

Agenda

Brownfield Redevelopment Authority

Board of Directors



City of Kalamazoo

Thursday, October 19, 2023

7:45 AM

CPED Main Conference Room - 245 N. Rose Street, Suite 100

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of minutes from the BRA meeting on September 21, 2023

D. PUBLIC COMMENTS

E. DIRECTORS' COMMENTS

F. NEW BUSINESS

1. Adoption of the 2024 Proposed Budget for Fund 243 - Brownfield Redevelopment Authority Operating Budget
2. Adoption of the 2024 Proposed Budget for Fund 242 - Local Brownfield Revolving Fund

G. UNFINISHED BUSINESS

H. COMMUNICATIONS AND ANNOUNCEMENTS

I. STAFF REPORTS AND UPDATES

J. ADJOURNMENT

**CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING
Thursday, September 21, 2023
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007**

MEMBERS PRESENT: Sharon Ferraro; Lucas Middleton; Rachel Bair; Kevan Hess; Kyle Gulau; Jason Novotny; Andrew Schipper; Nathan Bolton; Torean Greeley

MEMBERS ABSENT: Michael Gurnee; Qianna Decker

CITY COMMISSIONERS/CITY STAFF PRESENT: John Weiss (Attorney, Dickinson Wright); Jamie McCarthy (Sustainable Development Coordinator); PJ Thuringer (Economic Development Supervisor); David Stegink (Fishbeck, Consultant); Jared Chambers (Business Specialist); Heidi Gartley (Brownfield Project Assistant)

Meeting was called to order at 8:09 AM by Chair Hess.

MOTION TO EXCUSE ABSENT MEMBERS: Director Gulau moved to excuse absent members; seconded by Director Bair. Motion approved by voice vote unanimously.

APPROVAL OF AGENDA: Director Bolton moved the approval of the agenda as amended; seconded by Director Greeley. Motion approved by voice vote unanimously.

APPROVAL OF MINUTES: Director Gulau moved approval of minutes from the meeting of August 17, 2023 as presented; seconded by Director Bair. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

None.

DIRECTOR'S COMMENTS

None.

NEW BUSINESS

1. Public Hearing for the First Amendment to the Act 381 Brownfield Redevelopment Plan for Arcadia Lofts.

Public Hearing was formally opened at 8:11 AM by Chair Hess.

Ms. McCarthy introduced those present at the meeting that were involved with the project or brownfield plan, including Trisha Kidd (Plazacorp Representative), Matt Bastos (Plazacorp Representative), Joe Agostinelli (Plazacorp Consultant), and David Stegink (BRA Consultant). She shared background information for Arcadia Lofts, as found in the agenda packet, adding that in August 2023 City Commission approved a Neighborhood Enterprise Zone (NEZ) incentive for this project, and DEGA has granted additional years to the BRA for capture on this project. Cost increases in the construction industry continue to be an issue.

Ms. Kidd gave a presentation on the Arcadia Lofts adaptive re-use project, which will be called Ironworks.

- She has been working with city staff to activate the underpass next to the Arcadia Lofts building.
- Historic office space will be converted into residential units, as their team identified this as the highest and best use following Covid.
- A 3-story mixed-use addition will be built on the western side of the building.
- Total of 82 residential units and 5,000 square feet of commercial space between all three buildings.
- It is located along Kalamazoo River Valley (KRV) Trail. They hope to capitalize on this and make the trail more accessible.
- The commercial tenant will be Bobcat Bonnie's, an American cuisine restaurant that specializes in brunch.
- Some of their apartments will be loft-style.

Renderings were displayed on screen.

Mr. David Stegink spoke to the board about the new proposed numbers of the amended brownfield plan, as found in the agenda packet. These new numbers are a factor of additional costs, primarily in the demolition area, and the layering of an NEZ.

Director Bair asked for more information on NEZ's. Mr. Agostinelli and Ms. McCarthy explained NEZ's and the city's newly adopted NEZ policy.

Director Hess asked if the City Commission has a hard scoring system for approving NEZ's or if it is case-by-case. Ms. McCarthy explained applicants will build their application upon the specific aspects of their project and the benefits they will provide to the community. There is a menu of certain items a project could qualify for to get additional years of tax abatement. Applicants will land at a hard number based upon the benefits their project will be providing.

Director Gulau asked about the timing of future projects that might apply for a brownfield plan and NEZ simultaneously. Ms. McCarthy shared that they try to sync up the approval of both by the City Commission. However, in this instance the timing made more sense to take them separately. She explained there is no concrete answer and that they can go at different times for approval before the City Commission.

