



# MICHIGAN

OFFICE OF THE AUDITOR GENERAL

## AUDIT REPORT

PERFORMANCE AUDIT  
OF THE

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM

DEPARTMENT OF ENVIRONMENTAL QUALITY,  
MICHIGAN STRATEGIC FUND, AND DEPARTMENT OF TREASURY

June 2014



THOMAS H. McTAVISH, C.P.A.  
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

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Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

*Performance Audit*

Report Number:  
271-0420-14

*Brownfield Redevelopment Financing Program*

*Department of Environmental Quality (DEQ),  
Michigan Strategic Fund (MSF), and  
Department of Treasury*

Released:  
June 2014

*The Brownfield Redevelopment Financing Act, Act 381, P.A. 1996, as amended, authorizes municipalities to create brownfield redevelopment authorities to facilitate the implementation of brownfield plans and promote revitalization of brownfield properties through the use of tax increment financing (TIF) for eligible activities. Act 381 prescribes the powers and duties of the brownfield redevelopment authorities and related requirements and criteria for the brownfield redevelopment authorities, DEQ, MSF, and the Department of Treasury. This performance audit was required by Section 125.2666(6) of the Michigan Compiled Laws.*

**Audit Objective:**

To assess the effectiveness of the Brownfield Redevelopment Financing Program to promote revitalization of brownfield properties through the use of TIF.

**Audit Conclusion:**

We could not conclude on the effectiveness of the Program to promote revitalization of brownfield properties through the use of TIF because of a lack of available performance information for assessing effectiveness. Our audit disclosed one reportable condition (Finding 1).

**Reportable Condition:**

Many brownfield redevelopment authorities did not submit the required annual financial status reports to the Department of Treasury. Also, for the financial status reports received, the Department of Treasury did not compile and analyze the information and did not submit an annual summary report to the Legislature (Finding 1). As a result, neither the

brownfield redevelopment authorities nor the Department of Treasury was in compliance with the reporting requirements of Act 381, P.A. 1996, as amended. Also, neither we nor the Legislature had sufficient performance information available to evaluate the effectiveness of the Program.

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**Audit Objective:**

To assess DEQ's, MSF's, and the Department of Treasury's compliance with statutory reporting requirements.

**Audit Conclusion:**

We concluded that DEQ and MSF were in compliance with statutory reporting requirements. However, the Department of Treasury was not in compliance with statutory reporting requirements. As described under the first audit objective, our audit identified one reportable condition (Finding 1).

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**Audit Objective:**

To assess the effectiveness and efficiency of DEQ's and MSF's efforts to facilitate and support the redevelopment or reuse of eligible property.

**Audit Conclusion:**

We concluded that DEQ's and MSF's efforts to facilitate and support the redevelopment or reuse of eligible property were effective and efficient. Our audit report does not include any reportable conditions related to this audit objective.

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**Agency Response:**

Our audit report contains 1 finding and 1 corresponding recommendation. DEQ's and MSF's preliminary responses indicate that DEQ and MSF agree with the recommendation.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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THOMAS H. MCTAVISH, C.P.A.  
AUDITOR GENERAL

June 6, 2014

Mr. Dan Wyant, Director  
Department of Environmental Quality  
Constitution Hall  
Lansing, Michigan  
and  
Mr. Michael A. Finney  
President and Chief Executive Officer, Michigan Strategic Fund  
Chair, Michigan Strategic Fund Board of Directors  
300 North Washington Square  
Lansing, Michigan  
and  
Mr. R. Kevin Clinton  
State Treasurer  
Richard H. Austin Building  
Lansing, Michigan

Dear Mr. Wyant, Mr. Finney, and Mr. Clinton:

This is our report on the performance audit of the Brownfield Redevelopment Financing Program, Department of Environmental Quality, Michigan Strategic Fund, and Department of Treasury.

This report contains our report summary; a description of program; our audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, finding, recommendation, and agency preliminary response; three exhibits, presented as supplemental information; and a glossary of abbreviations and terms.

Our comments, finding, and recommendation are organized by audit objective. The agency preliminary response was taken from the agencies' response at the end of our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agencies develop a plan to comply with the audit recommendation and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink that reads "Thomas H. McTavish".

Thomas H. McTavish, C.P.A.  
Auditor General



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## Description of Program

### Statutory Authority

The Brownfield Redevelopment Financing Act, Act 381, P.A. 1996, as amended (Sections 125.2651 - 125.2672 of the *Michigan Compiled Laws*), authorizes municipalities to create brownfield redevelopment authorities\* to facilitate the implementation of brownfield plans\* and promote revitalization of brownfield properties\* through the use of tax increment financing\* (TIF) for eligible activities\*.

Act 381 prescribes the powers and duties of the brownfield redevelopment authorities and related requirements and criteria for the brownfield redevelopment authorities, the Department of Environmental Quality (DEQ), the Michigan Strategic Fund (MSF), and the Department of Treasury.

