

## Michigan Site Readiness Program

### Goal:

Develop and implement a best in class site readiness program in order to provide industrial sites that are “shovel ready” for business attraction and business growth projects.

### Current State:

Three years ago, the MEDC began down the path of structuring a premier sites program for Michigan. Premier Sites were defined as:

- popular parcels of land across Michigan that are available for development or redevelopment;
- greenfield or brownfield opportunities that have met an external customer’s site requirements in past projects and are anticipated to meet the needs of future projects;
- exhibit a number of characteristics that set it apart from a normal parcel of land
  - some of these characteristics may include, but are not limited to, the following:
    - existing extensive utility infrastructure;
    - utility rate advantages;
    - large contiguous developable land;
    - access to a unique transportation asset;
    - and access to a unique supply chain opportunity.

Through this process, the MEDC engaged the local partner, DTE, Consumers, and AEP to compile information on the sites. An RFP template was created and we are using this tool to educate local partners on best practices for answering RFPs as well as a tool to collect data on sites in their communities. Ten sites were identified as Premier Sites with five alternates. The program was capped because the site consultant community has stated that when they see communities and/or states with a large number of “shovel ready”, certified, and/or MEGA sites, the program loses its importance. The sites are identified on ZoomProspector (a statewide real estate Geographic Information System) utilized by MEDC when presenting data and analytical site information, and include an executive summary, a broker sheet, and a tri-fold for each site.

### Need for Site Readiness Program:

Despite efforts established in recent years, Michigan lags competitor states in terms of site readiness and in site intelligence. Through enhanced operational efforts, increased site intelligence, strategic investments, and long-term planning this program will improve Michigan’s success rate at securing business growth and business attraction projects.

### Competitor State Program Highlights (click on hyperlink for more detail):

Working with various site consultants and our own review of other industrial sites programs around the country, we have identified the following best in class state site readiness efforts:

State	Program (s)	Funds Available/Spent	Original Source of Funds	Notes
<a href="#">Alabama</a>	City of Huntsville MEGA Site (Future site of Toyota/Mazda plant)	\$30 million (one time) with the potential for additional funds via TIF revenue. The funds were earmarked for development of a single 1,200 acre MEGA site.	City of Huntsville General obligation bonds	Additional revenues are generated from sales and use as well as lodging taxes
<a href="#">Louisiana</a>	Louisiana Mega Project	\$21 million (one-time appropriation)	Legislative appropriation	Began with a \$150 million

### Note:

*Shovel ready may be defined as a site that has appropriate planning, zoning, surveys, title work, environmental conditions, soil conditions, public infrastructure engineering completed, and the property is available for sale and development.*

	Development Fund			legislative appropriation
<a href="#">Ohio</a>	Jobs Ohio Revitalization Program	Up to \$5 million per loan or \$1 million per grant	Liquor tax	
<a href="#">South Carolina</a>	Economic Development Set Aside, Governors Closing Fund and Rural Infrastructure Fund	\$67.7 million (on going allocations subject to legislative appropriations)	Gas tax, legislative appropriation and state payroll taxes	
<a href="#">Tennessee</a>	Memphis Regional Mega Site	\$140 million one-time appropriation for development of a single 4,100 acre site.	General Obligation Bonds and Capital Outlay Bonds	The state also has a certified sites program and a 3 <sup>rd</sup> party site evaluation consultant (Austin Consulting)

**Recommendation:**

For Michigan to gain a competitive advantage when it comes to business attraction and expansion projects we recommend that the following actions be considered:

- Establish vetted industrial site standards;
- Establish a site improvement program; and
- Identify a dedicated funding source and/or mechanism to assist with site development costs such as land assembly and the installation of infrastructure (water, sewer, roads, etc.).

**Types of Michigan Sites:**

Sites will be divided into three categories: vetted sites, high-potential sites, and low-potential sites. The MEDC will brand and market up to ten of the vetted sites as premier sites based on demand for the sites and overall site readiness.

**Vetted Sites:** The Vetted Site must be available for sale by owner without impediments (such as purchase option by an adverse third party) that would create uncertainty of the site’s availability for a development project. Favorable availability status must be confirmed by the local economic development partner. Other Vetted Sites requirements are as follow:

- The MEDC site profile questionnaire (Attachment 1) must be completed in full.
- While the goal is to have sites meet “shovel ready” standards, there are exceptions where a site may possess a characteristic or condition that is determined to be a deficiency or impediment to development. In some instances, a satisfactory corrective action plan may be adequate to mitigate risk of the site deficiency. Such a plan must include a plan description, cost estimate (if applicable), and a timeline for completion. Following is an example for a site that does not have municipal water service adjacent to the site:  
*Example: 1,000 lineal feet of 12” water main must be extended to serve the site. The City of ABC estimates the cost to be \$150,000. The water extension can be designed and constructed within six months after receiving a written commitment for new development. Funding sources and commitments will be negotiable depending on the development project.*
- For sites requiring substantial infrastructure expansion, a proposed preliminary funding plan must be completed identifying potential sources, including the local community’s willingness to consider tax increment financing and/or bond financing, along with other local, state, federal programs.