Director Gulau asked about their proposed units that will be leased in an affordable range and whether they have a more concrete definition on how those units will be allocated in terms of affordable rent percentages. Mr. Agostinelli explained the development agreement obligates 10% of affordability. Ms. McCarthy shared there is a required average of 80% AMI. Mr. Agostinelli added that 3 units will be at 60% AMI and 6 units will be at 80% AMI.

Public Comments: None.

Board Discussion: None.

Public hearing was closed at 8:31 AM.

2. Adoption of a Resolution Approving the Implementation of the First Amendment to the Act 381 Brownfield Redevelopment Plan for Arcadia Lofts and Recommend to City Commission to Approve.

Director Gulau moved Adoption of a Resolution Approving the Implementation of the First Amendment to the Act 381 Brownfield Redevelopment to City Commission to Approve; seconded by Director Bair.

A roll call vote was taken, and the motion passed unanimously.

3. Adoption of a Resolution Approving the Second Amendment to the Brownfield Plan Development Agreement with Kalamazoo Neighborhood Housing Services, Inc. and Authorizing Chair to Sign.

Ms. McCarthy presented information on the second amendment to the KNHS Brownfield Plan Development Agreement, as found in the staff report in the agenda packet.

Director Hess shared this is a great way to provide incentives, revitalize neighborhoods, and make new housing available.

Director Bolton moved Adoption of a Resolution Approving the Second Amendment to the Brownfield Plan Development Agreement with Kalamazoo Neighborhood Housing Services, Inc. and Authorizing Chair to Sign; seconded by Director Schipper.

A roll call vote was taken, and the motion passed unanimously.

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

STAFF REPORTS AND UPDATES

Ms. McCarthy shared staff will be working with the Executive Committee on budgets to bring to the October meeting for approval.

Ms. McCarthy shared MSHDA has come out with a draft regarding changes in legislation regarding brownfield housing incentives. A webinar will take place in October, so more information and direction will come.

ADJOURNMENT: The meeting was adjourned at 8:37 A.M. by Chair Hess.

Heidi Gartley
Recording Clerk

Chair Signature

Printed Name/Title



BRA Board of Directors Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Staff Liaison

DATE: October 19, 2023

SUBJECT: Adoption of the 2024 Proposed Budget for Fund 243 - Brownfield Redevelopment Authority Operating Budget

SUMMARY:

The proposed budget is based upon past revenues and expenses with adjustments for anticipated changes in tax capture, property valuations, and costs to administer the brownfield program.

REVENUES:

- Local tax capture is anticipated to increase in 2024 with several new projects beginning their capture period
- Interest on investments is estimated by Management Services at a conservative value of 3%
- Interest from loans is based upon 2023 projected revenues
- BRA receives revenues from 600 E Michigan to pay principal and interest on an EGLE loan, estimated at \$34,176
- Application fees from brownfield plan applications is based upon pre-application meetings and inquiries to date
- Sale of property is estimated based upon outstanding purchase and sale agreements and purchase option agreements

EXPENSES:

- Payroll expenses reflect a portion of staff time spent on BRA activities, including:
 - 70% of 1.0 FTE (**BRA Staff Liaison** - actual expenses based on recorded time tracking)
 - 100% of 0.5 FTE (Brownfield Project Assistant - actual expenses based on recorded time tracking)
 - 10% of 0.7 FTE (Executive Administrative Assistant)

- General operating expenses for materials and supplies is grouped into new categories for 2024:
 - Offices supplies and forms (supplies used internally for office purposes)
 - Operating supplies (property signage, security and locks, repair and maintenance supplies, board retreats and meeting costs)
 - Recording fees
 - Legal notices
- Brownfield legal services and technical consulting are broken into two categories for 2024:
 - Professional and Contractual Services (Brownfield Technical consultant, property surveys, appraisals, and any miscellaneous services approved by the Board, such as title work)
 - Legal Services (Brownfield Legal Firm Contract)
- Grounds maintenance includes \$90,000 for services such as fence repair and maintenance, tree services, mowing, snow removal, board-ups, and blight removal and other clean-up needs
- Administrative fees are allocated across City accounts following the City's Cost Allocation Plan
- Environmental studies and remediation allows the BRA to approve funding for due diligence or due care activities that on brownfield-eligible property that is not already part of a brownfield plan
- Membership and subscriptions covers professional memberships and IT subscriptions
- Vehicle maintenance allows the BRA to cover 50% of a leased vehicle in 2024
- TIF reimbursements to developers is anticipated to increase slightly in 2024 to just over \$2.6 million and Ramp 3 (Building Authority) debt fund is anticipated to be reimbursed around \$97,000
- Electricity for lighting was adjusted up for 508 Harrison and reduced slightly for 667 E Michigan
- Investment in due care activities are anticipated at 433 Ampersee, Davis Creek Business Park, Allied/Panelyte sites
- Outstanding EGLE grants and loans will continue to be disbursed based upon existing agreements

BACKGROUND:

Annually, the BRA adopts a proposed budget for Fund 243 to be included in the City's Budget Book for approval by the City Commission. The attached budget estimates annual revenues from local tax capture and other revenue sources and recommends potential expenditures to administer the brownfield program.