On August 25, 2012, the Governor issued Executive Order No. 2012-9, abolishing the Michigan Economic Growth Authority (MEGA) and transferring the various responsibilities of MEGA to MSF. In addition, Act 502, P.A. 2012, effective December 28, 2012, amended Act 381 to include several changes in how the Brownfield Redevelopment Financing Program is to be administered. The annual reporting requirements related to the collection, compilation, and evaluation of the brownfield redevelopment authorities' financial status reports, previously the responsibility of the Department of Treasury, became a shared responsibility between DEQ and MSF.

As of February 2014, there were 290 active brownfield redevelopment authorities Statewide.

### Brownfield Redevelopment Financing Program

The goal\* of the Brownfield Redevelopment Financing Program is to promote the revitalization, redevelopment, and reuse of brownfield properties. Each brownfield redevelopment authority is required to have a governing board. Together, the brownfield redevelopment authority and the board are responsible for implementing a brownfield plan that identifies eligible properties\* where eligible activities will be conducted. An eligible property is a facility\*, blighted property\*, or functionally obsolete property\*.

\* See glossary at end of report for definition.

In accordance with Act 381, as values of brownfield redevelopment properties increase, brownfield redevelopment authorities are allowed to capture incremental local taxes\* and school property taxes to pay for the costs associated with the redevelopment of those properties. However, with the exception of certain planning activities, DEQ and/or MSF must approve the capture of incremental taxes levied for school operating purposes\*. To request DEQ or MSF approval, brownfield redevelopment authorities must submit a work plan\*, a copy of the approved brownfield plan or a combined brownfield plan\*, and other required information.

DEQ's approval is required for brownfield redevelopment authority work plans involving environmental activities. These eligible activities include baseline environmental assessment\* activities\*, due care activities\*, and additional response activities\*.

MSF approval is required for brownfield redevelopment authority work plans involving nonenvironmental activities. These eligible activities include infrastructure improvements that directly benefit eligible property; demolition of structures not including response activities\* under part 201 of the Natural Resources and Environmental Protection Act; lead or asbestos abatement; site preparation not including response activities under Section 20101 of the Natural Resources and Environmental Protection Act; relocation of public buildings or operations for economic development purposes; or acquisition of property by a land bank fast track authority if the acquisition is for economic development purposes.

The Michigan Economic Development Corporation performs the review of the brownfield redevelopment authorities' work plans on behalf of MSF and makes recommendations to the MSF Board for approval or denial of the brownfield redevelopment authorities' work plans.

Costs of activities approved by DEQ and/or MSF are eligible to be recovered from State and local property taxes using TIF. TIF, as it relates to the redevelopment of brownfield properties, is the capture of increased property tax revenues resulting from the investment in, and redevelopment of, eligible property under an approved brownfield plan or combined brownfield plan. Act 381 requires brownfield redevelopment authorities to expend the tax increment revenue\* in accordance with the approved brownfield plan or combined brownfield plan.

\* See glossary at end of report for definition.

## Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

### Audit Objectives

Our performance audit\* of the Brownfield Redevelopment Financing Program, Department of Environmental Quality (DEQ), Michigan Strategic Fund (MSF), and Department of Treasury, had the following objectives:

1. To assess the effectiveness\* of the Program to promote revitalization of brownfield properties through the use of tax increment financing.
2. To assess DEQ's, MSF's, and the Department of Treasury's compliance with statutory reporting requirements.
3. To assess the effectiveness and efficiency\* of DEQ's and MSF's efforts to facilitate and support the redevelopment or reuse of eligible property.

### Audit Scope

Our audit was required by Section 125.2666(6) of the *Michigan Compiled Laws*. Our audit scope was to examine the program and other records of the Brownfield Redevelopment Financing Program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives. Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered the period January 1, 2011 through December 31, 2013.

As part of our audit, DEQ and MSF provided supplemental information, which we compiled and presented as Exhibits 1 through 3. Our audit was not directed toward expressing a conclusion on this information and, accordingly, we express no conclusion on it.

\* See glossary at end of report for definition.

## Audit Methodology

We conducted a preliminary survey of the Program to formulate a basis for developing our audit objectives and defining our audit scope. Our preliminary survey included interviewing staff with Program responsibilities at DEQ, MSF, and the Department of Treasury; reviewing applicable laws, rules, regulations, policies, procedures, and other information; analyzing available records and data; and obtaining an understanding of the Program's operational activities and related internal control\*. We also conducted research related to brownfield activities and programs in other states.

To accomplish our first objective, we interviewed DEQ, MSF, and Department of Treasury personnel. We obtained and reviewed the Department of Treasury's data related to annual financial status reports submitted by brownfield redevelopment authorities and requested the Department of Treasury's annual reports required to be submitted to the Legislature.

To support the audit procedures performed related to our second and third objectives as described in the following paragraphs, we selected 8 of 51 DEQ and 10 of 64 MSF project files reviewed from January 1, 2011 through December 31, 2013 by the respective agencies. Our selection was designed to be representative of the number of work plans reviewed by DEQ and MSF, respectively, during each of the three calendar years and to include both approved and denied work plans.

