

**CITY OF AUBURN HILLS
BROWNFIELD REDEVELOPMENT AUTHORITY**

June 12, 2001

CALL TO ORDER: Chair Capen called the meeting to order at 6:35 p.m.

ROLL CALL:Present. Burchfield, Capen, Vettel
Absent. Douglas, McDonald
Also Present. Brownfield Consultant Greve City Manager Ross
Assistant City Manager Tanghe
3 guests

LOCATION: Civic Center, 1827 N. Squirrel Road, Auburn Hills 48326

3. PERSONS WISHING TO BE HEARD - none

4. APPROVAL OF MINUTES - April 30, 2001

Ms. Vettel moved to approve the minutes of April 30, 2001 as submitted.

Supported by Mr. Burchfield.

VOTE:	Yes:	Burchfield, Capen,
Vettel		
No:	none	

Motion

carried (3-0)

5. REPORT AND RECOMMENDATION ON BROWNFIELD PLAN - BROWN ROAD GROUP, LLC

Mr. Greve presented, for the Authority's review, the proposed Brownfield Plan (Plan) for the former Sanicem (or "Fons") landfill on M-24, recommending a phased approach to the various approvals starting with the Plan. He noted the site is challenging in terms of both environmental issues and topography difficulties.

Mr. Greve introduced **Mr. Stan Joniec**, Boggio Assoc., project architect, who presented a rough conceptual plan for the site, which will likely house high-end users such as high-tech, automotive related firms. Mr. Joniec indicated the detention/wetlands area in the south end of the parcel is being studied in terms of what may need to be moved or mitigated, noting that the Michigan Department of Environmental Quality (MDEQ) is involved.

Mr. Ross noted the eastern half of the parcel is currently zoned Residential, but explained the recently approved master plan for the northeast area of Auburn Hills calls for that portion to be zoned T&R, Technology and Research. He reported the Planning Commission has recommended to City Council approval of that rezoning, and it will be considered by City Council on June 18. Mr. Ross briefly noted the Planning Commission's concerns with the site include the provision of a buffer for the residential properties to the east, preservation of the wetlands and the clean up of the significant environmental issues.

Mr. Greve confirmed for Mr. Capen that some contaminants may have to be removed but the plan is to leave the bulk of contaminants on site. Mr. Ross clarified for Mr. Burchfield the grade of the property drops down as much as 40' from neighboring properties.

Mr. Greve explained that unlike previous brownfield plans, this one will be done in phases, beginning with the Plan to enable the developers to move forward with investment, knowing the costs incurred are eligible for reimbursement, and then working with the DEQ to determine what will be approved to be incorporated in the Work Plan and working out planning and zoning issues for the Development Agreement.

Mr. Greve presented the following financial summary of the project:

Current Conditions

Current Unabated Taxable Value: \$517,630.00
 Current Unabated Annual Tax Revenue: \$22,500.00

Anticipated Outcome

Projected Unabated Taxable Value: \$50,000,000.00
 Projected Annual Tax Revenue: \$2,420,000.00

Authority's Role

Investment by Authority: \$6.8 million

Other Benefits

Job Creation: Estimated at 3000 jobs

Mr. Greve presented the following summary of eligible activities and expenses:

ELIGIBLE ACTIVITY	ESTIMATED COST
1. The cost to prepare this Brownfield Plan and Work Plan	\$14,500.00
2. Remedial Investigation and Due Care	\$100,000.00
3. Baseline Environmental Assessments	\$10,000.00
4. Land Balancing, Closure and Capping	\$1,000,000.00
5. Contaminated Soil Removal and Disposal	\$300,000.00
6. Land Preparation	\$2,500,000.00
7. Methane Venting	\$1,500,000.00
8. Leachate Collection and Treatment	\$1,300,000.00
9. Ongoing monitoring and reports	\$100,000.00
10. Administrative Costs	\$70,000.00
The total estimated eligible costs to complete all activities	\$6,894,500.00

Mr. Greve reported financial projections show this project funded by tax capture by 2007, noting the developer feels the demand for the site is such that they can absorb the buildings and have the site at build-out relatively quickly. Mr. Greve noted that additional funds may be available through a \$1 million DEQ grant and through the five-year tax captures from the J.A.R. and Willis School projects which may be fully reimbursed before the Brown Road Group project is completed. Mr. Greve explained that a revolving fund is not included in the Plan because it looks as though future projects should be able to fund themselves. Mr. Greve noted any of these possible additional funds will shorten the reimbursement time frame. Mr. Ross reported there is one other project on the horizon that might use some of those tax capture funds. He explained that the membership of Five Points Church has voted to sell their property and move, possibly to the Road Commission property on Dutton Road which contains a small landfill.

Mr. Greve advised the tax increment revenue reimbursement table does not include any abated value because the developer is not seeking tax abatement, but it does reflect full use of school tax capture for all years of the Plan, although the final decision is up to MDEQ. He stressed that the captured values shown are estimated values.

Referencing the estimate for baseline environmental assessments, Mr. Capen asked about costs for Phase I and Phase II assessments. Mr. Greve explained most of that work has been done and funded by the developer during the course of due diligence. Mr. Capen asked if Mr. Greve recalled the costs for contaminated soil removal and disposal on the J.A.R. project. Mr. Greve estimated the cost was over \$400,000 for everything, with hauling costs being more than half of that total. Mr. Greve explained the

developer does not know enough at this point to know how many yards will have to be removed, but indicated the estimate is sufficient for the worst case scenario. Mr. Greve was not able to specify for Mr. Capen the length of time for ongoing monitoring and reports.

