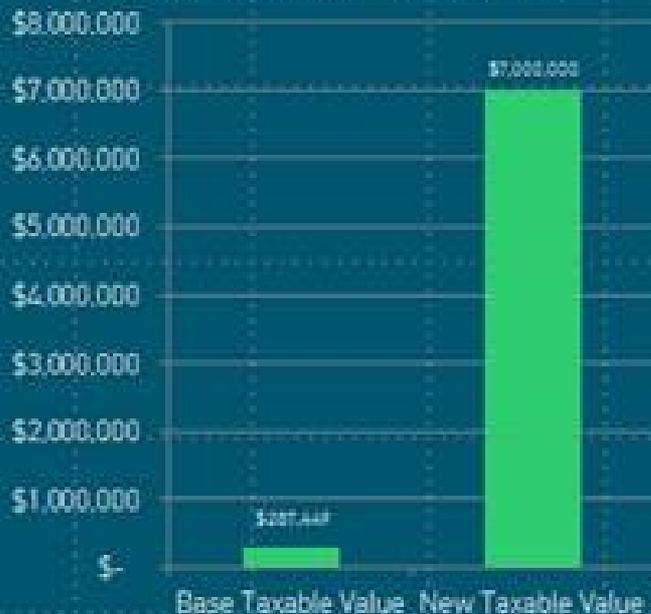
## □ Brownfield Plans and Tax Increment Financing -

- Brownfield Plans are Adopted for a Specific Project that describes:
  - Plan for Redevelopment
  - Nature and Condition of the Property
  - Eligible Activities to be Performed
  - Costs to be Reimbursed
  - Method Used to Finance and Reimburse Activities
- The New (Incremental) Taxes from new investment are used to Reimburse the Party that Financed (Developer and/or Authority) the Eligible Activities Described in the Brownfield Plan
- ***Tax value increment = new taxable value – initial taxable value (based on new investment)***

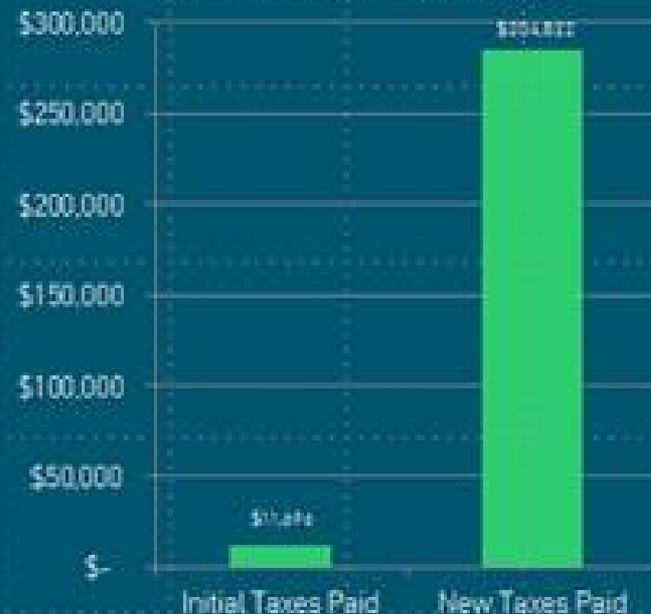
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## HOW THE TIF INCENTIVE WORKS: EXAMPLE PROJECT

Brownfield Project – Taxable Value



Brownfield Project – Taxes Paid



$\$1,131,600$  Brownfield Gap /  $\$273,126$  in Annual Captured Taxes =  
4.14 Years to pay the developer back for eligible Brownfield expenses.

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## □ Brownfield Plans and Tax Increment Financing -

### ■ Allows Reimbursement of Eligible Activities:

- Phase I and II Environmental Site Assessments (MDEQ)
- Baseline Environmental Assessment Activities (MDEQ)
- Due Care Plans/Activities (MDEQ)
- Additional Response Activities (MDEQ)
- Environmental Insurance (MDEQ)
- Develop/Prepare Brownfield Plans and Act 381 Work Plans (MDEQ /MSF)
- Infrastructure Improvements (MSF – Core Community)
- Demolition that is not a response activity (MSF)
- Asbestos/Lead Abatement (MSF)
- Site preparation that is not a response activity (MSF – Core Community)
- Relocation of Public Buildings or Operations (MSF – Core Community)
- Administrative and Eligible Activities of BRA (\$100,000+ annually, depending on number of projects)