To accomplish our second objective, we obtained and reviewed DEQ's and MSF's quarterly and annual reports, verified the completeness and accuracy of the reported information for the 18 project files noted in the preceding paragraph, and compared the reported information with the reporting requirements within Act 381, P.A. 1996, as amended. Also, we reviewed DEQ's and MSF's work plan approval status logs to determine the reasonableness of the information reported in the annual reports submitted to the Legislature. In addition, we interviewed Department of Treasury personnel, reviewed data maintained by the Department of Treasury to obtain an understanding of the Department of Treasury's reporting requirements and processes, and requested the Department of Treasury's annual reports required to be submitted to the Legislature.

\* See glossary at end of report for definition.

To accomplish our third objective, we interviewed DEQ and MSF personnel; reviewed DEQ and MSF policies and procedures; and compared the processes, policies, and procedures to the requirements in Act 381. We reviewed the information related to the Program available on the DEQ and MSF Web sites. We obtained and verified the accuracy of DEQ's and MSF's logs used to track the work plan approval status. We reviewed the 18 project files noted in the preceding paragraph and compared the documented work plan review time frames to allowable time frames according to Act 381, as amended. We also reviewed the work plans in the 18 project files for compliance and completeness. In addition, we reviewed DEQ and MSF documentation and interviewed DEQ and MSF personnel to obtain an understanding of the basis for their respective work plan review fees.

#### Agency Responses and Prior Audit Follow-Up

Our audit report contains 1 finding and 1 corresponding recommendation. DEQ's and MSF's preliminary responses indicate that DEQ and MSF agree with the recommendation.

The agency preliminary response that follows the recommendation in our report was taken from the agencies' written comments and oral discussion at the end of our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require DEQ and MSF to develop a plan to comply with the audit recommendation and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agencies to take additional steps to finalize the plan.

We released our prior performance audit of the Brownfield Redevelopment Financing Program, Department of Environmental Quality, Michigan Economic Growth Authority, and Department of Treasury (271-0420-11), in June 2011. DEQ, MSF, and the Department of Treasury complied with 1 of the 2 prior audit recommendations. We rewrote the other prior audit recommendation for inclusion in Finding 1 of this audit report.

COMMENTS, FINDING, RECOMMENDATION,  
AND AGENCY PRELIMINARY RESPONSE

## **EFFECTIVENESS OF THE BROWNFIELD REDEVELOPMENT FINANCING PROGRAM**

### **COMMENT**

**Audit Objective:** To assess the effectiveness of the Brownfield Redevelopment Financing Program to promote revitalization of brownfield properties through the use of tax increment financing (TIF).

**Audit Conclusion:** **We could not conclude on the effectiveness of the Program to promote revitalization of brownfield properties through the use of TIF because of a lack of available performance information for assessing effectiveness.**

Our audit conclusion was based on our audit efforts as described in the audit scope and audit methodology sections and the resulting reportable condition noted in the comments, finding, recommendation, and agency preliminary response section.

We noted one reportable condition\* related to brownfield redevelopment authorities' performance data (Finding 1). In our professional judgment, this matter is less severe than a material condition\* but represents an opportunity for improvement related to assessing the effectiveness of the Program.

We applied our audit procedures to the brownfield redevelopment authorities' reports submitted during our audit period. We compared DEQ's and MSF's work plan logs with the brownfield redevelopment reports received by the Department of Treasury and identified brownfield redevelopment authorities that did not submit the required report.

In addition, we evaluated qualitative factors, such as the uncertainty of the economic growth as a result of improving the property and the inability to identify the amount of TIF recuperated by the brownfield redevelopment authority through the redevelopment of the property.

In reaching our conclusion, we considered the reportable condition, the statutory responsibilities of the brownfield redevelopment authorities and the Department of Treasury, and the uncertainty of economic growth through the improvement of property.

\* See glossary at end of report for definition.

We believe that the results of our audit efforts provide a reasonable basis for our audit conclusion for this audit objective.

## **FINDING**

### 1. Brownfield Redevelopment Authorities' Performance Data

Many brownfield redevelopment authorities did not submit the required annual financial status reports to the Department of Treasury. Also, for the financial status reports received, the Department of Treasury did not compile and analyze the information and did not submit an annual summary report to the Legislature. As a result, neither the brownfield redevelopment authorities nor the Department of Treasury was in compliance with the reporting requirements of Act 381, P.A. 1996, as amended. Also, neither we nor the Legislature had sufficient performance information available to evaluate the effectiveness of the Program.

Annual submission, collection, compilation, and analysis of the brownfield redevelopment authorities' financial status reports provide information related to the total amount of taxes captured by the brownfield redevelopment authorities and the overall increase in the property tax values of brownfield properties, thus allowing for a determination of the effectiveness of the Program.

Our review of the processes and documentation relating to the brownfield redevelopment authorities' and the Department of Treasury's responsibilities for the Program disclosed:

- a. Fifty-five (72.4%) of the brownfield redevelopment authorities did not submit the required annual financial status reports. Based on our review of DEQ and MSF projects approved from January 1, 2005 through December 31, 2011, we estimated that 76 brownfield redevelopment authorities should have submitted annual financial status reports to the Department of Treasury by March 2013 for fiscal year 2011-12 activity. Although there were 290 brownfield redevelopment authorities, only those brownfield redevelopment authorities that received approval to use TIF funding were required to submit annual financial status reports to the Department of Treasury.

