

**CITY OF AUBURN HILLS  
BROWNFIELD REDEVELOPMENT AUTHORITY**

**October 16, 2000**

**CALL TO ORDER:** Chairman Capen called the meeting to order at 6:08 p.m.

**ROLL CALL:** Present. Capen, McDonald, Vettel  
Absent. Douglas, Love.  
Also Present. Assistant City Manager Greve  
TIFA Chairman Bennett  
13 Guests

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

**PERSONS WISHING TO BE HEARD** - None.

**APPROVAL OF PREVIOUS MINUTES:**

Ms. Vettel moved to accept the minutes of March 23, 2000 as submitted.  
Supported by Mr. McDonald.

**VOTE:** Yes: Capen, McDonald, Vettel.  
No: None.

**Motion carried (3-0)**

**FINANCIAL REPORT:**

Assistant City Manager Greve presented the financial report. Mr. Greve reported that because of the nature of the estimated cost that the budget is speculative based on the brownfield plans that have been presented to the Board, although there are two more that were not included in the estimated budget since these were speculative when the budget was drawn up.

Ms. Vettel moved to accept the financial report as submitted.  
Supported by Mr. McDonald.

**VOTE:** Yes: Capen, McDonald, Vettel.  
No: None.

**Motion carried (3-0)**

**PETITIONERS**

**Presentation of Proposed Project - Willis School - Manabal Auburn Hills IV Project**

Mr. Greve stated the second Brownfield plan is located at 1842 N. Opdyke Road, south of Pontiac Road. Assistant City Manager Greve reported that the building already under construction adjacent to the above mentioned location would be included as part of this project. The building to be built on Willis School property is a high technology speculative building.

**Mr. Alvin Levine, Developer,** stated he owned surrounding properties to the east and north, building #6 facing Opdyke under construction is actually part of the plan, other buildings face I-75, Building #7 planned for the Willis School site which was formerly owned by the City of Pontiac school district, which the developer purchased from the school district as is - where is. Preliminary due diligence was restricted so the property was literally purchased site unseen as far as ground contaminants. Phase I started after closing when two underground storage tanks were discovered. Phase II discovered some contaminants from these tanks and asbestos was found in the building. Mr. Levine noted that the asbestos will be taken care of along with the demolition of the building. Mr. Levine stated the tank removals will need to have part of the building removed to uncover the tanks, the first being in the boiler room which was originally coal, then oil and lastly gas. The second tank is under the gymnasium.

Mr. Levine also stated that the seventh building will resemble his other buildings, which will be a high tech speculative building, the facade will be identical but the square footage is smaller at 58, 200 square feet. Chairman Capen questioned the responsibility of the Pontiac School district and if seeking redress was a possibility. Mr. Greve answered that this was a possibility but through having the Authority take on the responsibility the tax payers of the school district collectively will be spared from this cost and it will be paid only by the taxpayer who uses the site.

In answer to the question of the levels of contamination, **Mr. Stuart Weise of Honignam, Miller, et al**, reported that the levels were exceeding the residential criteria but they had not delved into the levels on an industrial basis because they will be removing the contamination.

**Report and Recommendation on Brownfield Plan - Willis School - Manabal Auburn Hills IV**

Mr. Greve presented the report and recommendation stating that although the taxable value is -0- right now the report includes the anticipated value, the value of the property adjacent is what is included in this report, this value being \$395, 960.00 which produced an unabated annual tax revenue of \$18,570.00. The anticipated outcome which is projected for the years of 2008 - 2009 will be an unabated taxable value of \$8,800,000.00 and the projected annual tax revenue will be \$412,880.00 which is based on the current millage. Mr. Greve also reported that Manabal will finance this project and the investment by the authority will be \$164,980.00. The other benefits being the creation of a revolving fund of \$724,841.00 with a quick payback being projected by 2008 some sooner. Jobs creation, although unknown at this time how many positions, will definitely take place when the building becomes non-speculative.

Mr. Greve presented the description of investments as 1) removal of two heating oil UST's; 2) removal and disposal of contaminated soil; 3) demolition and removal of buildings on the Manabal property to the extent needed to excavate and remove the UST's and contaminated soil; 4) removal of asbestos containing materials associated with demolition of the buildings on the Manabal property; 5) follow up soil and groundwater sampling and testing to ensure complete removal of the contaminated materials; 6) preparation of a report describing the completed additional response activities.

Costs eligible for reimbursement include the following:

- A. Approximately \$105,000.00 of eligible response activity costs associated with demolition and removal of the buildings;
- B. Approximately \$10,000.00 to complete the UST and contaminated soil removal and disposal;
- C. A contingency of 20% of the estimated UST and demolition costs to pay for asbestos removal, follow up sampling and testing, and report generation; and
- D. Administrative costs of up to \$2,500.00 per year to reimburse the Authority or the City of Auburn Hills for documented eligible expenses incurred and permitted to be paid by the Authority in connection with the activities implemented under this plan for the Manabal site.

