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# COMMITTEE OF THE WHOLE MEETING

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January 16, 2018



# KALAMAZOO COUNTY GOVERNMENT

In the Pursuit of Extraordinary Governance...

## BOARD OF COMMISSIONERS

NOTICE AND AGENDA FOR  
COMMITTEE OF THE WHOLE MEETING

January 16, 2018

**PLEASE BE ADVISED** that the Kalamazoo County Board of Commissioners has scheduled a Committee of the Whole meeting on **January 16, 2018 at 4:00 p.m.** in the Board of Commissioners Room, second floor, County Administration Building, 201 West Kalamazoo Avenue, Kalamazoo, Michigan, for the purpose of considering the following items:

|                                                                                                                           | <i>Projected Time<br/>for Presentation<br/>&amp; Discussion</i> |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 1. Review of Transfers and Disbursements (Item N.) – <i>Ms. Amanda Morse</i>                                              | 4:00 – 4:05 p.m.                                                |
| 2. Commissioner iPad Training                                                                                             | 4:05 – 4:30 p.m.                                                |
| 3. Holiday Terraces Brownfield Plan, 2747 South 11 <sup>th</sup> Street, Oshtemo Township –<br><i>Ms. Lotta Jarnefelt</i> | 4:30 – 4:45 p.m.                                                |
| 4. County ID Program Advisory Board Discussion – <i>Chair Moore</i>                                                       | 4:45 – 5:00 p.m.                                                |
| 5. Any other items                                                                                                        |                                                                 |
| 6. Closed Session                                                                                                         |                                                                 |
| 7. Adjournment                                                                                                            |                                                                 |

MEETINGS OF THE KALAMAZOO COUNTY BOARD OF COMMISSIONERS ARE OPEN TO ALL WITHOUT REGARD TO RACE, SEX, COLOR, AGE, NATIONAL ORIGIN, RELIGION, HEIGHT, WEIGHT, MARITAL STATUS, POLITICAL AFFILIATION, SEXUAL ORIENTATION, GENDER IDENTITY OR DISABILITY. KALAMAZOO COUNTY WILL PROVIDE NECESSARY REASONABLE AUXILIARY AIDS AND SERVICES, SUCH AS SIGNERS FOR THE HEARING IMPAIRED AND AUDIO TAPES OF PRINTED MATERIALS BEING CONSIDERED AT THE MEETING/HEARING, TO INDIVIDUALS WITH DISABILITIES AT THE MEETING/HEARING UPON FOUR (4) BUSINESS DAYS' NOTICE TO THE COUNTY. INDIVIDUALS WITH DISABILITIES REQUIRING AUXILIARY AIDS OR SERVICES SHOULD CONTACT THE COUNTY BY WRITING OR CALLING:

KALAMAZOO COUNTY GOVERNMENT | 201 West Kalamazoo Avenue | Kalamazoo, Michigan 49007 | (269)384-8111



# KALAMAZOO COUNTY GOVERNMENT

In the Pursuit of Extraordinary Governance...

## RECOMMENDED TRANSFERS AND DISBURSEMENTS

January 16, 2018

### DISBURSEMENTS

#### CLAIMS

|                              |                     |
|------------------------------|---------------------|
| Claims                       | \$ 2,749,663.78     |
| Claims Requiring Disclosure: | -                   |
| <b>Total Current Claims:</b> | <b>2,749,663.78</b> |

#### RELEASE OF FUNDS

None

**Total Release of Funds:** \$ -

### TRANSFERS

| DEPARTMENT/DESCRIPTION          | ACCOUNT        | DECREASE | INCREASE    |
|---------------------------------|----------------|----------|-------------|
| <b>Finance</b>                  |                |          |             |
| Reserves                        | 101-943.897.00 | 240,000  |             |
| Consolidated Dispatch Authority | 101-943-985.20 |          | 2,271,100   |
| Carryover                       | 101-129-402.01 |          | 2,031,100 R |



# KALAMAZOO COUNTY GOVERNMENT

In the Pursuit of Extraordinary Governance...

## BOARD AGENDA REQUEST FORM

**PROPOSED FOR BOARD MEETING OF:** 1/16/2018 COW and 2/6/2018 BOC

**DEPARTMENT:** Planning and Development

**PREPARED BY:** Lotta Jarnefelt, Director and Rachael Grover,  
Resource Coordinator

**SUBJECT:** Holiday Terraces Brownfield Plan, 2747 South 11<sup>th</sup>  
Street, Oshtemo Township

### **SPECIFIC ACTION REQUESTED:**

The Kalamazoo County Brownfield Redevelopment Authority (KCBRA) respectfully requests that the Kalamazoo County Board of Commissioners consider approval of a County Brownfield Plan for the redevelopment of the former Holiday Terraces Bowling Alley located at 2747 South 11<sup>th</sup> Street, in Oshtemo Township, Michigan.