Section 125.2666(3) of the *Michigan Compiled Laws* requires the brownfield redevelopment authorities to submit annual financial status reports. The

Department of Treasury maintained a form for the brownfield redevelopment authorities' annual reporting purposes on its Web site. However, the Department of Treasury did not notify the brownfield redevelopment authorities of the reporting requirement nor did it follow up with the brownfield redevelopment authorities that did not submit an annual financial report. The Department of Treasury informed us that it did not pursue collection of the data because of a lack of staff.

- b. The Department of Treasury did not compile and analyze the required financial information submitted by the brownfield redevelopment authorities.

Statutes required the Department of Treasury to compile the following information from the brownfield redevelopment authorities' annual financial status reports:

- (1) The amount and source of tax increment revenues received.
- (2) The amount and purpose of expenditures of tax increment revenues.
- (3) The amount of principal and interest on all outstanding indebtedness.
- (4) The initial taxable value of all eligible property subject to the brownfield plan.
- (5) The captured taxable value\* realized by the brownfield redevelopment authorities.
- (6) Information concerning any transfer of ownership of or interest in each eligible property.
- (7) The amount of tax increment revenues, attributable to taxes levied for school operating purposes, used for eligible activities in Sections 125.2665(1)(a) and 125.2652(2)(m)(vii) of the *Michigan Compiled Laws*.

\* See glossary at end of report for definition.

Although the Department of Treasury compiled some information, it did not compile the information required by parts (2) through (7). The Department of Treasury informed us that it did not completely and accurately compile the data because of a lack of staff.

- c. The Department of Treasury did not submit annual summary reports, based on the brownfield redevelopment authorities' financial status reports, to the Legislature. Statutes required that the Department of Treasury annually submit such reports to the Legislature. The Department of Treasury informed us that it did not submit reports to the Legislature because of a lack of staff to compile the required information.

We noted a similar condition in the prior audit report. In response to that audit, the Department of Treasury stated that it substantially agreed and that it would pursue corrective action within the confines of its resources.

Subsequently, but within our audit period, Act 502, P.A. 2012, amended Act 381 and eliminated the Department of Treasury's responsibility to collect, compile, and analyze the brownfield redevelopment authorities' annual financial reports. Act 502 requires DEQ and MSF to collect and compile brownfield redevelopment authority financial status reports and submit an annual report to the Legislature beginning with the reporting of calendar year 2013 data. In addition, DEQ and MSF shall, on a quarterly basis, post on their respective Web sites the name, location, and amount of tax increment revenues, including taxes levied for school operating purposes, for each project approved during the immediately preceding quarter.

Pursuant to Act 502, P.A. 2012, DEQ and MSF informed us that they have initiated compliance action, such as implementing a Web-based application that will permit the brownfield redevelopment authorities to submit required project information through a Web-based portal. This process will allow DEQ and MSF immediate access to the required information as it is submitted and will allow real time monitoring of the brownfield redevelopment authorities to ensure timely submission of required project information. DEQ and MSF informed us that they plan to have the calendar year 2013 summary report prepared for legislative review by November 1, 2014.

## **RECOMMENDATION**

Although the findings identified in parts a. through c. relate to the Department of Treasury's noncompliance and acknowledging that DEQ and MSF have substantially initiated actions to comply with the new statutory requirements and that the time line for DEQ's and MSF's fulfillment of their newly mandated responsibilities has not yet arrived, we recommend that DEQ and MSF annually collect and compile the brownfield redevelopment authorities' financial status reports and submit an annual summary report to the Legislature.

## **AGENCY PRELIMINARY RESPONSE**

DEQ and MSF agree with the recommendation. DEQ and MSF informed us that an implementation plan is in place that includes negotiation and finalization of a memorandum of understanding (MOU) between MSF and DEQ. The MOU supports a collaboration to share information, to ensure that all data is collected annually, and to timely send a summary report to the Legislature according to the new statutory requirements under Act 502, P.A. 2012.

## **COMPLIANCE WITH STATUTORY REPORTING REQUIREMENTS**

### **COMMENT**

**Audit Objective:** To assess DEQ's, MSF's, and the Department of Treasury's compliance with statutory reporting requirements.

**Audit Conclusion:** We concluded that DEQ and MSF were in compliance with statutory reporting requirements. However, the Department of Treasury was not in compliance with statutory reporting requirements.

Our audit conclusion was based on our audit efforts as described in the audit scope and audit methodology sections and the resulting reportable condition (presented under the effectiveness of the Brownfield Redevelopment Financing Program audit objective) noted in the comments, finding, recommendation, and agency preliminary response section.

We noted one reportable condition related to brownfield redevelopment authorities' performance data (Finding 1). In our professional judgment, this matter is less severe than a material condition but represents an opportunity for improvement related to assessing the effectiveness of the Program.

We applied our audit procedures to the eight statutorily required reports of DEQ and MSF and to the three statutorily required reports of the Department of Treasury.

