

**Brownfield Redevelopment Authority**  
**MINUTES**  
**Conference Rooms 202 and 203 of the Municipal Building**  
**151 Martin Street, Birmingham, Michigan**  
**Wednesday, September 10, 2014**  
**5:30 p.m.**

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1. Chairperson Gotthelf welcomed everyone and convened the meeting at 5:30 p.m.

Members Present: Chairperson Beth Gotthelf  
Paul Robertson, Jr.  
Robert Runco (arrived at 5:35 p.m.)  
Wendy Zabriskie

Members Absent: None

Also Present: Anne Jamieson, AKT Peerless Environmental Services  
Mike Kulka, PM Environmental, Inc.  
Joseph Jonna, Jonna Facility Services, Developer  
Elizabeth Masserang, PM Environmental, Inc.

Administration: Jana Ecker, Community Development Director  
Mark Gerber, Asst. Finance Director  
Jeffrey Haynes, City Attorney  
Joseph Valentine, City Manager  
Carole Salutes, Recording Secretary

2. Election of Chair and Vice-Chair

**Motion by Mr. Robertson**  
**Seconded by Ms. Zabriskie to repeat the same chair and vice-chair (Beth Gotthelf and Robert Runco).**

**Vote: Yeas, Robertson, Zabriskie, Gotthelf**  
**Nays, 0**  
**Absent, Runco**

**Motion carried, 4-0.**

3. Resolution approving Brownfield Plan and associated Reimbursement Agreement pertaining to the Brownfield Plan for 400 S. Old Woodward Ave. (former Green's Art Supply) and requesting the city clerk to forward the Brownfield Plan and Reimbursement Agreement to the Birmingham City Commission for their review and consideration.

Ms. Ecker spoke about the concept of the development. This will be the demolition of an existing building and the construction of a three-story, mixed-use building. The first floor will be retail; second floor residential; and the third floor stepped back for residential.

Ms. Jamieson advised that the property intended for redevelopment is located at the SW corner of Daines St. and N. Old Woodward Ave. in Downtown. The property is considered eligible property based on its status as a facility and its eligible activities. Mr. Kulka then explained that the locations of contamination are mainly the parking lot in front and a little in the center portion of the building. Also, there is an underground tank in the rear of the building. Ms. Jamieson went on to note it is anticipated that private investment for this project will total approximately \$12.6 million. The reimbursable expenses of the plan total \$284,425, with a 15% potential contingency of \$42,664, resulting in an approximate total cost of \$327,089. Additionally, a 3% interest on unreimbursed eligible expenses is anticipated at an approximate cost of \$41,092. The expenses are not to exceed \$368,181.

The current taxable value of the property is around \$500,000 and is expected to increase to \$2.5 million following redevelopment. During the duration of the plan, taxes will continue to be generated. It is estimated that it will take approximately eight years to reimburse eligible expenses which includes interest.

Mr. Jonna stated they intend to bring ten luxury residences to the market and hope to begin work the first week of October. Ms. Masserang from PM Environmental went through the eligible activities and budgeted costs that are to be financed solely by the developer and reimbursed with Tax Increment Financing revenues:

- Baseline Environmental Site Assessment Activities, \$13,460;
- Due Care Activities - characterization and removal of contaminated soils, \$32,375;
- Additional Response Activities - associated with the tank removal, \$175,000;
- Asbestos Activities - associated with pre-demolition of the existing building, \$18,490;
- Demolition - demolition of the existing building and site demolition w/backfill, \$39,900;
- Preparation of Brownfield Plan, \$5,200;
- A 15% contingency to address unanticipated conditions, \$42,664.

Chairperson Gotthelf warned that in the past this committee has been very cautious to not allow costs that would have normally been incurred anyway, irrespective of the contamination. Ms. Masserang passed around a sheet that showed the cost difference between brownfield costs and greenfield costs should the soil not have been contaminated.

Mr. Robertson noted this site is residential slab on grade so the developer cannot mark it high end residential with a bunch of residual PCs in the ground. It is not practical

given the magnitude of the development. It was determined that even though there is no basement it would not be feasible to just cap the top and be done.

In response to Chairperson Gotthelf, Ms. Masserang said the cost difference assuming the Phase 1 came out clean would be about \$35,000. Mr. Kulka said his approach is that if he was on a greenfield he wouldn't have to demo the building or abate asbestos in the first place. Mr. Haynes noted to his recollection this group has never allowed for the cost of a demo on any project.

Chairperson Gotthelf questioned whether the purchase price reflected some of the environmental concerns. Mr. Jonna confirmed the price did not reflect the fact there was an underground storage tank that would have to be removed. Mr. Kulka noted that half of the Baseline Environmental Assessment Phase 2 cost was covered by Oakland County so they are only asking to recover the half that the developer incurred.

Mr. Haynes reminded the authority about what they have done in the past for contingency and interest. They are included but if the contingencies do not occur they are not spent. This group in the past has not approved a dollar amount; rather they have approved categories of expenses. In this proposal, the same logic could be applied to the contents of the underground storage tank, which is not known yet. Therefore the authority could approve the expense, subject to verification.