FISCAL IMPACT:

Expenses over actual revenues will be funded with outstanding fund balance and budget adjustments can be adopted when approved by the BRA Board.

RECOMMENDATION:

It is recommended the Brownfield Redevelopment Authority adopt the 2024 Budget for Fund 243 - BRA Operating Budget.

**Fund 243 Brownfield Redevelopment Authority (BRA) Operating
Proposed 2024 Budget**

Revenues		Adopted 2023 Budget	Year-to-Date	Proposed 2024 Budget
243-735-00.000-405.000	LOCAL TAX CAPTURE (Total)	2,086,967.00	1,512,874.30	3,075,470.00
	Local tax capture (Developers) \$2,615,900.00			-
	Local tax capture (BRA) \$365,570			-
	Local tax capture (Ramp 3) \$97,000.00			-
243-735-00.000-665.001	INTEREST ON INVESTMENTS	1,000.00	-	25,500.00
243-735-00.000-665.002	INTEREST - LOANS	2,300.00	1,975.88	2,000.00
243-735-00.000-680.001	LOAN PRINCIPAL PAYMENT (600 E Michigan)	34,176.00	32,199.66	34,176.00
243-735-00.000-607.001	APPLICATION FEE	23,000.00	5,850.00	20,000.00
243-735-00.000-642.002	SALE OF PROPERTY HELD FOR RESALE	410,000.00	0.00	300,000.00
	STATE GRANT - EGLE Rivers Edge*			-
	STATE GRANT - EGLE 530 Rose Senior*			-
Total Revenue		\$2,557,443	\$1,552,900	\$3,457,146

Account Number		Adopted 2023 Budget	Year-to-Date	Proposed 2024 Budget
243-735-00.000-702.001	BASE PAY - FULL TIME	100,020.78	42,413.27	74,476.00
243-735-00.000-702.010	BASE PAY - PART TIME	27,405.00	16,287.79	28,501.00
243-735-00.000-711.001	HEALTH BENEFIT ALLOCATION	24,829.60	6,443.90	23,618.00
243-735-00.000-711.051	DEFINED RETIREE HEALTH CONTRIBUTION	5,330.00	1,383.20	5,070.00
243-735-00.000-711.020	WORKERS COMPENSATION	666.63	541.15	638.00
243-735-00.000-711.010	DENTAL INSURANCE	1,830.55	59.42	1,741.00
243-735-00.000-710.001	EMPLOYER SOCIAL SECURITY	10,322.34	4,663.26	6,385.00
243-735-00.000-711.012	FRINGE BENEFIT ALLOCATION	2,204.18	1,057.63	3,604.00
243-735-00.000-711.011	GROUP LIFE INSURANCE	463.30	293.97	441.00
243-735-00.000-711.050	DEFERRED COMPENSATION	1,612.81	889.82	1,545.00
243-735-00.000-727.001	OFFICE SUPPLIES AND FORMS	1,000.00	512.08	3,000.00
243-735-00.000-729.000	OPERATING SUPPLIES	-	-	12,000.00
243-735-00.000-801.000	PROFESSIONAL & CONTRACTUAL SERVICES	175,000.00	33,990.34	70,000.00
243-735-00.000-802.001	LEGAL SERVICES	-	37,350.50	120,000.00
243-735-00.000-802.010	RECORDING FEES	-	-	600.00
243-735-00.000-802.011	LEGAL NOTICES	-	-	1,500.00
243-735-00.000-880.000	PROMOTIONS AND ADVERTISING	30,000.00	5,571.83	12,000.00
243-735-00.000-930.001	GROUPS MAINTENANCE	90,000.00	26,042.62	90,000.00
243-735-00.000-830.001	ADMINISTRATIVE FEES	28,002.00	23,340.00	15,096.00