- Site information will include an aerial diagram/map of the site, highlight of site boundaries, dimensions or a 1" = scale, and road access/names. Inclusion of topographical contour lines is preferred. Location and size of utilities on map is preferred.
- A site visit and inspection (in-person) has been conducted between MEDC, local economic development partner, local government representative and owner.
- A regional talent profile (less than one year old) has been completed and is included in the site database.
- Communities must demonstrate readiness for industrial development.

**High Potential Sites:** Sites that meet a significant number of key vetted site criteria; however, need some type of monetary or other type of assistance to complete the MEDC vetted site readiness profile.

**Low Potential Sites:** Sites that meet a minimal number of vetted criteria and would need a substantial amount of financial or other type of assistance to complete the MEDC vetted site readiness profile.

**Types of Site Readiness Assistance:**

The MEDC plans to provide an array of services and financing options from site evaluation through site implementation and support to assist Michigan municipalities with improving their industrial sites.

Site Evaluation	Site Development/Information	Site Implementation/Support
site readiness evaluation and due diligence	pre-engineering and feasibility studies	site infrastructure engineering
regional talent profiles	financing plans	land assembly
site listing on MEDC's Zoom Prospector GIS site	Industry specific talent profiles	Identification of potential grant funding from other state/federal sources
regional asset mapping (supply chains, educational partners and programs, etc.)	site material development (aerial photos, maps, topos, etc.)	marketing support
	site deficiency action plan development	large Infrastructure tax increment financing (Attachment 2)
		upfront financing to support infrastructure and other improvements (Catalyst Project Revolving Loan Fund – Attachment 3)
		Speculative Building Program (Attachment 4)

Note: Sites identified as low potential may receive services listed above under site evaluation column; however, will not receive any further MEDC investment(s) until they complete the action(s) necessary to become a high potential site.

**2019 Budget Request:**

MEDC staff is requesting \$2,500,000 to support the strategies listed above. The current estimated breakdown of the funding is as follows:

Initiative	Estimated Need
Site Readiness Evaluation & Due Diligence	\$500,000
Professional Engineering and Feasibility Studies	\$200,000
Site Infrastructure Engineering Improvements	\$750,000
Partner Land Assembly Support	\$400,000
Federal Grant Match	\$500,000
Premier Sites Information & Marketing	\$150,000
<b>TOTAL</b>	<b>\$2,500,000</b>

## **Implementation Plan:**

### Short Term (6 months)

- Continue the MEDC Premier Sites brand for marketing purposes and communicate new vetted sites criteria to partners to improve the quality of sites around the state.
- Develop a suite of services and financing options to assist Michigan municipalities with improving their sites.
- Explore creation of new tools to fund infrastructure development including:
  - Catalyst Revolving Loan Fund: consider allocation of MEDC resources, such as Permanent Fund to create a funding tool for infrastructure development on major projects.
  - Large Infrastructure TIF: would require new legislation to allow local and state tax capture for large infrastructure projects.
- Explore new potential funding solutions through MDEQ, USDA, EDA and other sources for infrastructure and site improvements.
- Complete professional third-party site evaluations on at least 10 sites.
- Coordinate/collaborate with MEDA's Certified Business Parks program to ensure there is not a duplication of effort (see Attachment 5)

### Long Term (12 months)

- Implement one or more funding solutions for infrastructure enhancements.
- Develop long-term infrastructure and other project financing and implementation plan on at least 10 sites.
- Develop enhanced marketing materials on at least 10 sites.

## **Site Readiness Program Operations and Oversight:**

### **Program Oversight:**

The Michigan Site Readiness Program will be guided by MEDC's Site Readiness team with input from the Collaborative Development Council (CDC), other local economic development partners, utility partners and other stakeholders. Following are detailed strategies underway and planned:

### **Local and State Collaboration:**

The Collaborative Development Council (CDC) has established a site development subcommittee (February 2018) which is participating in the Michigan Site Readiness Program as follows:

- Provides local and regional expertise and strategic input in collaboration with the MEDC Site Readiness Committee.
- Meet with the MEDC Site Readiness Committee quarterly or as necessary to review progress and develop and improvement program strategies.

Local economic development partners (CDC and other local agencies) will be the first point(s) of contact working with MEDC during coordination of all activities related to review and improvement of site(s) in their respective area.