

Outstanding Partnerships: Public-Private Partnerships

Successful Brownfield Redevelopment Relies on Government and Private Commitments

How do you grow when there is no place to go? Landlocked and economically suffering from the effects of suburban sprawl and a crumbling tax base, Kalamazoo, Michigan, was battling to keep the city viable.

In the mid-80s, Kalamazoo had a vibrant downtown boasting the first pedestrian mall in the country. Shoppers and businesses flocked to the “mall city” with its high-end department stores and elegant office spaces. A decade later, the closing of several paper mills and an automotive plant took its toll on the work force and the tax base. Corporate buyouts of a major bank and pharmaceutical firm meant Kalamazoo was no longer home to the corporate headquarters of two industry leaders. Homeowners chose to locate outside the city limits. Vacant commercial sites haunted the minds of community leaders, who sought options for attracting businesses to the city. But the risk of site contamination cast a shadow for many businesses, who preferred to locate on pristine property. With no place to grow, the only alternative for Kalamazoo to nurture its tax base was to see if the available property could be redeveloped. The bad news was that much of the available property was, indeed, contaminated. The good news was that there were creative minds that saw the dilemma as an opportunity.

In 1995, one of those creative minds was then Deputy City Manager Pat DiGiovanni. DiGiovanni worked with the city commission to make general fund monies available for brownfield redevelopment. It started with a single policy statement: “creating an environmentally clean community.” Ultimately this was accomplished by establishing a separate Brownfield Authority, allowed by Michigan law since 1997.

Free from commission oversight, the Brownfield Authority selected its own board from the private sector. The legal, business, financial, architectural and higher education communities became partners. The roles were defined: the Brownfield Authority would take control of the land and deal with environmental issues up-front. It would use general funds from the City to purchase brownfield properties, then nominate individual sites for clean-up funds from the Environmental Protection Agency and Michigan Department of Environmental Quality. Once the clean up began, the private Authority members would fulfill their roles: seek investors from the private sector to develop the property. A long and cumbersome process? To be sure. Yet, it worked. Over the years, one by one, properties were reclaimed and developed, resulting in new businesses, new jobs and a healthier tax base.

In the nine years since establishing the Brownfield Authority, Kalamazoo steadily increased its projects and funding. In 2004 alone, Kalamazoo had 15 brownfield projects in development and over \$46,000,000 leveraged in private investment. Most projects include expansion or opening of new businesses, creating full-time employment. Kalamazoo is proud to boast that over 1300 jobs have been created or retained. Not all are high-paying positions, but several hundred of the positions are in neighborhoods where residents' options for work are limited by transportation and education. In addition, architecture is a blend of new and historic styles in harmony with the city's master plan. Recent success stories include:

- A new grocery store in an underserved neighborhood
- A hospital laundry service that created 150 jobs
- A vacant warehouse converted to upscale offices and a restaurant
- An abandoned auto parts manufacturing site converted into a complex that is home to the area's largest advertising agency and a popular sports bar

- Relocation and expansion of a butcher/meat processing facility
- Physical expansion of the Kalamazoo Gazette offices and printing press

Kalamazoo became the national model for brownfield redevelopment in 1999 when the Environmental Law Institute published *A Guidebook for Brownfield Property Owners*. Its cover depicts McKenzie's Bakery, one of Kalamazoo's earliest brownfield redevelopment successes, and its contents are based on Kalamazoo's processes. That same year, ICMA named Kalamazoo a Brownfield Mentor to the city of Covington, Kentucky. In 2002, Kalamazoo won the prestigious Phoenix Award for Community Impact for its Textile Systems project, the hospital laundry that created new jobs and added more jobs with its subsequent expansion. In 2004, the EPA awarded Kalamazoo a Certificate of Appreciation for Leadership and Excellence in its brownfield redevelopment efforts.

One of the keys to the Brownfield Authority's success is the control it has over property development. The Brownfield Authority uses binding agreements that specify quality, scope and construction timeframes. One of the newest projects in the Authority's portfolio encourages all development on the site to focus on sustainability ("green"). According to Chad Howell, Development Manager for Kalamazoo, "This particular property had been so badly contaminated and required such extensive remediation that we wanted to give the land a sense of healing. We want to protect it from ever being damaged again."

Achievement of this magnitude is heartening to all involved. The benefits are myriad: businesses added to the tax rolls, improved neighborhoods, job creation, and environmental remediation are just a few. Yet, some communities do not always support brownfield remediation efforts. Those who want quicker results might be inclined to pull the plug on the

process. Others who can't envision a return on the investment can squelch good ideas and railroad the process. According to Howell, "The biggest obstacles are environmental uncertainty, demolition and debris removal. Some communities are reluctant spend the time and energy to deal with these issues." Pat DiGiovanni, promoted to Kalamazoo City Manager in 1997, was instrumental in building momentum and doing whatever was necessary for results. The Brownfield Authority has enjoyed consistent general fund support for its efforts to transform the city from within. DiGiovanni hired staff with expertise in environmental liability management and urban redevelopment. State, federal and local agency partnerships were established and continue to work reclaiming the land. Local investors have found that this risk-taking, bold approach has paid off. Kalamazoo is proud to be a leader in securing a green and prosperous future for its residents.