



Legislation Text

File #: 08-0970, **Version:** 1

Resolution to Approve the 601 Forest Project Brownfield Plan

Attached for your approval is the Brownfield Plan for the 601 Forest Project to be located at the corner of South University and Forest (site map included in attached Brownfield Plan document). City Council approval of the 601 Forest Project Brownfield Plan will allow the approval process to continue through the Washtenaw County Brownfield Redevelopment Authority (WCBRA) and Washtenaw County Board of Commissioners (BOC). Should the Project Plan be approved by the City and the County, the developer will then seek state approval of the Brownfield Plan from the Michigan Economic Development Corporation (MEDC) and the Michigan Economic Growth Authority (MEGA).

If approved by City Council on October 20, 2008, the anticipated timetable for review and action by the other government agencies is as follows.

WCBRA Subcommittee Meeting - 10/16
City Council - 10/20
WCBRA Approval - 11/13
County BOC Hearing - 11/19
County BOC Final Plan Approval - 12/3
MEGA Meeting - 12/16

Background

In January 2002, the Ann Arbor City Council voted to join the Washtenaw County Brownfield Redevelopment Authority (R-35-1-02) and adopted a City of Ann Arbor Brownfield Implementation Plan that defines the process and public engagement for projects seeking tax increment financing (TIF) and other economic support for eligible brownfield sites.

The City's Brownfield Implementation Plan goal was to build a partnership between the citizens of Ann Arbor, the County and applicant/developers to ensure cleanup of contaminated sites; that tax increment financing is used to encourage development that provides significant environmental benefits to the City that would not likely occur without TIF; that TIF is used for projects where there is a net increase in taxable value; and all opportunities to reduce City costs are exhausted to maximize the City's investment.

The parcel(s) assembled for construction of the 601 Forest project have been identified as a contaminated property eligible for brownfield funding under the Michigan Brownfield Redevelopment Financing Act (P.A. 381 of 1996, as amended (Act 381)) on the basis of the historical use of the property (including use as a laundromat/dry cleaner and bike shop) which resulted in portions of the property retaining subsurface contamination.

A public information meeting on the 601 Forest Project Brownfield Plan was held on March 6, 2008 as required by the City's Brownfield Implementation Plan.

Eligible Activities and Description of Costs

Brownfield Cleanup - Soil removal and disposal at the site will remove a significant source of tetrachloroethylene (dry cleaning solvent) and trimethylbenzene contamination (waste oil).

Financing - The City is not financing the brownfield cleanup. The developer will pay for costs of eligible activities and be reimbursed by the WCBRA using captured taxes.

Most of the brownfield TIF capture - from both state and local taxes - will come from the non-DDA parcels. A portion of this site is within the Downtown Development Authority and SmartZone and these entities retain their tax capture authority and will capture new taxes based on their legally allowable formulas. The current taxes on the properties will continue to be captured by state and local taxing entities. Although school taxes are being captured from the non-DDA parcels, our local school district will continue to receive the full state allocation per student under the proposed TIF.

The new taxes from the non-DDA parcels will be captured by the WCBRA and used to reimburse the developer for eligible expenses. MEGA will review the proposed use of TIF capture and the proposed apportionment of these costs between local and state TIF. Because this is a "plan," best conservative estimates are made on the expected taxes available for capture and anticipated costs of eligible expenses. The developer is only reimbursed for actual costs presented to and substantiated by the WCBRA.

Because the City of Ann Arbor is a "Core Community," expenses beyond the environmental contamination are eligible for reimbursement. Under this Brownfield Plan, the developer has requested funding for the following additional expenses allowable in connection with Ann Arbor's "Core Community" status: (1) public infrastructure improvements, and (2) storm water management.

Estimated State Capture	\$4,290,503.00
<u>Estimated Local Capture</u>	<u>\$5,828,900.00</u>
Total	\$10,119,403.00
<i>City Portion of the Local Capture</i>	<i>\$2,920,895.00 (@29% of total capture)</i>
MDEQ Eligible Activities	
Soil Remediation	\$3,501,250.00
MEGA Eligible Activities*	
Demolition, Infrastructure, Site Preparation	\$5,376,210.00
WCBRA Administrative fees	\$354,483.00
<u>WCBRA Revolving Loan Fund</u>	<u>\$887,460.00</u>
Total	\$10,119,403.00

*A full list of activities and estimated costs are included in the Brownfield Plan

The TIF is proposed to pay for eligible improvements and environmental response activities on the property consistent with the City environmental goal of significant source removal and Act 381.

The developer is also seeking LEED “Silver” certification to create an efficient structure that significantly reduces energy use and demonstrates green building practices in the community.

The developer has applied for MBT (Michigan Business Tax credit), which is approved outside the City authority and at no cost to the City.

In summary, this project supports several City goals including reuse of a contaminated site, downtown housing, stormwater quality improvements, and environmentally sustainable building construction.

The Brownfield Review Committee established by City Council has reviewed the proposed project and Brownfield Plan and the committee and the administration recommend approval of the Brownfield Plan.

Prepared By: Matthew Naud, Environmental Coordinator

Reviewed By: Jayne Miller, Community Services Area Administrator

Approved By: Roger W. Fraser, City Administrator

Whereas, The Washtenaw County Board of Commissioners established the Washtenaw County Brownfield Redevelopment Authority (WCBRA) and adopted the Brownfield Redevelopment Plan for Washtenaw County (the Plan), which facilitates the implementation of plans relating to the identification and treatment of environmentally distressed areas within the County of Washtenaw, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Authority Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the Act);

Whereas, The Act requires the explicit consent of each local governmental unit to be included in the Authority Zone, and that the County resolution included a provision that the Proposed Brownfield Redevelopment Zone will include all local governmental units within the County that pass a resolution approving the inclusion of the Brownfield Redevelopment Zone;

Whereas, The City of Ann Arbor Environmental Commission passed a resolution supporting the City’s inclusion in the Washtenaw County Brownfield Redevelopment Authority Zone;

Whereas, The Ann Arbor City Council passed Resolution R-35-1-02 to include the City of Ann Arbor in the Washtenaw County Brownfield Redevelopment Authority and developed the Brownfield Implementation Plan to describe the Brownfield process in the City;

Whereas, The 601 Forest Project properties have been identified as eligible for Brownfield Financial Incentives after a finding that the soil within the project area contained tetrachloroethylene and 1,2,4-trimethylbenzene above state residential cleanup standards;

Whereas, The Ann Arbor City Council created the Brownfield Plan Review Committee (Committee) to accept and review applications as well as to negotiate with Washtenaw County and the applicant a Brownfield Project Plan; and

Whereas, The Committee reviewed the application for the 601 Forest Project properties,

recommended that the Administrator work with WCBRA to develop a Brownfield Plan, reviewed the Brownfield Plan, and recommended that City Council take action on the Brownfield Plan;

RESOLVED, That City Council approves the 601 Forest Project Brownfield Plan developed by the Washtenaw County Brownfield Redevelopment Authority;

RESOLVED, That City Council supports subsequent review and approvals by the Washtenaw County Brownfield Redevelopment Administration, Washtenaw County Board of Commissioners, Michigan Department of Environmental Quality, and Michigan Economic Growth Authority;

RESOLVED, That the City Clerk be directed to submit a copy of this resolution to the Washtenaw County Board of Commissioners as documentation of the City's consideration and approval of the Brownfield Plan; and

RESOLVED, That any changes to the Brownfield Plan, including but not limited to the project site plan or the reduction or addition of component parcels of the project properties, after the date of this resolution will require review by the Committee and approval by City Council.