



COUNTY ADMINISTRATOR
220 NORTH MAIN STREET, P.O. BOX 8645
ANN ARBOR, MICHIGAN 48107-8645
(734) 222-6850
FAX (734) 222-6715

TO: Katie Scott, Chair
Ways and Means Committee

THROUGH: Gregory Dill
County Administrator

FROM: Teresa Gillotti, Director
Office of Community and Economic Development

DATE: August 7, 2019

RE: Adoption of the Brownfield Redevelopment Plan for Broadway Park, Ann Arbor, MI.

BOARD ACTION REQUESTED:

It is requested that the Washtenaw County Board of Commissioners adopt the Broadway Park Brownfield Redevelopment Plan, Ann Arbor, MI, and authorize approving the budget as attached.

BACKGROUND:

In May of 1999, the Washtenaw County Board of Commissioners established the Washtenaw County Brownfield Redevelopment Authority (WCBRA) through Resolution 99-0110. On June 22, 2002, the City of Ann Arbor joined the WCBRA as a municipal member.

Pursuant to the Brownfield Redevelopment Financing Act (PA 381 of 1996, as amended), the WCBRA, in partnership with the City of Ann Arbor, has prepared a Brownfield Redevelopment Plan for 309 S. Ashley Street.

The City of Ann Arbor City Council approved the Brownfield Plan at the July 1st meeting. The Brownfield Plan was recommended for approval at the July 3rd County Brownfield Authority. Prior to final adoption, the law stipulates that a Public Hearing be held, which is scheduled for August 7th. Both Ways and Means and full Board review and approval is requested on August 7th, due to the limited BOC summer meeting schedule.

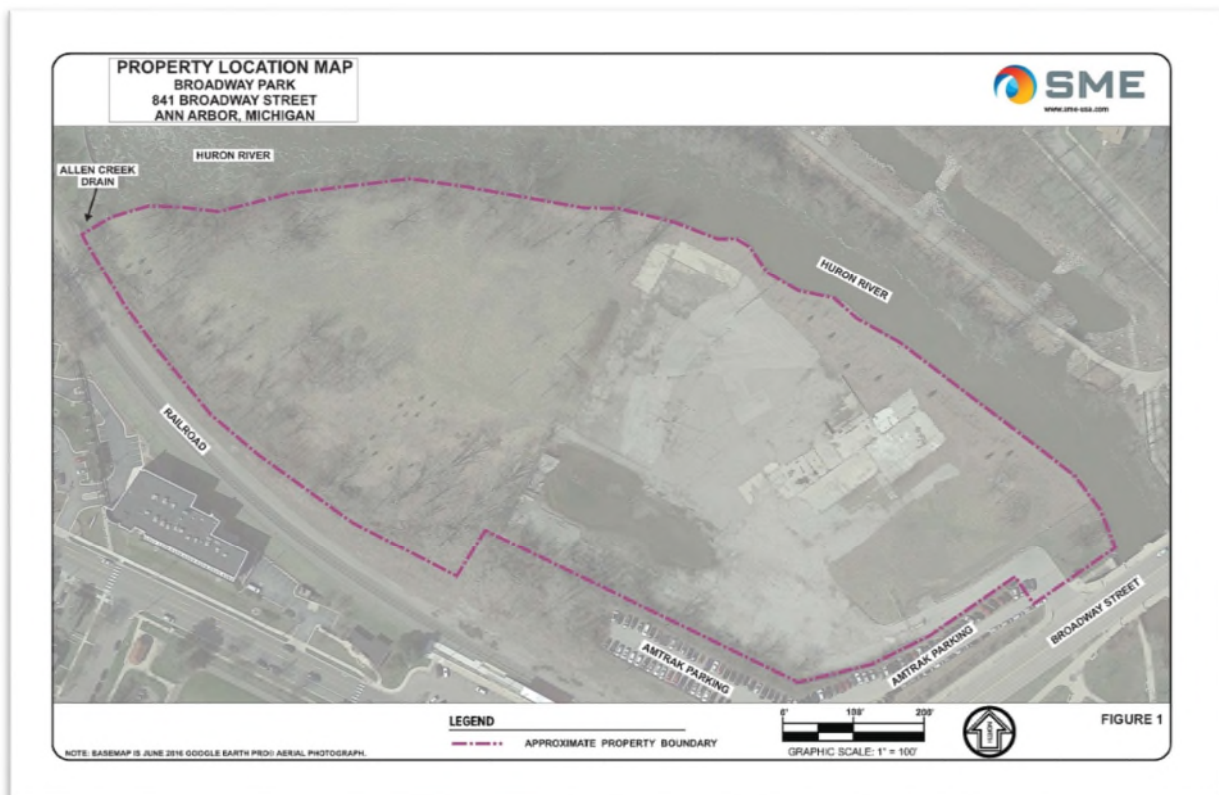
One late addition to the City Council approval was a request by city staff, concurred by the developer, to cap the brownfield repayment period at 16 years (see attached e-mail). That cap is an added condition in the County resolution.

