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**Subject: ECONOMIC OPPORTUNITY FUND  
GUIDELINES**

**No. 30.2**

**Date: May 16, 2016**

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**PURPOSE:**

In 1984, the City Commission established an Economic Opportunity Fund (EOF) to generate and leverage private industrial and commercial development with grants and loans through a revolving account.

The purpose of this policy is to establish guidelines for (1) City Commission approval of grants and/or loans from the EOF for industrial and commercial development projects and Brownfield Redevelopment Initiative (BRI) projects, and (2) the City Manager to spend up to \$15,000.00 per work item from the EOF for city-initiated site preparation activities leading to the marketing or sale of city-owned BRI properties.

The Guidelines for General Projects included in the policy assure that the city is in a position to use the EOF as it sees fit to promote economic development within the city of Kalamazoo. The EOF serves as an incentive program to offer support for projects that meet overall community and economic development needs.

The Guidelines for BRI Projects included in the policy assure the city has the capacity to act efficiently, effectively, and expeditiously to cover site preparation costs on city-owned BRI properties in order for the city to market its BRI sites for desirable reuse.

**SCOPE:**

The EOF Policy and the guidelines approved within it are to be the basis for making decisions regarding the allocation or expenditure of funds from the EOF.

**POLICY:**

I. Economic Opportunities Fund (EOF) Policy

The City Commission shall approve all EOF loans and grants made to private entities for industrial and commercial development projects and BRI projects which are consistent with the Guidelines for General Projects and Guidelines for BRI Projects which follow. Within the framework of the guidelines of this policy, the City Manager has the discretion to approve specific allocations of EOF resources up to \$15,000.00 per work item for city-initiated site preparation activities leading to the marketing or sale of city-owned BRI properties.

The final decision regarding the use of EOF for general projects will be made by the City Commission based on the Guidelines for General Projects which follow in Section IA.

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EOF resources may be used for city-initiated site preparation activities on city-owned BRI properties or grants or loans to private entities involved in BRI projects based on the Guidelines for BRI Projects in Section IB.

A. Guidelines for General Projects

1. The City Commission will consider on a case-by-case basis requests for grants or interest-free or low-interest loans from the EOF as a means of helping those areas of the city most in need of job creation, retention and economic stabilization. Such requests will only be considered when an applicant demonstrates that a project cannot proceed without such a grant or loan.
2. A maximum amount to be offered on a grant or interest-free or low-interest loan shall be dependent upon the resources available in the EOF at the time of the request. In determining the amount to be loaned or granted, the city will consider probable increases in property taxes to be paid as a result of the project, as well as the magnitude of job creation and retention. Special consideration will be given for those expenses that an applicant incurs that are directly attributable to locating in the city of Kalamazoo.
3. Loans shall be repaid within five years, with the actual repayment schedule, terms and collateral to be negotiated as part of the loan agreement.
4. There must be at least a 10:1 ratio of other investment to city investment. For example, if the city provides a \$50,000 loan for a project, there must be at least \$500,000 in other funds committed for the project. The city's funds will be released only after the applicant has received other financing from banks, the SBA, etc.
5. Only projects located in targeted areas of the city will be eligible for grants or interest-free or low-interest loans. Targeted areas include Community Development Block Grant priority areas and industrial property that is vacant or underutilized.
6. The project must result in the creation of new employment opportunities or retention of existing employment.
7. Grant or loan funds may be used only to finance public improvements (utilities, streets, sidewalks, etc.) or for real property improvements to support business expansion or creation.
8. Recipients of grants or loans must make a commitment to continue operating the business at that location for at least five years. In the event that this commitment is

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not fulfilled, the recipient will be required to repay the accumulated interest and principle amount on the loan or grant. An interest rate shall be established at the time of a grant award in the event of the grantee's failure to comply with this requirement.