In addition, we evaluated qualitative factors, such as the need for the Legislature to be informed of the activities and effectiveness of the Program administered by DEQ, MSF, and the Department of Treasury.

In reaching our conclusion, we considered the reportable condition and the statutory reporting responsibilities of DEQ, MSF, and the Department of Treasury. We believe that the results of our audit efforts provide a reasonable basis for our audit conclusion for this audit objective.

## **EFFECTIVENESS AND EFFICIENCY OF EFFORTS TO FACILITATE AND SUPPORT REDEVELOPMENT OR REUSE OF ELIGIBLE PROPERTY**

### **COMMENT**

**Audit Objective:** To assess the effectiveness and efficiency of DEQ's and MSF's efforts to facilitate and support the redevelopment or reuse of eligible property.

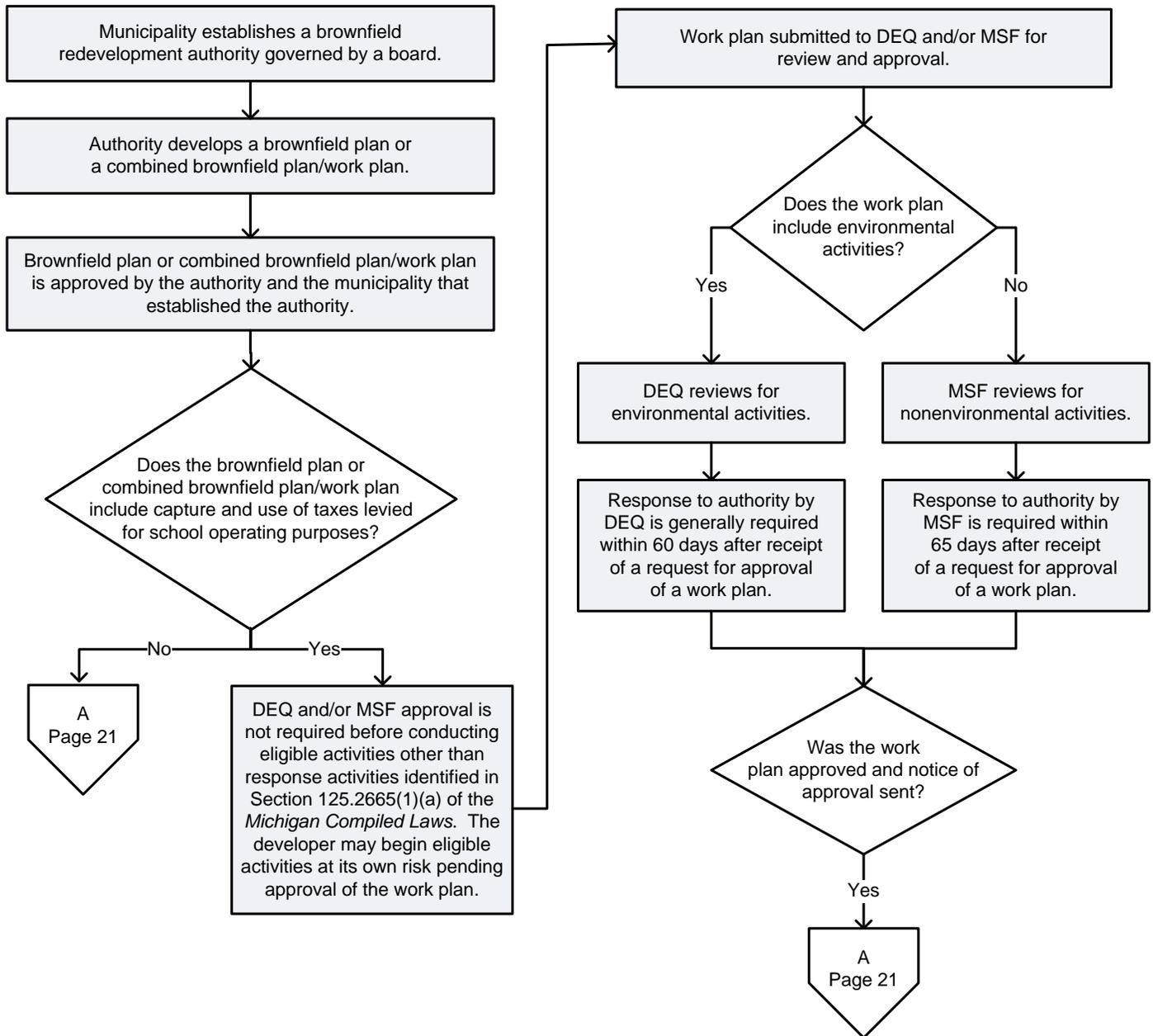
**Audit Conclusion:** We concluded that DEQ's and MSF's efforts to facilitate and support the redevelopment or reuse of eligible property were effective and efficient.

Our audit conclusion was based on our audit efforts as described in the audit scope and audit methodology sections. Our audit report does not include any reportable conditions related to this audit objective. We believe that the results of our audit efforts provide a reasonable basis for our audit conclusion for this audit objective.

