



## Legislation Text

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**File #:** 08-0977, **Version:** 1

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### Resolution to Approve the MichiGinns Project Brownfield Plan

Attached for your approval is the Brownfield Plan for the MichiGinns Project on the site of the former Michigan Inn, 2800 Jackson Road (site map included in attached Brownfield Plan). City Council approval of the MichiGinns 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). The developer will then seek state approval from Michigan Department of Environmental Quality (MDEQ) and Michigan Economic Growth Authority (MEGA) of the Brownfield Plan.

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 - 10/14  
City Council - 10/20  
WCBRA Approval - 11/13  
County BOC Hearing - 11/19  
County BOC Final Plan Approval - 12/3  
MEGA Meeting - 12/16

The property owner, MichiGinns Real Estate, LLC, developer of the MichiGinns Project, have committed to commence demolition of the structures on site by December 1. They are seeking MEGA approval in December and will need to reach an agreement with the City Attorney office regarding any delay in December 1 demolition date.

### 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 (TIF) is used to encourage development that provides significant environmental and economic benefits to the City that would not likely occur without TIF. 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 MichiGinns Project site has been identified as both contaminated property and blighted and functionally obsolete property and is 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 and its current condition.

Information on the condition of the property, which was previously identified as a nuisance because of its blighted condition, has been publically available. The public information and public comments requirements of the City's Brownfield Implementation Plan are being combined for this project under the public hearing scheduled for October 20, 2008.

Eligible Activities and Description of Costs

**Brownfield Cleanup** - The environmental clean-up includes lead and asbestos abatement and demolition.

**Financing** - The City has the right to pursue expedited demolition of the structures on the property and finance the Brownfield Cleanup. If so, the developer is obligated to repay the City with interest within three years. If not, the developer will pay for costs of eligible activities and be reimbursed by the WCBRA using captured taxes.

All of the Brownfield TIF capture - from both state and local taxes - will come from parcels that are not in the DDA. 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 parcels, our local school district will continue to receive the state allocation per student.

The new taxes from the improved 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 demolition, asbestos abatement, site preparation, and interest allowable in connection with Ann Arbor's "Core Community" status.

Estimated State Capture	\$225,724
<u>Estimated Local Capture</u>	<u>\$429,916</u>
Total	\$655,640

*City Portion of the Local Capture*                      \$207,790 (@32% of total capture)

MEGA Eligible Activities	
Demolition, Infrastructure	
Site Preparation, Interest	\$569,414

WCBRA Administrative Fees                      \$26,623

<u>WCBRA Revolving Loan Fund</u>	<u>\$59,604</u>
Total	\$655,641

In summary, this project supports several City goals including the demolition of blighted buildings that are a hazard in the community and allow for reuse of a blighted site.

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 MichiGinns Project property is identified as eligible for Brownfield Financial Incentives after a finding that the property is blighted, functionally obsolete and contained 1,4 dioxane above state 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 MichiGinns, 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 MichiGinns Project Brownfield Plan developed by the Washtenaw County Brownfield Redevelopment Authority;

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

RESOLVED, That the City Clerk is 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 after the date of this resolution will require review by the committee and approval by City Council.