9. Recipients of grants or loans must:

- a. certify that they have eliminated any question or inquiry about prior arrests or convictions from initial job applications and that they do not preclude an individual with a criminal conviction from being considered for employment except for reasons that are (i) job-related and consistent with business necessity or (ii) required by federal or state law;
- b. provide a copy of the application form currently used by the recipient; and
- c. certify that they satisfy one or more of the following conditions:
  - (i) that pursuant to federal or state law recipient is precluded from hiring persons with certain criminal records from holding particular positions or engaging in certain occupations by providing a cite to the applicable statute or regulation;
  - (ii) that recipient conducts criminal history background checks only as necessary, and only after making a conditional offer of employment; that any withdrawal of an offer of employment to an individual because of a past criminal history is job-related and consistent with business necessity after the individual has been provided an individualized assessment opportunity to review and challenge or supplement the history of past criminal conduct being relied upon by the recipient;
  - (iii) that the use by recipient of criminal history background checks complies with the U.S. Equal Employment Opportunity Commission's Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions and that there has not been a finding of unlawful employment discrimination by a state or federal agency or court of competent jurisdiction regarding the use of arrest or conviction records by the recipient for the past 7 years and during the term of the loan.

B. Guidelines for BRI Projects

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1. Use of the EOF for site preparation of city-owned BRI properties shall include, but not be limited to, the following needs:
  - a. site clean-up (removal of debris and/or hazardous materials);
  - b. site security (emergency structural repairs, boarding of windows, security fencing, posting of "no trespassing" signs, etc.);
  - c. site grading and erosion control;
  - d. site maintenance;
  - e. signage to identify BRI sites and a contact telephone number;
  - f. marketing expenses (aerial and ground photographs, advertising, printed site profile materials and graphics, "request for proposal" packets, etc.);
  - g. environmental testing and remediation; preparation and submission of Baseline Environmental Assessments, or other appropriate reports and studies as needed;
  - h. utility connections;
  - i. landscaping and/or public infrastructure improvements; and
  - j. land assembly, as necessary, to achieve established and desired redevelopment goals.
2. Staff will identify, on a case-by-case basis, site preparation needs and will recommend a strategy for utilizing the EOF for: (a) direct city action; (b) financing through loans or grants to private parties; or (c) land sale transactions involving development agreements. Loans may be structured to be: repayable and interest-free; repayable and interest-accumulating; or forgivable, in exchange for some agreement of specific performance.
3. The maximum amount to be offered by the city on a grant or loan to a private entity shall be dependent upon the resources available in the EOF at the time of the request. In determining the amount to be granted or loaned, the city will consider probable property tax base enhancement resulting from the project, as well as job creation or retention, level of private investment, and other special factors. Alternative sources of funds will be sought whenever possible for

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projects, such as public and private grants, and budgeted city demolition and dangerous buildings funds.

II. Waiver of Guidelines

The City Commission may waive or otherwise amend these EOF guidelines and requirements if it determines that such waiver is in the best interest of the city.

III. Inquiries

Inquiries regarding the city's EOF should be directed to the Economic Development and Planning Division at (616) 337-8044.

**EFFECTIVE DATE:** June 1, 2016

**HISTORY:**

In 1984, the City Commission established an Economic Opportunity Fund (EOF) to generate and leverage private industrial and commercial development with grants and loans through a revolving account. The primary source of funds used to establish the EOF were Urban Development Action Grant loan repayments from the Hinman Skyrise Development Project.

On October 13, 1986, the City Commission approved guidelines for the use of the Economic Opportunity Fund.

On December 2, 1996, the EOF Guidelines were amended to allow the funds to be used for brownfield site preparation activities. At that time, the city recognized that in addition to the original purposes for establishing the EOF there was another critical need faced by older urban communities: the problem of dealing with abandoned industrial sites known as brownfields. While these sites presented challenges with regard to environmental contamination and the expense of clean-up, they also presented opportunities to the city for long-term tax base enhancement through redevelopment efforts directed at finding desirable and productive site reuses. Amending the EOF Guidelines so as to authorize the use of EOF resources for BRI projects provided a reliable local funding source for BRI site preparation activity.

On May 16, 2016 the Guidelines were amended to require recipients to not discriminate against persons with past criminal histories.

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Mayor Bobby J. Hopewell