DISCUSSION:

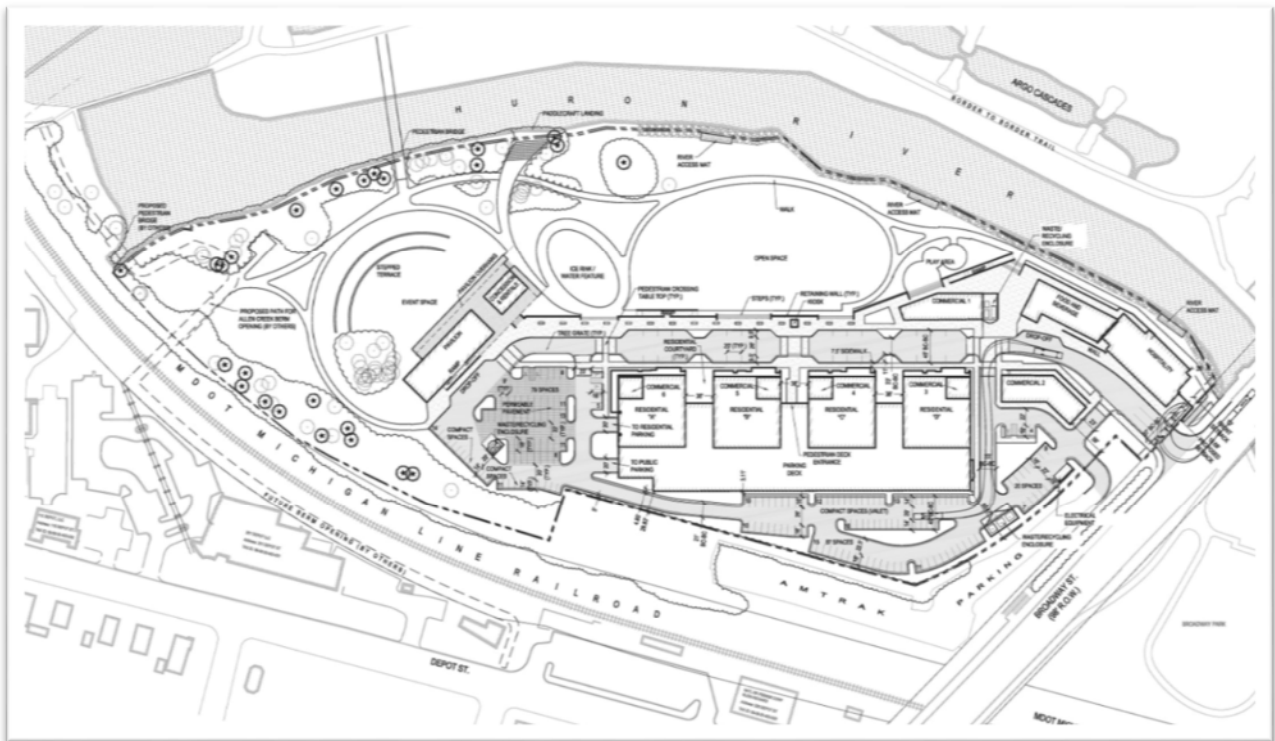
The Washtenaw County Board of Commissioners has demonstrated its support for the redevelopment of contaminated, vacant and obsolete sites in Washtenaw County. By establishing and supporting the Brownfield Redevelopment Authority and its Board, the Commissioners have supported and partnered with local units of government to transform underutilized and contaminated, urban brownfield sites into productive, tax-generating properties.

