



Local Site Remediation Revolving Fund (LSRRF)

By Marc Hatton,
City of Kalamazoo

What is LSRRF?

- AKA the “Joe” fund (or “Joe”)
- Last chapter of a successful Brownfield Redevelopment Project (celebrate!)
- Tax Increment Financing (TIF) portion of a project; after:
 - Developer reimbursement
 - BRA (or other parties’) reimbursement
 - Administrative fees reimbursement



What is LSRRF, cont.

THEN...

5 yrs of taxes captured to capitalize the “Joe” (to fund future eligible activities at Brownfield sites)

- Actual eligible project expenses must be incurred & reimbursed before a “Joe” can be capitalized
- “Joe” \$ can be a combination of local & school tax capture
- As with TIF - schools made whole by the State (? future ?)
- Described (notably) in Sections 8, 11(e) & 13(5) of 1996, Act 381, as Amended

School Dollars

- Act 381 Work Plans & approvals govern
- BRAs can only capture amount of school dollars approved by MDEQ & incurred as eligible expense – up to 5 yrs
 - Ex. MDEQ approves \$10,000 school dollars for TIF; full 5 yrs worth capture is \$45,000. BRA can only capture \$10,000 for “Joe.”
 - MEGA approved activities not considered for “Joe” capitalization



School Dollars, cont.

- Once a school dollar, always a school dollar
- BRAs must account for local & school dollars separately
- Use of school dollars from “Joe” governed by Act 381 Work Plans & approvals (exception for BEA & Due Care investigations/reports – Section 15(1)(a))

Our Approach

- Long term: self sustaining Brownfield program through use of healthy capitalized “Joe” fund
- Short term: Brownfield program has been funded through general fund contributions
- Full 5 yr capitalization is the price of admission for any project

Our Projects

- For TIF use, 5 yr reimbursement guideline to begin negotiations with developers
- Expectation to see a return on our investment within reasonable timeframe
- Of 19 projects, only 1 has maximum 25 yr TIF reimbursement
- Average developer reimbursement obligation is 8.36 yrs



before



after

Our Projects, cont.

- 3 projects complete in terms of tax capture & “Joe” fund capitalization
- 4th project will be complete by end of 2009
- Through 2009, “Joe” fund will have over \$300,000 (collected over ~12 yr period)
- We anticipate an additional ~\$1 million over next 6 yrs as projects mature

Last Gasp

- Brownfield issues are complex & blend many disciplines
- Programs should fit their community needs
- Different approaches, ideas & goals
- For these reasons and many more...

ABRA?

- Formation of ABRA (Association of Brownfield Redevelopment Authorities)?
- If you're interested, please contact me for more information

Now You Know “Joe”

Questions?





Thank You MEDC & MDEQ!

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