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To: Pittsfield Charter Township Board of Trustees

From: Ben Carlisle, AICP

Date: July 18, 2022

RE: Brownfield Plan for 4025 Packard Road

Project Overview

The 4025 Packard Road redevelopment site is located on the northeast corner of Carpenter and Packard Roads, 1 acre in size. The site is proposed for redevelopment from an abandoned former gas station, to a 7,000 s.f. multi-tenant commercial building, with associated new parking, access, and drive-through. The Township approved the final Site Plan, with conditions, in December 2021. The developer is now seeking Brownfield Tax Increment Financing Incentives (TIF) through the Washtenaw County Brownfield Redevelopment Authority.

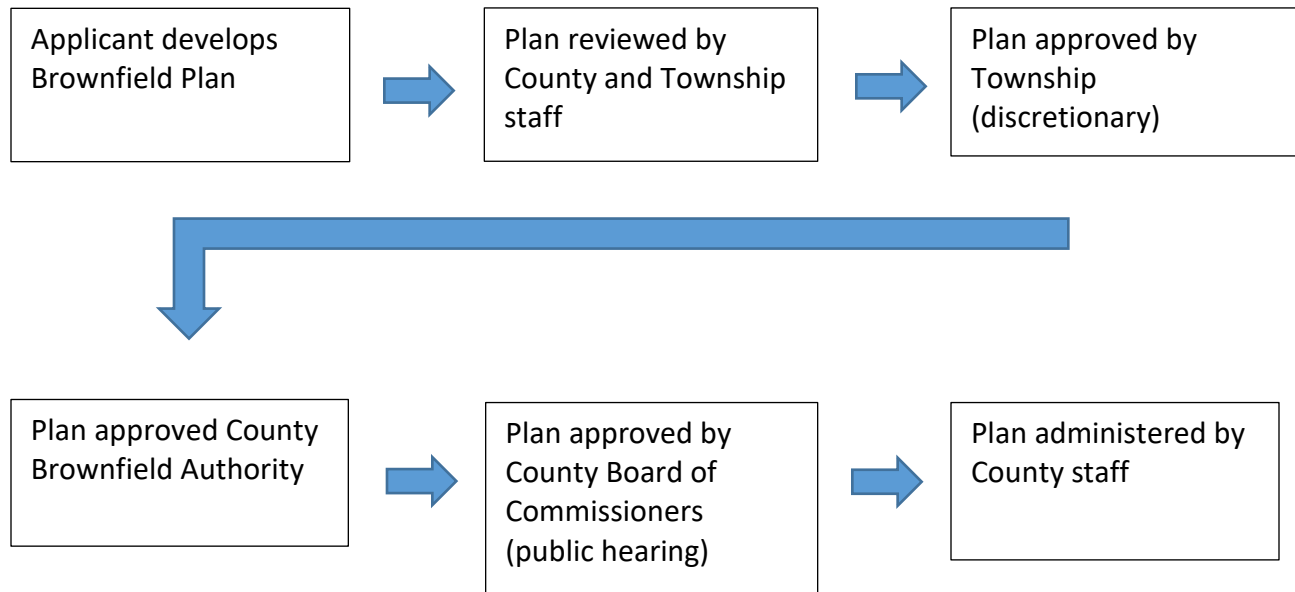
Brownfield Tax Increment Financing

Pittsfield Charter Township is a member of the Washtenaw County Brownfield Redevelopment Authority. As such, the Township has access to a variety of brownfield incentives, including Brownfield TIF, which refers to capturing the increase in taxes after the site is redeveloped for a limited period of time. Tax capture continues yearly until all the brownfield related costs that the developer incurs are reimbursed, and additional capture for Administrative operations of the Authority, and its Local Brownfield Revolving Fund (LBRF). The decision to approve Brownfield TIF incentives is completely discretionary on the part of the Township.

Nathan Voght, the Washtenaw County Brownfield Authority staff person, provided an overview of the brownfield program at the June 8th Board Working Session.

