

**Brownfield Redevelopment Authority
MINUTES
City Commission Room of the Municipal Building
151 Martin Street, Birmingham, Michigan**

**Tuesday, June 27, 2017
8 a.m.**

1. Chairperson Beth Gotthelf welcomed everyone and convened the meeting at 8 a.m.

Members Present: Chairperson Beth Gotthelf
Robert Runco
Dani Torcolacci

Member Absent: Wendy Zabriskie

Also Present: Daniel R. Cassidy, Vice President of SME
Troy Helmick, SME
Dan Wells, AKT Peerless Sr. Project Manager
Evan Yaldo, Architect with Saroki Architecture
Jamie Lee Turnbull, Owner's Representative for August LLC

Brett Stuntz, AKT Peerless Environmental Services, City Brownfield Consultant

Administration: Jana Ecker, Planning Director
Mark Gerber, Finance Director
Jeffrey Haynes, Beier Howlett, City Attorney
Carole Salutes, Recording Secretary
Joseph Valentine, City Manager

The chairperson advised that Wendy Zabriskie was not present because she has a conflict of interest with the property at 35975 Woodward Ave. Also, Paul Robertson has resigned from the authority to pursue other opportunities.

2. Approval of March 21, 2017 Minutes

Motion by Mr. Runco

Seconded by Ms. Torcolacci to approve the March 21, 2017 minutes as presented.

Voice

**Vote: Yeas, 3
Nays, 0**

Absent, 1

Motion carried, 3-0.

3. Brownfield Plan Application for 35975 Woodward Ave.:

Resolution approving the Brownfield Plan and associated Reimbursement Agreement pertaining to the Brownfield Plan for 35975 Woodward Ave. (currently vacant land) and requesting the City Clerk to forward the Brownfield Plan and Reimbursement Agreement to the Birmingham City Commission for their review and consideration.

Chairperson Gotthelf noted the purchase price of the property was reduced by \$302,000 because of the environmental challenges.

Ms. Ecker stated that in March 2017, the owner of the above-captioned property submitted a draft Brownfield Plan ("the Plan") to the City in anticipation of the construction of a new two-story commercial development proposed for the site. The first floor will be commercial with office above and a basement below with a reduced height for mechanical and storage. There is a two-car private garage as well as a surface parking lot. The development has received Preliminary and Final Site Plan approval from the Planning Board. Also, the Board of Zoning Appeals ("BZA") has granted a variance for the rear yard setback.

Ms. Evan Yaldo with Saroki Architecture detailed some of the challenges associated with the development which has roughly a 5,500 sq. ft. floor plate. All required parking is supported on-site. The property was formerly a gas station and it is adjacent to a dry cleaners which is currently operational. The site contains a significant amount of fill. Also there are challenges with cross easements that have to be left open to maintain access for the dry cleaners. They are using substantial quality materials along with a thoughtful design. Streetscape improvements are proposed to enhance this site that has been vacant for quite some time. She requested the authority's consideration for approval.

Mr. Dan Cassidy, SME, advised the variation in requested dollar amounts that appeared in the documents was because the numbers were revised several times. The current eligible cost is \$580,570. The payback is 11 years.

Mr. Runco noticed the amounts for excavation, transportation, and disposal are very much in line.

Chairperson Gotthelf said one thing this authority has always been cautious about is that there is no double dipping. That means the applicant both gets a discount in the purchase price because of contamination expenses, and then gets reimbursed for those same costs through the Tax Increment Financing ("TIF").

Mr. Cassidy noted they are unable to recover the cost for non-environmental activities. The cost for constructability challenges with the site is not reflected in the Brownfield Plan. Only pure environmental costs are eligible in the City of Birmingham. So he doesn't believe there is a double dipping occurring.

Ms. Jamie Rae Turnbull, Owner's Representative, advised there were negotiations based on the complicated site and the environmental. The market price that has been paid for this site is well within what they feel is reasonable. Therefore, she thinks the construction complications and other items are not double dipping due to that.

Ms. Torcolacci asked for a summary of some of the items that were knocked off from the original reimbursement request of \$826,210. Mr. Cassidy replied the dollars/ton of soil management costs based on actual bids were extremely high. That reduced the dollar amount significantly. He believed they also reduced some of the groundwater management costs because that number is lower. One of the decisions made during the planning process was to locate the building as far away from the drycleaner and as far north as possible. They picked the cleanest and safest portion of the site to try to bring down the costs. The footprint helps as well, as it is not very large.

Ms. Torcolacci received clarification that the payback time shown on page 27 should be eleven years rather than nine.