# SUPPLEMENTAL INFORMATION

**BROWNFIELD REDEVELOPMENT FINANCING PROGRAM**  
Department of Environmental Quality (DEQ),  
Michigan Strategic Fund (MSF), and Department of Treasury

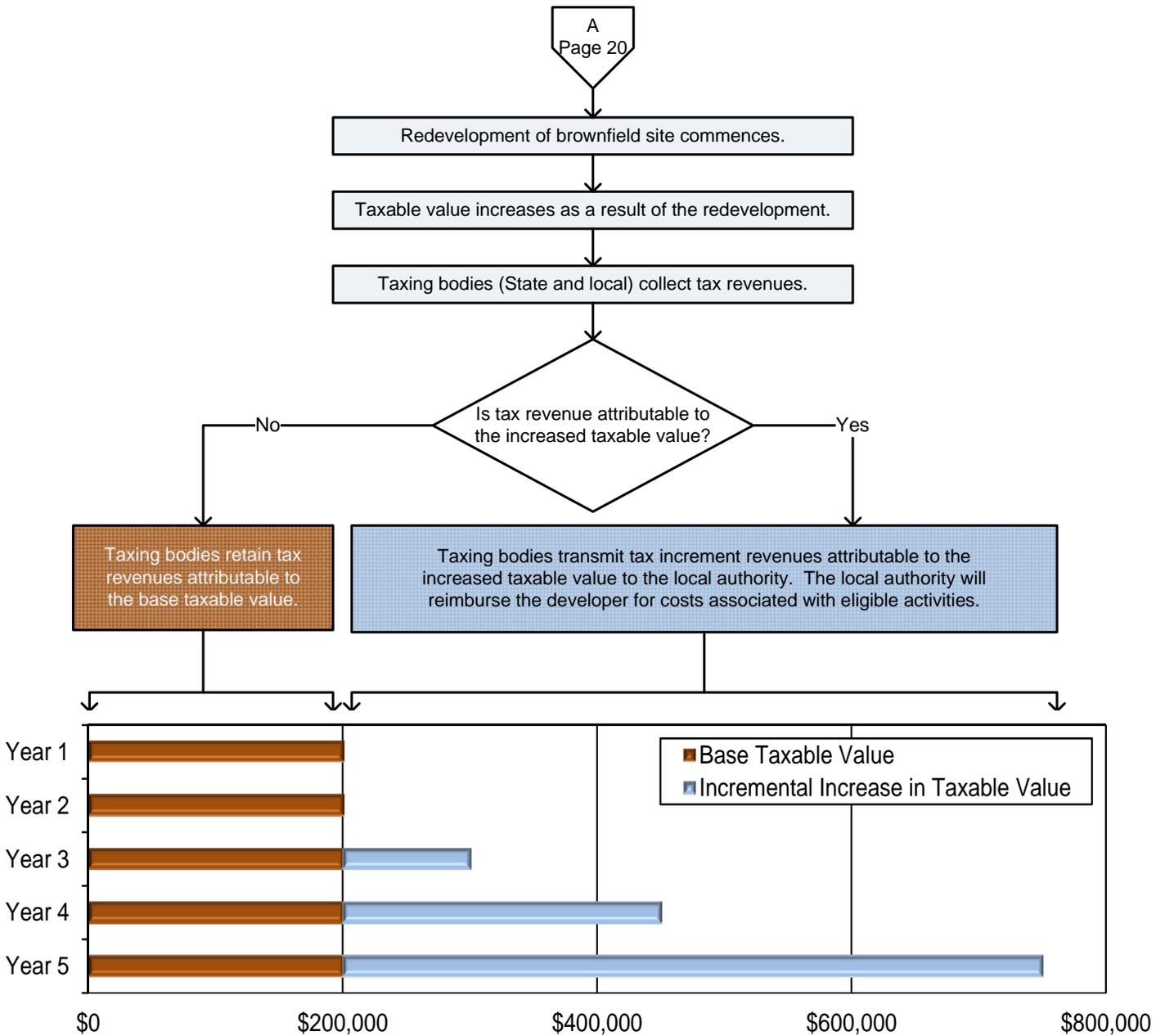
Flow Chart of the Brownfield Redevelopment Financing Program Process



Flow chart continued on next page.

**BROWNFIELD REDEVELOPMENT FINANCING PROGRAM**  
Department of Environmental Quality (DEQ),  
Michigan Strategic Fund (MSF), and Department of Treasury