As per Brownfield Redevelopment Financing Act 381 of 1996, Section 125.2664, as Amended, the KCBRA is asking that the Board of Commissioners hold the prerequisite ***public hearing on February 6, 2018.***

### **DESCRIPTION OF ACTION (dollar amount, purpose):**

#### **1. January 16, 2018 – in the Committee of the Whole –**

The Kalamazoo County Brownfield Redevelopment Authority would like to present to the BOC the Brownfield Plan for the Holiday Terraces Bowling Alley Redevelopment Project.

#### **2. February 6, 2018 – in the Regular Meeting of the County Commission –**

A) Hold the prerequisite, duly noticed public hearing related to a Kalamazoo County Brownfield Plan for the Holiday Terraces Bowling Alley Project. A notice is required

10 days prior to the hearing. Notices will also be sent 10 days prior to all taxing jurisdictions that levy taxes subject to capture under this Brownfield Plan.

- B) Adopt a resolution approving the Kalamazoo County Brownfield Plan for the Holiday Terraces Bowling Alley Redevelopment Project.

**TIME FRAME OF ACTION:**

January 16, 2018 COW meeting; February 6, 2018 Regular Board of Commission meeting

**FUNDING SOURCE IF REQUIRED (Federal, State, or Local):**

Funding is through Tax Increment Revenue Financing as described in the Brownfield Plan.

**PERSONNEL IF REQUIRED:**

(Indicate if elimination or creation and list FTE; job title; grade; full-time salary range; account number; and, if known, position number)

No new personnel or contracts will be required by this action.

**NEW OR RENEWAL:**

This is a new Brownfield Plan.

**ANY OTHER PERTINENT INFORMATION:**

The Brownfield Plan will be reviewed by County Legal Counsel prior to being presented to the County Board.

A summary of the Brownfield Plan is attached.

**PROCUREMENT INFORMATION:**

(indicate if the contract was bid out, if not, state reason(s) why; indicate last time contract was bid out; indicate if awarded bidder was the lowest bidder, if not, indicate why)

N/A

**CONTACT PERSON:**

| <u>NAME</u>   | <u>TITLE</u>                                         | <u>PHONE NUMBER</u> |
|---------------|------------------------------------------------------|---------------------|
| Lisa Henthorn | Deputy County Administrator<br>For External Services | 383-8901            |

## **Brownfield Plan Summary**

Holiday Terraces Bowling Alley Brownfield Plan, 2747 South 11<sup>th</sup> Street, Oshtemo Township

Summary Prepared by: Rachael Grover, Resource Coordinator  
Kalamazoo County Planning and Development  
Kalamazoo County Brownfield Redevelopment Authority Staff

The Brownfield Plan for 2747 South 11<sup>th</sup> Street is expected to reimburse the developer, Kalamazoo Hotel Group, LLC, for brownfield eligible costs that are needed for the interior demolition of the vacant and functionally obsolete former bowling alley that is adjacent to the Holiday Inn in Oshtemo Township. This summary provides project background information and a summary of the Brownfield Plan tables.

### **I. Project Background**

On November 17, 2016, the Kalamazoo County Brownfield Redevelopment Authority (KCBRA) approved the application for Brownfield Redevelopment assistance for property at 2747 South 11<sup>th</sup> Street in Oshtemo Township, Michigan.

Kalamazoo Hotel Group, LLC purchased the property, the former Holiday Terraces bowling alley, which needs significant interior redevelopment and mechanical upgrades in order to allow for a functional use of the property.

The Oshtemo Township Assessor has certified the property as “functionally obsolete” which qualifies the property as a Brownfield Site under Michigan Public Act 381 of 1996, as amended. No environmental contamination is known to be present at the eligible property. A Phase I Environmental Site Assessment was performed at the property by Phillips Environmental Consulting Services, Inc. in August of 2016.

Kalamazoo Hotel Group, LLC, will demolish and redevelop the interior of the 30,000 square-foot building. The property operated as a bowling alley from 1973 to 2014 where it has been vacant since 2014. Kalamazoo Hotel Group intends to renovate the property into a hotel conference center to support hotel operations at the adjacent property. The Developer intends to invest \$4 million into the redevelopment and is anticipating the creation of 25 full-time equivalent jobs for the conference center. The redevelopment of the former bowling alley into conference center space is expected to have a significant impact on the local economy by attracting people to the area for various events and conferences.