In response to the chairperson, Mr. Cassidy advised the taxable value of the property is \$672,700. They are projecting it will be \$1.75 million at build-out. The investment dollar amount is \$5 million. Chairperson Gotthelf thought it would be interesting in some of the latest projects to see the difference of what was estimated vs. what was actually assessed. Maybe that information could be provided for the next meeting.

Another issue is to look at the prior use and the liable party. In this case, BP was the last owner and some of the cost of remediation may be incurred by them. Mr. Cassidy recalled that all Restrictive Covenants placed on the deed have been discharged with the exception of two land use items: the restriction of property use to commercial and the prohibition on installing a drinking water well.

Discussion brought out that from 1961 to 2000, BP owned the property. Chairperson Gotthelf noted her experience with BP has been when they are the liable party they have stepped in and covered the reasonable cost for remediation to the appropriate cleanup standard. Even when they are several owners behind and then there were

other uses they have paid for the increased cost of transportation and the vapor barrier. They would not pay for the Baseline Environmental Assessment ("BEA").

In response to Mr. Haynes, Mr. Cassidy stated there aren't any costs they are asking reimbursement for that would be costs of closure if the site were closed. They are just asking for recovery of the cost to excavate, transport and haul contaminated soil. The installation of the vapor barrier is necessitated by the development itself and is not going to contribute to closure. The BEA items are all related to liability management for the current owner. The Due Care Assessments only benefit the new owner. Groundwater management is only driven by the decisions during construction. None of the items will benefit the liable party.

Chairperson Gotthelf summarized they are talking about \$20,000 for the vapor intrusion, and \$151,000 for the soils. She thought it would be worth reaching out to BP this week to discuss their ability to assist with those costs. She committed to make the phone call to BP with SME in order to get started. Mr. Runco advised there may be reason for SME to investigate further whether the tonnage number might go up.

Ms. Jamie Rae Turnbull announced the timing is critical for them. It was agreed to set Wednesday, July 12 at 8 a.m. for the next meeting.

4. Guidelines for future Brownfield Plan applications

Ms. Ecker recalled the authority has expressed an interest in the past in looking at whether regulations should be put in place that would either limit the amount of Brownfield funds that people could apply for on a given project, whether it is based on the level of investment; whether there is a cap on the number of years; or an annual cap on the amount that the City is willing to reimburse for Brownfields.

The group reviewed the chart that contains all of the Brownfield plans that this authority has recommended and the City Commission has approved. There has been quite a range of costs approved to be reimbursed.

Authority members requested staff to add the following information to the chart:

- Assessed value estimated in the Brownfield Plan versus assessed value when the project is fully constructed;
- Has the TIF amount been paid back; and if so, what was the actual amount of the payback versus the ask;
- Based on the completed assessed value the new term of agreement should be . . . years;
- Assessed value at inception, post construction and current y/t/d for a running total; and

- Initial projected assessed value from the Brownfield Plan and show the percentage difference from current.

Chairperson Gotthelf asked Ms. Ecker and Messrs. Gerber and Valentine to take a look at what information makes sense along with the form of presentation.

Mr. Valentine suggested setting some recommendations that the authority can use for guidelines going forward. So as projects come up the authority has some parameters to standardize the process for managing the applications. On that note, Chairperson Gotthelf asked that a list be started for guideline topics that would include:

- Years;
- Interest;
- Liable Parties;
- Incremental Costs;
- Discount received on purchase of the property because it was environmentally contaminated;
- This board does not typically reimburse for costs that are non-environmental such as construction costs, asbestos surveys etc. If contamination does not exist outside the building the authority typically has not reimbursed for it.
- Minimum Investment Threshold, and depending on the level of investment how long the payback period would be.

Chairperson Gotthelf asked Mr. Stutz to investigate what kind of guidelines other cities have in place that can be used in Birmingham.

Authority members considered the questionnaire:

- For the proposed Project Description, add the total investment;
- With respect to Initial Screening, add in parties who may have caused the contamination and their current status (whether still in existence);
- Are costs being requested costs necessary to close the site;
- As a matter of process, ask the applicant to update their application with anything critical before the Brownfield Authority agenda is sent out.

Mr. Runco thought it might be beneficial for the authority to have the key aspects of a request summarized in a standardized cover sheet for Authority members. This summary could reference page numbers if further information is needed from the Brownfield Plan.

5. Project Updates (none)
6. Open to the public for items not on the Agenda (no public available)

7. Adjournment

No further business being evident, the board passed a motion to adjourn at 9:25 a.m.

Respectfully submitted,

Carole Salutes
Recording Secretary

APPROVED