Mr. Haynes went on to ask why school taxes are not being included. Ms. Masserang replied that because there is such an increase in taxable value the reimbursement period is less than ten years and not worth the time. Mr. Robertson recalled school taxes were included in this authority's other Brownfield plans.

Ms. Masserang noted the Birmingham Brownfield Redevelopment Authority has not established a Local Site Remediation Revolving Fund ("LSRRF") to date. The LSRRF would consist of all tax increment revenues authorized to be captured and deposited in the LSRRF. However, in the event the authority chooses to establish a LSRRF, that option has been included in the plan as an option to capture. It sets up a Brownfield Redevelopment Fund for the City of Birmingham. If the authority anticipates future developments coming online that may have significant contamination there are separate funds within the authority to allocate to those projects within the City of Birmingham proper. Ms. Jamieson advised once the developer is reimbursed for all of their eligible activities, then the authority has the ability to capture the balance of the local tax revenues.

Mr. Valentine did not think it necessary at this time for the City to capture those tax increment funds.

Mr. Robertson summarized that if this add-on were approved, in six or seven years Mr. Jonna would be paid back with interest and then in the next four years the fund would be accumulated. If this is not attached to a project, there is no way of getting it. So, it

seemed to him it may be prudent to approve it, but that doesn't mean they have to take the tax funds.

It was determined further discussion may be warranted on that subject before a formal decision is made. Mr. Haynes suggested the resolution could contingently approve the local site fund subject to review after the Brownfield Authority has had a chance to review it and recommend to the City Commission. That way it is in the plan but might be taken out of the plan. That takes advantage of all the opportunity.

Chairperson Gotthelf thought another meeting would be in order, just to focus on that subject. A survey of how some other communities have used LSRRF funds to help with some of their more challenging sites will be needed. It is a great benefit and it works very well in a lot of communities.

Moving to the next topic, the chairperson wanted to be sure they remediate only to the level necessary. Mr. Kulka replied it goes without saying that their objectives are aligned. Discussion determined the authority would take out \$35,900 in demolition costs and pay backfill expenses of \$4,000.

Mr. Haynes said if the authority approves the plan with the activities that are approved, then the work on the Reimbursement Agreement will be simple and not take that long. He suggested that the authority have 60 rather than 30 days to review the work. It was determined the Vice-chair Robert Runco will present to the City Commission.

Mr. Robertson suggested they pass a resolution without including a LSRRF but make a note to the City Commission they will review at their next meeting the policy and the options of whether to put together their own revolving fund.

After discussion about the LSRRF, Mr. Haynes advised they could pass a resolution that would include it as a contingency that is subject to later Commission approval. The Brownfield Authority will look at it and give ultimate recommendations for the Commission to decide.

**Motion by Mr. Runco**

**Seconded by Mr. Robertson that the Brownfield Redevelopment Authority approves the Brownfield Plan for 400 S. Old Woodward Ave. for the amount disclosed less \$35,900 with the caveat that the LSRRF is included subject to later City Commission approval and the Reimbursement Agreement is changed as amended tonight:**

Whereas, the City of Birmingham has created a Brownfield Redevelopment Authority and appointed members to serve on the Authority, and

Whereas, the Brownfield Redevelopment Authority is charged with the review of Brownfield Plans for Brownfield projects in the City of Birmingham, and

Whereas, the owner/developer of 400 S. Old Woodward Ave. intends to develop a mixed-use development at 400 S. Old Woodward Ave., and has determined that it may engage in eligible activities as defined under the Brownfield Redevelopment Finance Act, and

Whereas, PM Environmental has prepared a Brownfield Plan for the environmental cleanup of the site at 400 S. Old Woodward Ave, and

Whereas, the Brownfield Redevelopment Authority has reviewed the Brownfield Plan and approved of the contents of the plan.

**Vote: Yeas, Runco, Robertson, Zabriskie, Gotthelf**  
**Nays, 0**  
**Absent, 0**

**Motion carried, 4-0.**

4. Project Updates by Ms. Ecker:

- The Catalyst reimbursement process has started and it will come before the authority soon.
- The 2195 and 2295 E. Lincoln site will be considered by the authority in the near future.
- Nothing has been heard about the site next to Douglas Cleaners (former Carrie Lee's).
- Surface parking on the former Amoco site is contaminated and may come back to the authority at some point.

Mr. Haynes discussed that a LSRRF fund is set up to enable tax revenues to go for a specific purpose rather than going into the general fund for municipal purposes. Mr. Robertson recalled that at the time, all of the original Brownfield sites received other starter money from the City and/or County or grants to make their project work.

5. Open to the public for items not on the Agenda (no public was present)

6. Adjournment

No further business being evident, meeting adjourned at 6:40 p.m.

Respectfully submitted,

Carole Salutes  
Recording Secretary