The property in question is a 13.8 acre parcel at 841 Broadway Street, which historically was a Michcon/DTE for manufactured gas plant. As a result of these industrial operations, the site has significant contamination, as is eligible for Brownfield incentives as a "Facility." The Michigan Department of Environment, Great Lakes, and Energy (EGLE, formerly MDEQ), considers DTE a Liable Party for the contamination. DTE has already conducted significant clean-up activities, and will have on-going monitoring and Due Care responsibilities, overseen by EGLE. The developer, Roxbury Group, has a purchase agreement with DTE to acquire and develop the site. The Brownfield Plan only includes activities and costs to clean up the site above and beyond what DTE is responsible for. Approximately \$250-350,000 of additional remediation costs will be undertaken by DTE concurrently with the redevelopment of the site, which is separate from activities included in the Brownfield Plan.

The Huron River borders the site to the north, and adjacent is the Border to Border trail and cascades water feature. To the southwest is the Amtrak station parking lot, railroad tracks, and passenger station. To the southeast is the Broadway Bridge. Refer to the figures below for site location and a concept development plan.



Broadway Park Site Location



Broadway Park Concept Plan

The developer proposes a multi-use redevelopment, with 104 condominiums, retail, hotel, and restaurant uses. The majority of the site, about 8 acres, will be established for outdoor recreational uses, including a 7,800 s.f. all-season pavilion, river trail, and pedestrian bridge to the Border to Border Trail. River access will be provided via areas for canoes, kayaks, etc. These amenities will be managed by a Conservancy, in perpetuity, to be established.

Private investment by the applicant is estimated at \$70,500,000, while additional investment by others of the hotel, restaurant, and commercial space will increase total investment to an estimated \$100,000,000.

The proposed Brownfield Plan will use Tax Increment Financing to reimburse the developer for both Environmental and Non-Environmental Eligible Activities, estimated at \$9,336,999 and (capped at) \$8,000,000, respectively. The total capture period is estimated at 12 years, and the city would like to cap the total capture period to 16 years (see attached e-mail). The Plan also calls for 7% of annual TIF capture to be deposited in the County's Local Brownfield Revolving Fund, projected to be \$1,352,047. Some of this annual 7% capture may instead be utilized for County Administrative expenses, as needed and at the discretion of the County Brownfield Authority.

As required by Act 381, 50% of the captured State Education Tax will be captured and remitted to the State of Michigan State Revolving Fund.

Below is a table of Eligible Activities from the Brownfield Plan:

Environmental Activities (Approved by EGLE)	Amount
Baseline Environmental Assessment Activities	\$ 14,500
Due Care Activities – Planning, Coordination, Investigation and Documentation	\$ 595,000
Due Care Activities – Design and Construction, including soil remediation and vapor mitigation	\$7,449,564
Brownfield Plan and Work Plan Preparation	\$ 90,000
15% Contingency	\$1,187,935
<i>Environmental Sub-Total</i>	\$9,336,999
Non-Environmental Activities (Approved by MEDC)	
Demolition	\$ 200,000
Public Infrastructure Improvements (streetscapes, water/sewer, public recreation, surface and deck parking, ped bridge, dam repairs)	\$ 8,591,857
Site Preparation	\$ 553,950
Brownfield Plan and Work Plan Preparation	\$ 45,000
15% Contingency	\$ 1,401,871
<i>Non-Environmental Sub-Total</i>	\$10,792,678
City-Recommended Cap on Non-Environmental Activities	\$ 8,000,000
Grand Total Developer-Reimbursable Activities	\$17,336,999

Based on a financial analysis of developer returns, the City of Ann Arbor has capped Non-Environmental Eligible Activities at \$8,000,000.

The Plan also assumes that 75% of the units will be Homestead Exempt, thereby eliminating capture of the 18 mills of school operating on those housing units.

The initial Taxable Value of the four properties that make up the redevelopment site is \$570,000, and is expected to increase to \$34,531,250 after project completion. However, the actual Taxable Value will be determined by the City Assessor. The Plan will be capped to 16 years of Tax Increment capture, and is expected to fully, reimburse all Eligible Activities.

The City has historically supported TIF financing for environmental activities, as a more “traditional” purpose for brownfield incentives. More recently, the City has tied Non-Environmental Activities to additional community benefit, such as Affordable Housing. Affordable housing is not included with the project, but the developer will be making a payment to the City’s affordable housing trust fund as part of the Planned Unit Development process.

The site is not located within the Ann Arbor Downtown Development Authority District.

City of Ann Arbor Action

The City of Ann Arbor approved the Brownfield Plan at their July 1st, 2019 meeting.

WCBRA Action

The WCBRA recommended approval of the Brownfield Plan at the July 3rd meeting. The Plan must be submitted to the Washtenaw County Board of Commissioners for public hearing and adoption.