The County brownfield staff work with the Township's Finance Department to annually calculate capture, and the County issues reimbursements until all costs are reimbursed. Only actual, approved brownfield costs are reimbursed, and once completed, the tax capture ceases, and all taxing jurisdictions then realize the increase in taxes from the new development.

Process



Brownfield Plan

Please refer to the Brownfield Plan for 4025 Packard Road, dated March 30, 2022. This document is developed by the developer's consultant, but reviewed and authored by the Brownfield Authority. If approved through the local governmental process, the Plan will secure the capture of Local Taxes to reimburse for costs.

The site qualifies for Brownfield TIF incentives, as it's been established as a "Facility," which means certain contaminants were discovered in concentrations beyond state standards. The developer is seeking up to \$412,413 in Eligible Brownfield Activities, which are detailed in Table 1 in the Plan. This includes both "local" capture as well as State eligible expenses. See local section below for more detail. The activities are primarily associated with the removal and proper disposal of contaminated soils, and demolition of remaining structures and other site features, such as curbing and pavement. It's projected to take 23 years for all costs to be full reimbursed. This is based on current Taxable Value and projected Taxable Value after the site is redeveloped.

There are additional Administrative Fees and capture for the County's Local Brownfield Revolving Fund (LBRF), available for projects in all member communities. These additional fees include an annual capture of 10% for Administrative or LBRF, and then a lump sum LBRF capture after the developer is fully reimbursed. The maximum grand total in the Plan that would be reimbursed using TIF is \$547,609.

The Township tax represents approximately \$95,000 of the total \$547,609. By design, Act 381 was structured for Brownfield Plans capture all available non-debt taxes, in order to pay down brownfield costs as quickly as possible.

Local Only Reimbursement

Should the developer not seek Act 381 Work Plan approval from EGLE, to secure school tax capture, this contingency has been planned for. In this case, only “local” taxes will be captured to reimburse for costs, but all costs will be proportionally reduced as if the State *had* participated.

For example, if school taxes are not captured, the Township’s original proportion of total tax capture of about 53% will apply, and all costs to be reimbursed would be reduced from \$547,609, to about \$257,376. Therefore, the Township’s contribution would remain at approximately \$95,000, and not increase to compensate for the lack of School Tax Capture.

The Township’s tax capture to the project will remain the same, whether the developer secures capture of School Taxes, or not, at approximately \$95,000. However, the actual figure will ultimately be determined by annual Taxable Value, and the actual eligible brownfield costs incurred.

Review Standards

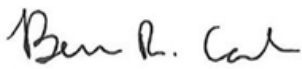
As mentioned, the use of Tax Increment Financing Brownfield Incentives is voluntary and discretionary on the part of the Township. The purpose of Act 381 Brownfield Incentives is to ensure a development which includes brownfield eligible expenses is financially feasible. The developer submitted a development ProForma in May, which was reviewed by County Brownfield Staff, and Township Finance and Assessing. The ProForma is a tool to determine Return on Investment, and to ensure an actual financial gap exists.

County Brownfield Staff and Township Finance and Assessing staff have reviewed the ProForma, and have concluded that a financial gap exists, and the developer will not be making an excessive return on investment, as a result of the Brownfield TIF reimbursement. It’s recommended that the Township limit the number of years of tax capture to 23, to avoid the tax capture possibly stretching out to the statutory limit of 30 years, and to 15 years if the Plan is “Local Only.”

Recommendation

The proposed Brownfield Plan will help reimburse the developer for extraordinary Brownfield activities, otherwise not present on “greenfield” sites. The project ProForma has a demonstrated financial gap. The Township’s administration of the tax capture is limited, where the County Brownfield Authority will work with Township Finance to annually transfer the appropriate capture, and the County issues reimbursement.

Approval of the Brownfield Plan is recommended, with a cap on the number of years of reimbursement to 23, and 15, if the Plan is “Local Only.”



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