

Zingerman's Delicatessen Redevelopment Brownfield Plan

06/21/10 Brownfield Community
Forum Report

Citizen Participation Report

A public meeting was held June 21, 2010, 5:30-6:30 PM, at Zingerman's Next Door, 418 Detroit Street, Ann Arbor, MI.

Enclosed please find copies of:

- The postcard notice mailed to our neighbors
- A general FAQ handout given to all those in attendance

1,014 postcard notices were mailed on June 7, 2010, directed to all property owners and registered neighborhood groups within 1000 feet of the proposed petition site, 422 Detroit Street, Ann Arbor, MI.

Five individuals attended the June 21, 2010 meeting. See enclosed copies of sign-in sheets.

Taken verbatim from the comment cards, the following summary of responses to three questions:

Question 1: What did you like best about what you saw tonight?

- I thought it was interesting to hear about the construction plans, as well as the tax interests the city has in developing the plan.
- Good information.

Question 2: What questions do you have about Zingerman's application for the Brownfield plan?

- None.

Question 3: Other comments?

- Good luck!
- Hope they get it approved

Other questions/concerns/comments collected from speaking directly to people:

Question 1: What are you doing to control the parking of commercial vehicles on Kingsley?

- We continue to work with vendors to park in designated areas only.
- Additionally, the proposed plan has a dedicated area for unloading vehicles and significantly improved storage areas. The result will be fewer deliveries from our vendors and shorter periods of time to unload the delivery vehicles.

Question 2: Will you replace the brick pavers in Detroit Street?

- We will repair the brick pavers that we disturb during the course of construction.
- We will have discussions with the DDA to ask it to consider replacing the brick pavers in Detroit Street in conjunction with our project.

Question 3: What is your expected level of reimbursement, what percentage of the TIF will you collect and what is the anticipated payback period for the TIF?

- We anticipate that the eligible expenses for TIF reimbursement will fall somewhere between \$700,000 and \$800,000.
- The percentage of the TIF that we would receive for eligible expenses has not been determined yet. That is a matter of negotiation with the local taxing authorities.
- At the current estimated cost of the project, the payback period for eligible expenses could be as short as 5-6 years (assuming 100% reimbursement of the TIF, which is very unlikely) to 10-12 years (assuming about half of the TIF is available for reimbursement).

Question 4: How will the taxes be allocated between the DDA portion of the site and the non-DDA portion of the site?

- The taxing authorities will allocate the taxes (including the TIF) based on the portions of the project that straddle the DDA boundary.
- There is precedent for this process and we have been assured that the taxing authorities will “work it out”.

Question 5: What “local contributions” will you be seeking from the DDA?

- We will meet with the DDA to discuss the project and inquire as to its willingness to provide support through one or more of the following methods: provide a grant for certain expenses, repave Detroit Street and/or other infrastructure improvements.

Question 6: Have other projects in Ann Arbor received TIF funding?

- The City has approved 7 brownfield plans to date. Only one project, the ALDI grocery store on Dexter-Ann Arbor and Maple Roads, has been completed to date.

Question 7: Why are you seeking brownfield funding?

- We referred to the FAQ handout for the answer to this question.

Question 8: When will you go to the HDC for approval?

- The HDC does not approve the brownfield plan.
- We are seeking a notice to proceed from the HDC for the removal of 322 Kingsley and the rehabilitation of 420 Detroit Street. That process requires that we first obtain all the necessary site plan approvals from the City.
- We will ask the HDC to approve the project after the City Council reviews and approves our site plan.

How we have addressed or intend to address these concerns, issues or problems:

- We believe we addressed the questions that were raised in the meeting.
- We will provide copies of the FAQ handout and this summary to anyone requesting a copy.
- We will continue to engage with the community as we proceed with our project.

This is a notice & an invite to a public meeting on Monday, June 21st, 2010

Why: A Brownfield plan related to the Deli's proposed expansion at 418-422 Detroit Street & 322 Kingsley will be submitted to the City of Ann Arbor Brownfield Review Committee and the Washtenaw County Brownfield Redevelopment Authority on June 21, 2010. The plan will seek public support to mitigate anticipated costs to rehabilitate/replace (subject to HDC approval) functionally obsolete structures located at 420 Detroit Street and 322 Kingsley. The public meeting will present details of the plan and provide you with an opportunity to have questions answered and to react to the plan.

Timeline: The City and the County will review the plan in June/July. Formal consideration is expected to occur in July/August.

What's Happening: learn about the brownfield plan, ask questions, give feedback.

When and Where: June 21, 2010 from 5:30 PM to 6:30 PM at Zingerman's Next Door on the 2nd Floor.

Questions: Contact Christine Krause at 663-0974, ckrause@zingermans.com

note: persons with disabilities are warmly encouraged to attend. we thank you for letting us know of accommodations needed 72 hours in advance.

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WHAT does a brownfield program do (in general)?