State of Michigan Brownfield Redevelopment Financing Act Requirements

Pursuant to the State of Michigan Brownfield Redevelopment Financing Act (P.A. 381 of 1996, as amended) herein referred to as the "Act", (Item 125.2664 Brownfield plan as public purpose; determination; amendments to plan; validity of procedure, notice, and findings; and presumptions.) Sections 14 (5) (a) through (d) requires Washtenaw County Board of Commission to consider the following:

- (a) Whether the plan meets the requirements of Section 13 and 13b (Brownfield Plan provisions).

The proposed Brownfield Plan meets the requirements of Section 13 and 13b, (The provisions are as follows; comply with notice and approval provisions of section 14, description of eligible costs to be paid through TIF, brief summary of eligible activities, estimate of captured taxable value and tax increment revenues for each year of the plan, method by which eligible costs will be financed, maximum amount of note or bond indebtedness incurred, proposed beginning date and duration of capture, estimate of impact of TIF on revenues of all taxing jurisdictions and deposits in LBRF and if LBRF funds will be used on the project, legal description of eligible property and map showing location, why the site qualifies, whether Personal Property is included, estimate of persons residing on property that will be displaced, plan and expense to relocate those persons if applicable, compliance with PA 227, other materials that the WCBRA or governing body considers pertinent, amount of school taxes captured does not exceed amount of all other taxes captured for all local taxes, TIF shall only be used for eligible expenses on eligible parcels, authorization to continue TIF once expense are repaid to capitalize a local site remediation revolving loan fund, but not to exceed the total amount of TIF captured for eligible expenses, investigation of ability to capture expenses from a responsible party, Public Hearing notification parameters, Michigan Department of Environment, Great Lakes, and Energy and/or Michigan Strategic Fund approval needed once local approvals met, reimbursement of administrative and operating fees).

- (b) Whether the proposed method of financing the costs of eligible activities is feasible and the WCBRA has the ability to arrange the financing.

All the eligible activities will be financed by the developer. Review of the proposed development and anticipated private investment and resulting incremental tax revenue were found to be sufficient to cover the estimated cost of eligible activities requested by this Plan.

- (c) Whether the costs of eligible activities proposed are reasonable and necessary to carry out the purposes of this act.

The proposed Eligible Activities have been reviewed by the City of Ann Arbor and County Brownfield Authority Board members. It has been found that the proposed activities are reasonable to address and mitigate the environmental contamination and facilitate public improvements and recreational uses that provide for area-wide

benefits to the entire community. The City of Ann Arbor capped Non-Environmental Eligible Activities at \$8,000,000, based on a Financial Analysis of the developer's returns.

- (d) Whether the amount of captured taxable value estimated to result from adoption of the plan is reasonable.

The amount of private investment and resulting captured taxable value is sufficient to fully reimburse for all the proposed eligible activities. The anticipated captured taxable value has been reviewed and is reasonable.

IMPACT ON PERSONNEL:

No impacts are indicated for this Resolution.

IMPACT ON BUDGET:

Based on the initial increase in Taxable Value, from \$570,000 to an estimated \$34,531,250 in Taxable Value upon project completion, and an estimated 2% increase annually after 2024, the County will be foregoing an estimated \$1,595,489 in County Operating taxes over twelve (12) years. After the 12 years and payoff of all brownfield expenses, County operating funds generated will be approximately \$166,956 per year.

IMPACT ON INDIRECT COSTS:

No impacts are indicated for this Resolution.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

Guiding Principle No. 7 -- This project will allow the City of Ann Arbor and the County to partner together in pursuing sound environmental, community development, and sustainable land use practices.

CONFORMITY TO COUNTY POLICIES

The resolution conforms to County policies, and has been reviewed by Corporation Counsel, Finance and County Administration

ATTACHMENTS/APPENDICES

- Adoption Resolution
- [Broadway Park Redevelopment Brownfield Plan](#)
- [Broadway Park City Staff Report, 5-22-19](#)

Preparer:

Nathan Voght, Office of Community and Economic Development

A RESOLUTION TO ADOPT THE BROWNFIELD PLAN FOR BROADWAY PARK
REDEVELOPMENT, IN THE CITY OF ANN ARBOR, MI

WASHTENAW COUNTY BOARD OF COMMISSIONERS

AUGUST 7, 2019

WHEREAS, the Washtenaw County Board of Commissioners, supports the sustainable redevelopment of contaminated, blighted, and vacant properties designated as brownfields; and