The KCBRA Board approved the Brownfield Plan on November 16, 2017 and recommends approval by Oshtemo Township and the Kalamazoo County Board of Commissioners. As required under Michigan Public Act 381, the Brownfield Plan will be public noticed 10 days

prior to the public hearing that is expected to be held on February 6, 2018, 7:00 p.m., at the meeting of the Kalamazoo County Board of Commissioners. The KCBRA Chairperson and KCBRA staff presented the Brownfield Plan to the Oshtemo Township Board at the December 12, 2017 Township Work Session. Oshtemo Township will be considering this Brownfield Plan and a resolution in support of the Brownfield Plan at the January 9, 2018 Township Board meeting.

## II. The Brownfield Plan

The Brownfield Plan for 2747 South 11<sup>th</sup> Street will allow the KCBRA to use Tax Increment Financing (TIF) to reimburse a portion of the developer's eligible expenses related to environmental assessment and interior demolition of the functionally obsolete building. In addition, the Brownfield Plan will include reimbursement of any KCBRA expenses related to the site as well as KCBRA administrative expenses.

### Brownfield Plan Summary Points:

**Eligible Property:** The Plan includes the parcel with the Holiday Terraces bowling alley and the adjacent and contiguous parcel that includes the hotel property. Private investment by the developer is estimated at \$4,000,000.

**Eligible Costs:** Phase I ESA, Brownfield Plan preparation, interior demolition of former bowling alley, demolition of asphalt to restore parking lot, KCBRA Administrative costs.

**Length of Plan:** 14 years, including 5 full years for the Local Brownfield Redevelopment Fund. Tax capture is not expected to start until 2019, following the redevelopment of the hotel conference center in 2018. Developer and KCBRA Administrative eligible costs are expected to take 9 years for reimbursement.

**State Taxes:** State School Taxes will only be captured for statutorily allowed environmental due diligence (Phase I ESA) and Brownfield Plan preparation. As required by Act 381, the KCBRA will remit half of the State Education Tax (SET) that is eligible for capture to the State Brownfield Fund.

All taxing jurisdictions will continue to collect taxes on the 2017 Taxable Value of the property. The taxes generated from only the increase in Taxable Value will be captured by the KCBRA for a total of 9 years, beginning in 2019, in order to pay back the developer and the KCBRA for eligible expenses and Administrative costs that have been incurred in the redevelopment of the functionally obsolete property. Following the reimbursement of eligible costs, the KCBRA will capture Tax Increment Revenue for an additional 5 years for the Local Brownfield Revolving Fund (LBRF) to aid in the redevelopment of additional Brownfield eligible projects in Kalamazoo County. Debt millages and Oshtemo Township

Special Assessments for Fire, Police 2004, and Lights will not be captured by the KCBRA and will see an increase in taxes collected as a result of the redevelopment of the property.

**Tax increment collected by the KCBRA to reimburse eligible costs is as follows:**

|                                    |                                                |
|------------------------------------|------------------------------------------------|
| 2017 expected Base Taxable Value:  | \$3,252,483 (includes adjacent hotel property) |
| 2019 expected Taxable Value:       | \$4,357,000                                    |
| Taxable Value Increment available: | \$1,104,517                                    |

**Estimated Total taxes collected by the KCBRA per taxing jurisdiction - 14 years (on \$1,104,517 Tax Increment):**

|                        |                  |
|------------------------|------------------|
| KRESA                  | \$110,501        |
| KVCC                   | \$ 68,400        |
| Library – Kalamazoo    | \$ 96,158        |
| County Operating       | \$113,988        |
| County Public Safety   | \$ 35,241        |
| County Transit         | \$ 7,658         |
| Central County Transit | \$ 18,263        |
| County Housing Fund    | \$ 2,430         |
| Oshtemo Township       | \$ 23,628        |
| <u>State Taxes</u>     | <u>\$ 11,668</u> |
| <b>Total</b>           | <b>\$487,935</b> |