The State of Michigan, Washtenaw County and the City of Ann Arbor support brownfield programs that are directed at properties with environmental issues, functionally obsolete facilities and/or blighted structures. The programs expand economic opportunity, protect public health and the environment, and assist in the re-development of our community.

WHY are we seeking this help?

Zingerman's is committed to its existing location and the community. We review our accomplishments over the last 28 years at the Deli with pride. We want to do even better over the next 28 years, and that means we need to substantially expand and upgrade the Deli Property.

Zingerman's is planning for the addition of a 10,400 square foot Addition to the Deli Building at 422 Detroit, renovating portions of the existing Deli Building, totally rehabilitating the Annex (the orange building behind the Deli Building), removing the fire-damaged residence at 322 Kingsley and a significant amount of site and infrastructure improvements. We are currently pursuing the necessary approvals for our project from the City Council and the Historic District Commission. We hope to have our approvals in place by the end of summer.

As we proceed with the planning for the project, we are getting a better idea of the cost. It's a lot! Construction is an expensive proposition in general, and our costs are even higher because:

- Renovation costs are substantially higher than new construction costs – you never know what you will encounter as you start to renovate an existing structure.
- Preserving and rehabilitating the Annex (a historic resource) requires that we shore it up, move it off its existing foundation, replace its foundation, rehabilitate the Annex, move it back to its new foundation and then incorporate the rehabilitated Annex into the new Addition to the Deli Building.
- We need to keep the Deli open for business throughout construction (we have to pay the bills!) and that requires significant coordination and cooperation with our general contractor.
- We need to locate all water detention facilities on our property to mitigate the discharge of storm water and, because our site is relatively small that requires that the water detention facilities be installed underground.

The cost of construction is also driven by our commitment to:

- Maintain and enhance the integrity of the existing Deli Building.
- Include features that will allow us to continue to provide the highest level of customer service and customer experience.
- Be a good employer by enhancing the work environment for our staff and by providing additional facilities and opportunities to hire additional staff members at the Deli and the other Zingerman's businesses.
- Minimize disturbance to our neighbors during the construction of the project.
- Honor sustainability to the environment by incorporating a host of green construction techniques and green operational systems.

Like every other business (and contrary to urban legend) Zingerman's financial resources have a limit. The cost of the project will tax our resources. Pursuing and obtaining financial support through the brownfield programs will allow Zingerman's to continue to serve our customers and employees and to support our community for the long term!

HOW does the project qualify for support?

Our project qualifies for support under the state and local brownfield programs because we intend to remove 322 Kingsley and rehabilitate the Annex (provided the HDC consents to both activities) and (to be polite) those structures are functionally obsolete. We had an environmental site assessment conducted for the property and, as is typical of properties of this age and location, some asbestos and interior lead-based paint was found in the Annex and 322 Kingsley.

WHAT kind of support (in general) will we seek?

We will be seeking tax increment financing (a/k/a TIF) locally and from the state. A TIF is created when a property owner improves a property, which raises the taxable value of the property and increases the tax revenue collected from the property. The increase is called the "increment". The increment is based on the difference between the base taxable value of the property (determined when a brownfield plan is approved by the City and the County) and the increased taxable value of the property after the improvements to the property are completed.

The property taxes associated with the increment are collected over a period of years and those funds are used to repay the property owner for the eligible activities approved under a brownfield plan. When the owner of the property is paid for all of the approved eligible activities, all future tax revenues associated with the increment remain with the local taxing authorities.

Additionally, the State, acting through the Michigan Economic Growth Authority, can grant Michigan Business Tax (MBT) credits of up to 20% of the costs associated with demolition, lead and asbestos abatement, public infrastructure improvements, site preparation and other miscellaneous costs for a project that has an approved brownfield plan.

WHAT are we doing (specifically)?

We intend to submit a brownfield plan to the City and the County before the end of June in order to start the process of obtaining a TIF for eligible activities related to our project. The brownfield plan will include a description of the property and a description of the project. The plan will identify demolition, asbestos abatement, infrastructure improvement, site preparation and some miscellaneous expenses as eligible activities for TIF reimbursement. We expect the total cost of the TIF eligible activities to be somewhere between \$700,000 and \$800,000.

Additionally, we intend to submit an application to the Michigan Economic Growth Authority (MEGA) for brownfield redevelopment MBT credits. The information in the MEGA application will be substantially similar to the information in the brownfield plan submitted to the City and the County.

WHEN will things happen?

If all goes according to plan, the City will consider and act on our brownfield plan in July of this year and, if approved by the City, the plan will go before the County for consideration and action in August. MEGA will consider and take action on our application after the City and County act on our application.



citizen participation meeting sign in sheet June 21st 2010 5:30-6:30

name	address	e-mail address
Richard Derwick	415 High	rederrick31@yahoo.com
Walter Schoen	419 N. State St.	Walter.Schoen@gmail
MATT NAUD	City of Ann Arbor	mnaud@azgov.org
Mary Morgan	330 Mulholland A ²	mary.morgan@annarborchronicle.com
Peg Dettler	120 N. DIVISION 48104	RDETTLER@UMICH.EDU

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