WHEREAS, through Resolution 99-0110, the Washtenaw County Board of Commissioners, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), established the Washtenaw County Brownfield Redevelopment Authority (the "WCBRA") to facilitate the implementation of plans relating to the identification and treatment of obsolete, and environmentally distressed areas and to promote site revitalization in Washtenaw County; and

WHEREAS, the property located at 841 Broadway Street (the "Property") in the City of Ann Arbor has been identified as a Facility, and is therefore eligible under state statute; and

WHEREAS, a Brownfield Plan (the "Plan") has been prepared to support the remediation, economic revitalization and redevelopment of the property; and

WHEREAS, the City of Ann Arbor has reviewed the Plan, and has been provided a reasonable opportunity to express their views and recommendations regarding it in accordance with Sections 3(4) and 13(13) of the Act; and

WHEREAS, pursuant to and in accordance with Section 13 of the Act, on July 3rd the WCBRA acted on Brownfield Plan and forwarded it to the Washtenaw County Board of Commissioners to adopt the Plan to be carried out within the City of Ann Arbor; and

WHEREAS, on July 1st, 2019, the City of Ann Arbor City Council passed a Resolution approving the Brownfield Plan, including implementation by the WCBRA; and

WHEREAS, this approval includes a cap limiting the brownfield repayment period to a maximum of 16 years; and

WHEREAS, the Washtenaw County Board of Commissioners held a Public Hearing on August 7th, 2019 to receive comment on the proposed Plan pursuant to the Act; and

WHEREAS this matter has been reviewed by the County Administrator's Office and the Corporation Counsel; and

NOW THEREFORE BE IT RESOLVED the Washtenaw County Board of Commissioners has determined the Plan constitutes a public purpose and concurs with the recommendation of the City of Ann Arbor and the WCBRA, and approves the adoption of the Brownfield Plan for the Broadway Park Redevelopment.

BE IT FURTHER RESOLVED THAT the Board of Commissioners approves the budget as attached hereto and made part hereof:

Broadway Park Brownfield Redevelopment, Ann Arbor
Project: 268019xxxx
Fiscal years: 1/1/2020-12/31/2031
Budget

	<u>Object</u>	<u>Description</u>	<u>Project Life FYs 2020-2031</u> <u>Budget</u>
Revenues			
	40	Taxes	\$19,764,394
		Total Revenue	\$19,764,394
Expenditures			
	80	Other Services and Charges	\$18,412,347
	99	Transfers Out	\$ 1,352,047
		Total Expenditures	\$19,764,394

BE IT FURTHER RESOLVED THAT should any section, clause or phrase of this Resolution be declared by the courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.

BE IT FURTHER RESOLVED THAT all resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

Broadway Park Brownfield Redevelopment, Ann Arbor
Project: 268019xxxx
Fiscal years: 1/1/2020-12/31/2031
Budget

	<u>Object</u>	<u>Description</u>	Project Life FYs 2020-2031 <u>Budget</u>
Revenues			
	40	Taxes	\$19,764,394
		Total Revenue	\$19,764,394
Expenditures			
	80	Other Services and Charges	\$18,412,347
	99	Transfers Out	\$ 1,352,047
		Total Expenditures	\$19,764,394

309 N Ashley Ann Arbor Brownfield Account Budget

Year of TIF Capture	1	2	3	4	5	6
Revenue In	\$120,040	\$831,477	\$1,704,940	\$1,815,486	\$1,852,443	\$1,890,141
Admin Transfer Out	\$0	\$0	\$0	\$0	\$0	\$0
State BRA Fund Out	\$6,334	\$43,872	\$89,453	\$95,790	\$97,740	\$99,730
LBRF Transfer Out	\$7,960	\$55,132	\$113,084	\$120,379	\$122,829	\$125,329
TIF Reimbursement Out	\$105,746	\$732,473	\$1,502,403	\$1,599,317	\$1,631,874	\$1,665,082

7	8	9	10	11	12	
\$1,928,594	\$1,967,815	\$2,007,818	\$2,048,618	\$2,090,238	\$1,506,784	\$19,764,394
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$101,758	\$103,828	\$105,938	\$108,091	\$110,287	\$112,527	\$1,075,348
\$127,879	\$130,479	\$133,131	\$135,837	\$138,596	\$141,412	\$1,352,047
\$1,698,957	\$1,733,508	\$1,768,749	\$1,804,690	\$1,841,355	\$1,252,846	\$17,337,000