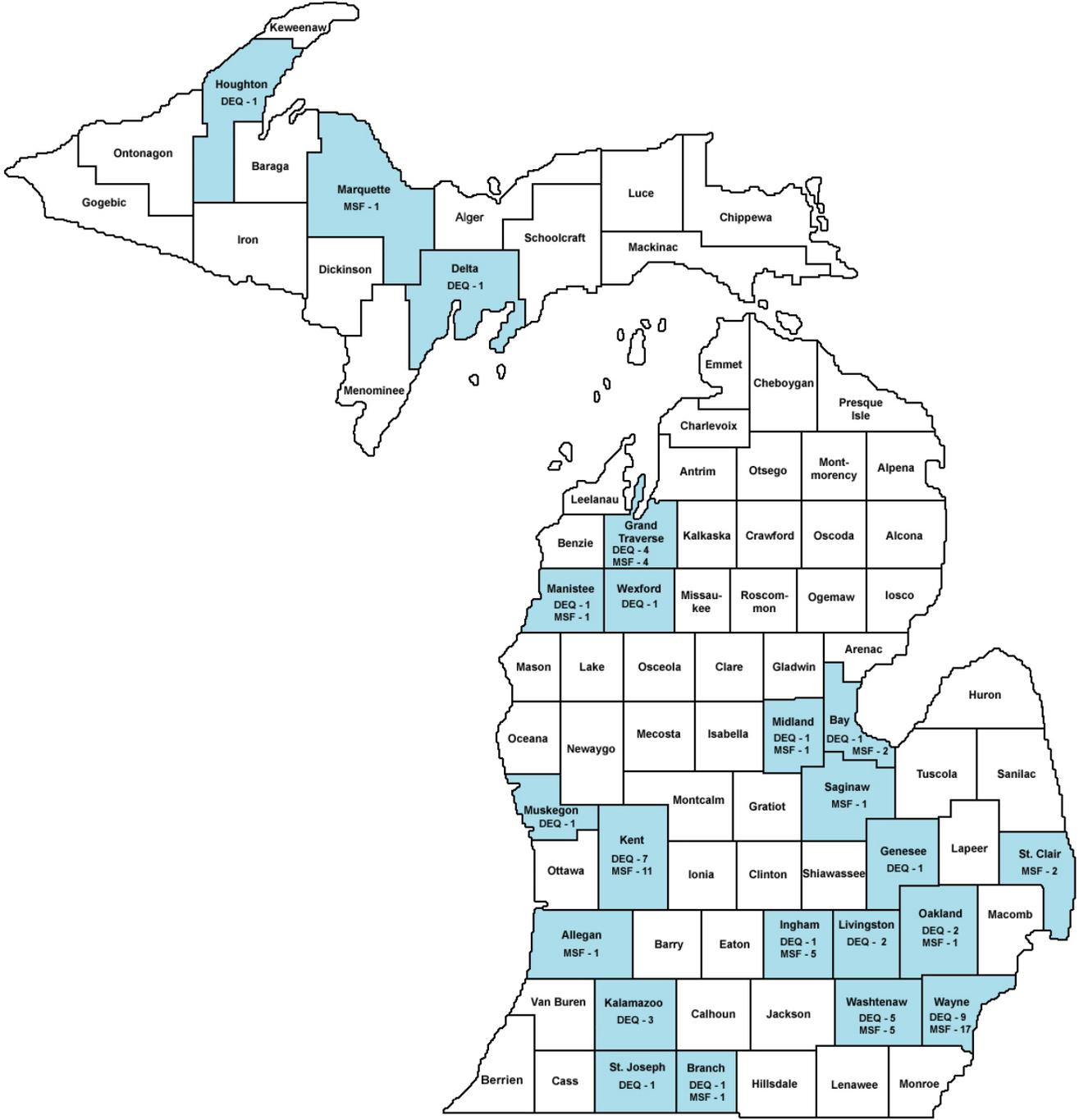
Flow Chart of the Brownfield Redevelopment Financing Program Process  
(Continued)



Source: The Office of the Auditor General prepared this flow chart as a hypothetical example of the process as explained by DEQ and MSF.

**BROWNFIELD REDEVELOPMENT FINANCING PROGRAM**  
 Department of Environmental Quality (DEQ),  
 Michigan Strategic Fund (MSF), and Department of Treasury

Approved Work Plans for Brownfield Redevelopment Tax Increment Financing Projects  
January 1, 2011 Through December 31, 2013



Source: The Office of the Auditor General prepared this exhibit based on data from DEQ and MSF.

**BROWNFIELD REDEVELOPMENT FINANCING PROGRAM**

Department of Environmental Quality (DEQ),  
Michigan Strategic Fund (MSF), and Department of Treasury

Work Plans Approved and Tax Increment Financing (TIF) Authorized  
by County and Brownfield Redevelopment Authority  
January 1, 2011 Through December 31, 2013