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## □ Funding:

- EPA awarded Leelanau County BRA \$400,000 Community-wide Brownfield Assessment Grant
  - \$200,000 used for assessing sites with suspected petroleum contamination
    - Remaining balance = approximately \$177,000
  - \$200,000 used for assessing sites with suspected hazardous substance contamination
    - Remaining balance = approximately \$181,000
  - Project Period October 1, 2014 to September 30, 2017
  - Work Plan and Budget designed to address approximately 15 sites over life of each grant
- EPA Revolving Loan Fund Grant (Cleanup)
  - Hazardous RLF - \$750,000
  - Petroleum RLF - \$250,000
  - Allows the County to make low interest loans to:
    - Public entities, non-profits, and private, for-profit entities to carryout cleanup activities at EPA defined brownfields properties
  - Project Period September 2010 through February 2017

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*What activities can be funded?*

Revolving Loan Fund Grant

1. Actions associated with removing, mitigating, or preventing the release or threat of a release of a hazardous substance, pollutant, or contaminant including:
  - Excavation, consolidation, or removal of contaminated soils;
  - Capping of contaminated soils to include contouring or grading, and establishing a vegetative cover;
  - Installation of engineering controls to protect human health and the environment;
  - Using chemicals and other materials to mitigate and/or retard the spread of the release or mitigate its effects;
  - Removal of source materials, including free product recovery;
  - Demolition of structures if the activity is integral to the cleanup;

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## Revolving Loan Fund Grant (continued)

- Fences, warning signs, or other security or site control precautions;
- Installation of drainage controls;
- Stabilization of berms, dikes, or impoundments or drainage or closing lagoons;
- Removal of drums, barrels, tanks, or other bulk containers that contain or may contain hazardous substances, pollutants, or contaminants;
- Containment, treatment, disposal, or incineration of hazardous materials;
- Cleanup or decontaminate drug labs; and
- Provision of alternative water supply where necessary immediately to reduce exposure to contaminated household water and continuing until such time as local authorities can satisfy the need for a permanent remedy.

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## Revolving Loan Fund Grant (continued)

2. Site monitoring activities, including sampling and analysis that are reasonable and necessary during the cleanup process, including determination of the effectiveness of a cleanup.
3. Costs associated with meeting public participation, worker health and safety, and interagency coordination requirements.

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*What activities can be funded?*

Assessment Grant:

- ❑ Perform Phase I Environmental Site Assessments (ESA):
- ❑ Conduct Phase II ESAs
- ❑ Complete Baseline Environmental Assessments and Documentation of Due Care Compliance (formerly known as Due Care Plans)
- ❑ Hazardous Materials Building Surveys including lead and asbestos surveys
- ❑ Development of Brownfield Plans and Act 381 Work Plans

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## □ Project Application Process:

- Contact LCBRA staff with intended project plans and need for brownfield assistance.
- Application process is two parts:
- Part I – required for all projects (\$150 fee),
- Part II – required for projects requesting grant/loan assistance (\$500).
- Applications are received on an on-going basis.
- EPA Assessment Grant funded activities conducted by LCBRA-contracted consultants.

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## □ Project Application Process:

### ■ Staff will:

- Review merits of project: i.e. project readiness, strength of business plan, amount of new property tax generated, amount of investment, jobs, reductions of environmental risks to community, etc.
- Contact local unit of government.
- Refer applications to LCBRA for consideration.
- All grant/loan funding is controlled by the LCBRA and is subject to applicable criteria, rules and ultimate approval by the LCBRA.
- Development and Reimbursement agreement with applicant necessary for projects with Brownfield Plans and Act 381 Work Plans.
- RLF projects will require appropriate loan documents.

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- Wrap-Up and Q and A:
  - LCBRA has funding immediately available;
  - Brownfield tools and incentives can help level the playing field with “greenfield” sites;
  - Brownfield redevelopment helps re-use existing infrastructure, removes blight and contamination;
  - Important to consider brownfield incentives early in the project development process;
  - Be creative and innovative when applying tools – flexibility is possible.

# Contacts:

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