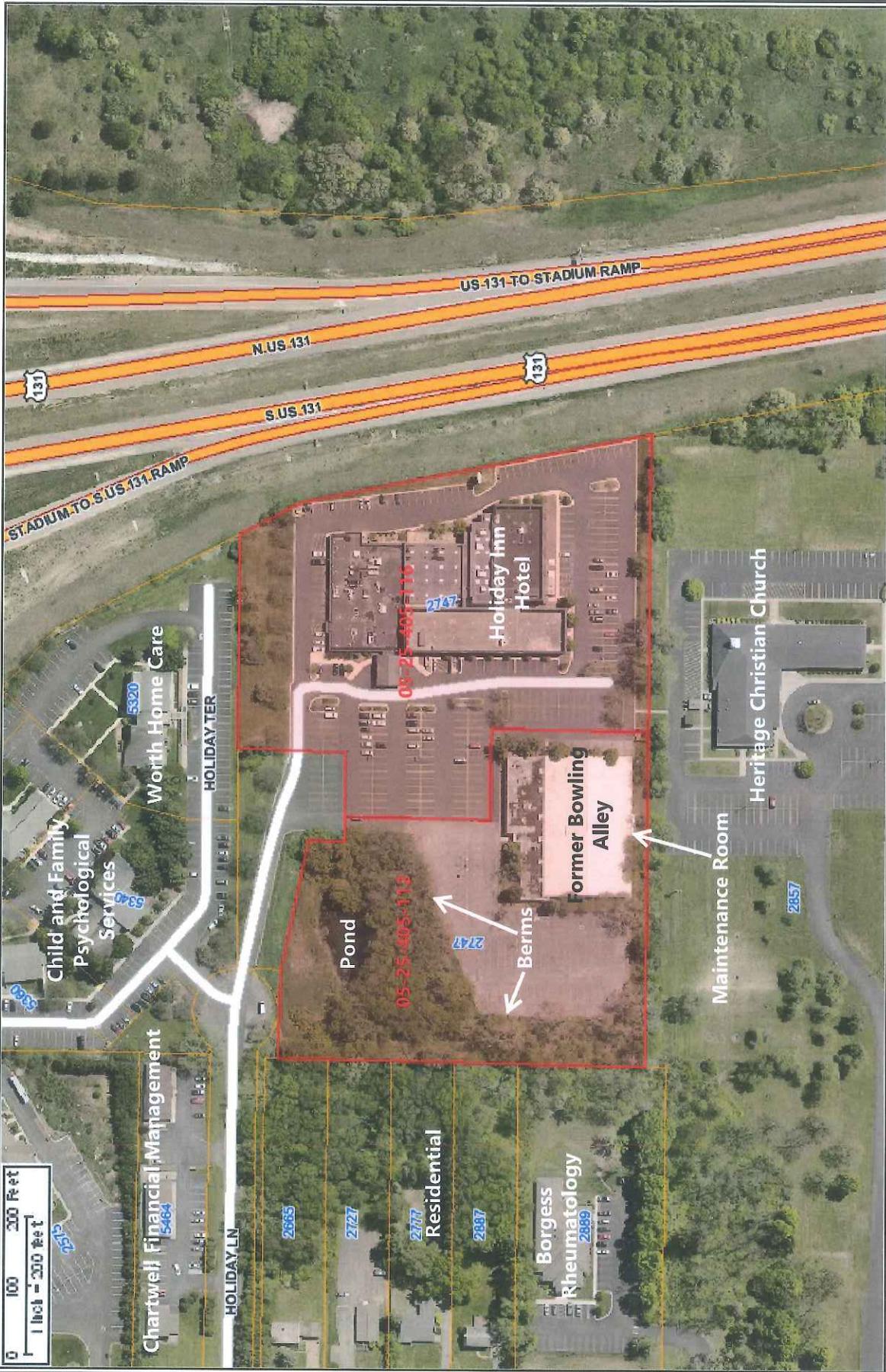
|                                                                              |                  |
|------------------------------------------------------------------------------|------------------|
| Reimbursement to Kalamazoo Hotel Group, LLC for Eligible Costs Estimated:    | \$216,927        |
| Interest Payment (estimated) Kalamazoo Hotel Group, LLC (3% Simple interest) | \$ 30,449        |
| Reimbursement KCBRA for Eligible Costs and Administrative Expenses Est.:     | \$ 18,000        |
| State Brownfield Fund:                                                       | \$ 3,368         |
| Tax Increment Revenue collected to LBRF for additional Brownfield Projects:  | <u>\$219,192</u> |
| <b>Total</b>                                                                 | <b>\$487,935</b> |

The development of the 2747 South 11<sup>th</sup> Street site is an improvement for the site and the surrounding area in several ways:

1. The Plan returns a functionally obsolete property to high functional use.
2. The property will have an increased taxable value.
3. The County Brownfield Plan would constitute a cooperative inter-governmental effort.
4. TIF collected will reimburse the developer and the KCBRA for a portion of costs incurred in the completion of Brownfield Eligible Activities.
5. Local Brownfield Revolving Fund (LBRF) collection for 5 years allows the KCBRA to support additional Brownfield Activities in Kalamazoo County.

# Figure 2 - Site Plan

2747 11th Street, Oshtemo Township, Michigan



This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. The user of this map acknowledges that the State/County/Cities/Townships/Villages shall not be liable for any damages, and expressly waives all claims, and agrees to defend, indemnify, and hold harmless the State/County/Cities/Townships/Villages from any and all claims brought by the User, its employees or agents, or third parties which arise out of the User's access or use of data provided. Map Created: 8/2/2017