Mr. Capen questioned the quantity of methane to be burned or vented. Mr. Greve indicated the plans for elimination of methane will be further characterized in the Work Plan. **Mr. William Bonanni**, Brown Road Group, L.L.C. participated in a brief discussion on possible methods of venting methane and maintaining the system.

Responding to questions from Mr. Burchfield, Mr. Greve compared a leachate collection system to a mini waste water treatment plant which treats the leachate and dispenses the cleaned water into the sanitary sewer system. He confirmed the system will have to be approved by the MDEQ and be monitored to determine it is meeting standards set for disposal.

Mr. Burchfield asked if the portion of the wetland that will be owned by the developer will fall under the City's wetlands protection ordinance. Mr. Greve confirmed that the wetland area is large enough to fall under City standards and MDEQ's standards as well.

Mr. Burchfield questioned impact on wildlife and wetland. Mr. Greve indicated the portion of the plan that must be filed with the MDEQ will have to address those issues. Mr. Greve further explained the plan for cleanup should help the wetland regenerate itself by eliminating the leachate. Mr. Ross explained that soil erosion measures will also have to be incorporated. Mr. Bonanni noted that the wetland experts are already investigating the flora and fauna to determine what action will be necessary to insure the continued viability of the wetland. He assured the Authority he is attuned to everyone's jurisdiction and is eliciting input to make sure the project succeeds. Mr. Bonanni commented the subject property has been overlooked for many years and indicated his group are the right people at the right time to develop something on this site that is beneficial and protects the community.

Mr. Greve confirmed for Mr. Capen the Plan stands on its own regardless of what happens north of the City border. Mr. Capen asked if the residence on the subject property is still occupied. Mr. Bonanni reported he has been told Mr. Fons is relocating.

**Mrs. Vettel moved to approve the Brownfield Plan for Brown Road Group, LLC, contingent upon the Authority's approval of the required Work Plan and Development Agreement, and to recommend to City Council approval of the Brownfield Plan for Brown Road Group, LLC, with the same contingencies.
Supported by Mr. Burchfield.**

Mr. Capen commented on the unusual situation of intentionally not pursuing the establishment of an Industrial Development District (IDD) and basing the numbers on unabated tax revenue. He asked Mr. Greve to detail the reasoning. Mr. Greve explained there is no request from the developer that tax abatement be included because the developer understands the need to bring to bear on a project of this magnitude the major amount of resources available to reimburse expenses. Mr. Greve further noted that tax abatements, which are in the process of being phased out, will likely not be available by the time this project is in the ground and eligible to apply for one.

Mr. Capen remarked that if there is anything that makes him uncomfortable with the Plan it would be the abatement issue. Mr. Bonanni verified for Mr. Capen that tax abatements have not been used as a marketing tool with prospective tenants. He went on to comment that, on its own merits, the site dictates an upscale user and tax abatements are not an issue that has been brought in. Mr. Bonanni clarified that tenant interest so far has been very speculative and that the site's proximity to I-75 and the presence of other high-tech, automotive related companies in Auburn Hills are the draw. Mr. Ross added his theory that the potential for Single Business Tax (SBT) credits is, in some ways, more valuable for potential users than tax abatements.

Mr. Greve, answering Mr. Capen's concerns, indicated that if the Work Plan is not approved the Brownfield Plan will need to be amended.

Mr. Greve confirmed for Mr. Capen that the column heading "50% abated" in Schedule 2, Appendix B" is a typographical error and explained that the numbers shown in the table reflect unabated taxes.

VOTE:Yes:Burchfield, Capen, Vettel
No:none

Motion carried (3-0)

Mr. Burchfield moved to recommend that the City Council adopt an appropriate resolution of support for the MDEQ grant application associated with the Brown Road Group, L.L.C. project.

Supported by Mrs. Vettel.

VOTE: Yes: Burchfield, Capen, Vettel
No: none

Motion carried (3-0)

Mr. Greve requested that the Authority approve extending the contract for preparation of the Brownfield Plan to also include preparation of the Work Plan, noting that, like the last contract, Brown Road Group, L.L.C. will post a cash escrow with the Authority to cover the cost of the Work Plan.

Mrs. Vettel moved to authorize the Executive Director to amend the contract between the Brownfield Authority and Brown Road Group, L.L.C. to include the preparation of the Work Plan for this project.

Supported by Mr. Burchfield.

It was noted that Mr. Ross is the Executive Director.

VOTE:Yes: Burchfield, Capen, Vettel
No: none

Motion carried (3-0)

6. OTHER BUSINESS

Mr. Ross introduced **Assistant City Manager Tom Tanghe**, and explained Mr. Tanghe has been working with Mr. Greve to gain knowledge on Brownfield issues. He noted Mr. Tanghe has a strong background in tax increment financing.

Mr. Ross distributed copies of the Brownfield Authority financial report for May, 2001. Mr. Capen requested the report be included on the next agenda to give the Authority members an opportunity to ask questions after they have had time to review it. Mr. Ross said he would have the report forwarded to Mr. Douglas and Mr. McDonald.

Mr. Bonanni, in response to a question from Mr. Capen, agreed to provide Authority members access to the property.

7. ADJOURNMENT

Mrs. Vettel moved to adjourn the meeting.

Supported by Mr. Burchfield.

VOTE: Yes: All
No: None

Motion carried

The meeting was adjourned at 7:42 p.m.

Helen R. Venos
City Clerk

J. Cherilynn Tallman
Deputy City Clerk