243-735-00.000-804.001	ENVIRONMENTAL STUDIES	95,000.00	0.00	55,000.00
243-735-00.000-804.002	ENVIRONMENTAL REMEDIATION (DUE CARE)	95,000.00	0.00	95,000.00
243-735-00.000-810.003	MEMBERSHIP AND SUBSCRIPTIONS	500.00	114.11	2,500.00
243-735-00.000-977.000	VEHICLE EQUIPMENT	2,400.00	0.00	4,954.00
243-735-00.000-967.005	TIF REIMBURSEMENTS - DEVELOPERS	1,815,587.00	2,293,010.31	2,615,900.00
243-735-00.000-960.369	TRANSFER TO BA DEBT FUND	90,000.00	94,946.43	97,000.00
243-735-00.000-979.000	INFRASTRUCTURE	108,213.00	0.00	-
243-735-01.152-920.001	ELECTRICITY (508 Harrison)	2,800.00	3,237.67	3,900.00
243-735-01.000-801.000	ELECTRICITY (667 East Michigan)	2,000.00	631.06	1,000.00
243-735-01.000-801.000	433 Ampersee (Due Care)	34,800.00	0.00	30,000.00
243-735-02.000-801.000	Davis Creek Business Park (Due Care)	10,000.00	0.00	10,000.00
243-735-07.000-801.000	Allied/Panelyte (Due Care)	37,500.00	60,640.51	37,500.00
	MDEQ - 600 East Michigan Loan payment			
243-735-00.000-991.003	Principal	34,176.00	345,398.35	32,682.65
243-435-00.000-993.003	Interest	2,300.00	2,292.22	1,492.89
	STATE GRANT - EGLE Rivers Edge*			-
	STATE GRANT - EGLE 530 Rose Senior*			-
Total Expenses		\$2,654,278	\$2,927,078	\$3,457,145

Revenue over (under) expenditures	\$1
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*EGLE-funded projects:	
Rivers Edge was awarded \$1,000,000 in total funding and has expended \$2,615.10 as of 9/24/2023. This project will continue in 2024.	
530 Rose Senior Housing was awarded \$350,000 in total funding and has expended \$0 as of 9/24/2023. This project will continue in 2024.	



BRA Board of Directors Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Staff Liaison

DATE: October 19, 2023

SUBJECT: Adoption of the 2024 Proposed Budget for Fund 242 - Local Brownfield Revolving Fund

SUMMARY:

The proposed budget is based upon past revenues and expenses with adjustments for anticipated changes in tax capture, property valuations, and project investments (expenses) that reflect board priorities and initiatives.

REVENUES:

- Local tax capture to the LBRF is estimated to be slightly lower than 2023 as some projects 5-year LBRF capture periods end
- Management Services provided a conservative estimate on potential revenues from interest on investments (3%)

EXPENSES:

- Expenses exceed projected revenues and rely upon outstanding fund balance, and allows the BRA to approve projects for LBRF funding in 2024
- Professional & Contractual Services allows the BRA to approve funding for due diligence and due care activities on both BRA- or privately owned brownfield-eligible property
- Transfer to Internal Department allows the BRA to approve infrastructure projects associated with brownfield-eligible property that would be performed or overseen by other City Departments
- Infrastructure allows the BRA to approve funding for infrastructure projects funded through a public or private development and approved within a brownfield plan
- Other Brownfield Eligible Activities allows the BRA to approve funding of any brownfield-eligible activity performed by private developer within a brownfield plan

BACKGROUND:

Annually, the BRA adopts a proposed budget for Fund 242 to be included in the City's Budget Book for approval by the City Commission. The attached budget estimates annual revenues from local tax capture and recommends potential expenditures to reinvest the funding into the community.

FISCAL IMPACT:

Expenses over actual revenues will be funded with outstanding fund balance and budget adjustments can be adopted when approved by the BRA Board.

RECOMMENDATION:

It is recommended the Brownfield Redevelopment Authority adopt the 2024 Budget for Fund 242 - Local Brownfield Revolving Fund.

242 Local Brownfield Revolving Fund
Proposed 2024 Budget

Account Number	Revenues	Adopted 2023 Budget	Year-to-Date	2024 Proposed Budget
242-735-00.000-405.000	LOCAL TAX CAPTURE	140,000.00	193,527.49	143,300.00
242-735-00.000-665.001	INTEREST ON INVESTMENTS	12,000.00	-	105,000.00
	Total Revenue	\$ 152,000.00	\$ 193,527.49	\$ 248,300.00

Account Number	Expenses	Adopted 2023 Budget	Year-to-Date	2024 Proposed Budget
242-735-00.000-801.000	PROFESSIONAL & CONTRACTUAL SERVICES (Due dilligence, due care, and site-readiness funding)	1,500,000.00	150,000.00	246,650.00
242-735-00.000-960.000	TRANSFER TO INTERNAL DEPARTMENT	-	-	49,330.00
242-735-00.000-967.006	INFRASTRUCTURE	-	-	12,325.00
242-735-00.000-967.005	OTHER BROWNFIELD ELIGIBLE ACTIVITIES	-	-	73,995.00
	Total Expense	\$ 1,500,000.00	\$ 150,000.00	\$ 382,300.00

Revenue over (under) Expenditures				-\$134,000
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