County	Brownfield Redevelopment Authority	DEQ		MSF	
		Number	TIF	Number	TIF
Allegan	City of Plainwell		\$	1	\$ 568,546
Bay	City of Bay City	1	4,781,250	2	30,691,716
Branch	City of Coldwater	1	79,067		
Branch	County of Branch			1	166,422
Delta	City of Escanaba	1	567,000		
Genesee	City of Grand Blanc	1	802,875		
Grand Traverse	County of Grand Traverse	4	3,027,638	4	3,681,186
Houghton	County of Houghton	1	388,000		
Ingham	City of East Lansing	1	245,000	3	2,058,505
Ingham	City of Lansing			2	6,018,869
Kalamazoo	City of Parchment	1	1,975,020		
Kalamazoo	County of Kalamazoo	2	1,893,205		
Kent	City of Grand Rapids	6	1,511,884	10	10,857,583
Kent	City of Wyoming	1	2,129,963	1	8,452,998
Livingston	City of Howell	2	1,832,198		
Manistee	City of Manistee	1	144,600		
Manistee	Manistee Township			1	114,400
Marquette	City of Marquette			1	14,279,514
Midland	City of Midland	1	1,070,732	1	7,722,774
Muskegon	Village of Ravenna	1	91,650		
Oakland	City of Birmingham	1	696,615		
Oakland	City of Ferndale	1	265,240		
Oakland	City of Oak Park			1	366,273
Saginaw	City of Saginaw			1	778,140
St. Clair	City of Port Huron			2	2,876,410
St. Joseph	City of Three Rivers	1	102,750		
Washtenaw	County of Washtenaw	5	3,527,428	5	7,864,610
Wayne	City of Dearborn			2	99,649,315
Wayne	City of Dearborn Heights			1	69,617
Wayne	City of Detroit	7	15,554,675	8	15,505,210
Wayne	City of Hamtramck			1	470,933
Wayne	City of Trenton			1	2,224,250
Wayne	County of Wayne	2	506,955	1	3,802,795
Wayne	City of Westland			1	187,634
Wayne	City of Wyandotte			2	738,658
Wexford	City of Cadillac	1	166,500		
Total		43	\$ 41,360,245	53	\$ 219,146,358

Source: The Office of the Auditor General prepared this exhibit based on data obtained from DEQ and MSF.

# GLOSSARY

## Glossary of Abbreviations and Terms

additional response activities	Response activities identified as part of a brownfield plan that are in addition to baseline environmental assessment activities and due care activities for an eligible property.
baseline environmental assessment	A written document that describes the results of an all appropriate inquiry and the sampling and analysis to confirm that a property is a facility.
baseline environmental assessment activities	Response activities identified as part of a brownfield plan that are necessary to complete a baseline environmental assessment for an eligible property in the brownfield plan.
blighted property	Property that, as determined by the governing body, is a public nuisance; is an attractive nuisance to children; is a fire hazard or is otherwise dangerous to the safety of persons or property; has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use; is a tax reverted property owned by a qualified local governmental unit, by a county, or by the State of Michigan; is property owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act; or has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.
brownfield plan	A plan that identifies specific brownfield properties that meets the requirements of Section 125.2663 of the <i>Michigan Compiled Laws</i> and is adopted under Section 125.2664 of the <i>Michigan Compiled Laws</i> .
brownfield properties	Abandoned, idle, or under-used industrial, commercial, public, and residential properties, often in urban areas, where expansion or redevelopment is hindered or complicated by real or perceived environmental conditions.

brownfield redevelopment authority	An agency of a local unit of government created to facilitate the implementation of brownfield plans.
captured taxable value	The amount in one year by which the current taxable value of an eligible property subject to a Brownfield plan exceeds the initial taxable value of that eligible property.
combined brownfield plan	A brownfield plan that also includes the information necessary to submit the plan to DEQ or MSF under Section 125.2665(25) of the <i>Michigan Compiled Laws</i> .
DEQ	Department of Environmental Quality.
due care activities	Response activities identified as part of a brownfield plan that are necessary to allow the owner or operator of an eligible property in the plan to comply with the requirements of Section 20107a of the Natural Resources and Environmental Protection Act (Act 451, P.A. 1994, as amended).
effectiveness	Success in achieving mission and goals.
efficiency	Achieving the most outputs and the most outcomes practical with the minimum amount of resources.
eligible activities	Activities identified as eligible according to Section 125.2652(n) of the <i>Michigan Compiled Laws</i> , such as baseline environmental assessment activities, due care activities, additional response activities, infrastructure improvements, lead or asbestos abatement, and site preparation.
eligible property	Property for which eligible activities are identified in a brownfield plan that was used or is currently used for commercial, industrial, public, or residential purposes,

including personal property located on that property, to the extent included in the brownfield plan, and that meets the requirements of Section 125.2652(o) of the *Michigan Compiled Laws*.

**facility** Any area, place, or property where a hazardous substance in excess of the concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located.

**functionally obsolete property** Property that is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.

**goal** An intended outcome of a program or an entity to accomplish its mission.

**internal control** The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

**local taxes** All taxes levied other than taxes levied for school operating purposes.

**material condition** A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and

efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.

MEGA Michigan Economic Growth Authority.

MOU memorandum of understanding.

MSF Michigan Strategic Fund.

performance audit An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

reportable condition A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

response activity The evaluation, interim response activity, remedial action, demolition, or taking of other actions necessary to protect the public health, safety, or welfare; the environment; or the State's natural resources.

taxes levied for school operating purposes	Taxes levied by a local school district for operating purposes, taxes levied under the State Education Tax Act (Act 331, P.A. 1993, as amended), and that portion of specific taxes (as defined by the Act) attributable to these taxes.
tax increment financing (TIF)	Financing that allows a brownfield redevelopment authority to capture any increases in the property taxes paid on eligible property, under an approved brownfield plan, which is caused by an increase in the value of the property after brownfield redevelopment.
tax increment revenue	The amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions upon the captured taxable value of each parcel of eligible property subject to a brownfield plan and personal property located on that property.
work plan	A plan that describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity.