Chairman Capen questioned Mr. Greve if partial demolition of building could be considered remedial to recover cost for extricating the buried tanks. Mr. Greve answered that this was a possibility but right now the recovery cost is unknown.

Mr. Greve reported that under item 3) Manabal will be funding the project upfront and the Authority may assist in the financing up to 9.5%. Mr. Levine agreed that this may be an option they will follow through on.

In answer to Mr. Capen's question, Mr. Levine explained the three party check system for removal of asbestos, first a private technical company that deals in this removes the asbestos, the State inspects the removal, then DEQ approves the final results.

Mr. Greve reported that the City Attorney has perused the development agreement and has given his consent.

In answer to Mr. McDonald's question, Mr. Greve answered the tables are illustrations of estimated costs, the true agreement will be up to 20% of the actual costs regarding the contingency of Item C under costs eligible for reimbursement.

Ms. Vettel moved to accept the Manabal Auburn Hills IV Project and recommend approval to City Council of that project at the November 13, 2000 City Council meeting.

Supported by Mr. McDonald.

**VOTE:** Yes: Capen, McDonald, Vettel.  
No: None.

**Motion carried (3-0)**

Ms. Vettel moved to accept the Development Agreement for the Manabal Auburn Hills IV Project and recommend approval to City Council of that development agreement at the November 13, 2000 City Council meeting.

Supported by Mr. McDonald.

**VOTE:** Yes: Capen, McDonald, Vettel.  
No: None.

**Motion carried (3-0)**

**Presentation of Proposed Project - Sanicem Landfill**

Mr. Greve opened this presentation by stating that the proposed project is the Fon's property located at the northeast corner of Lapeer and Bald Mountain Road or Brown Road extended. Mr. Greve stated this was an informational presentation only and the petitioner would be approaching the Authority at a later date for inclusion in the Brownfield plan. Mr. Greve reported that this project would likely need revolving funds later.

**Mr. Paul Bohn, representing the developer,** reiterated that eventually the intent was to include this project in the Brownfield plan. Mr. Bohn reported that in the late 1970's the landfill was closed by DEQ and that barrel removal investigations were done by soil and ground boring. The developer needed to determine what to redevelop and partial rezoning would be needed. Mr. Bohn summarized that the development would be done in phases as the total acreage is 140,100 being in Auburn Hills and the balance of 40 acres lying in Orion Township. The involvement of two cities will cause a varied degree of hardship, coinciding the two projects as one. J.A.R. development site is adjacent to this proposed project.

Mr. Bohn also stated that the MDEQ has unresolved issues regarding recouping outstanding costs from the Fon's property.

Mr. Bohn reported that in August of 2000 the amendments to the Brownfield act have enabled some costs to be potential reimbursements in the plan now. Mr. Bohn stated that with these amendments the law reads much clearer now.

Mr. Bohn informed the Authority that the intended usage would be mixed, now zoned I-1, the rezoning would be requested for I-1, T & R, and Office.

Mr. Bohn projected that because of the large and complicated site the recoup for environmental related items and redevelopment less the grant would be three to five million.

The project would need ingenuity using capping in different ways, such as parking lots, for unconsolidated landfill materials, redevelopment of soils in areas with elevated levels of soil and water contamination, limited contaminated soil removal, methane venting as a selective process, and leachate collection.

Mr. Bohn also reported that open areas of rubbish with leaking leachate are visible on site. Wetland areas would be enlarged and expanded, as in other parts of Michigan and Florida, the use of man-made wetlands may be used to treat leachate and this will also create a great buffer for Bald Mountain Road. The buffer will include a 30 foot grade change so the residents on Bald Mountain Road will still see trees as the project will lie below eye level. Mr. Bohn also stated that the planned ingress/egress will be on Lapeer Road and if approved a secondary ingress/egress will be established on the extension of Brown Road.

Mr. McDonald questioned Mr. Bohn on the extension of Brown Road to Dutton Road, Mr. Bohn answered that the extension of Brown Road to Dutton would enhance his salability of the site.

Mr. Bohn stated that Orion Township does not have a Brownfield Redevelopment Authority at this time and may have the County handle the developers request.

Mr. Bohn reported that storm water would cross the site and dump into an on site wetland area, also methane burning for on or off site energy would be an option that they would look into for dispensing.

Mr. Capen questioned Mr. Greve on the time factor of the development of this project, Mr. Greve answered that the project is not a short term project, and as the revolving fund is established by funds from the J.A.R. project and the Manabal project, the Authority would be able to loan funds to this developer to be reimbursed later.

Mr. Bohn reported that this is a stopped landfill not a closed landfill and if Orion Township were to reject their proposal it would not be in their best interest. Orion Township has to follow the same laws for *site plan approval* as other cities and if the site plan is within conformities they should not turn their project down. Mr. Bohn stated this is a win/win situation for both cities.

Mr. Bohn stated that his intent was to have the County, DEQ, and City of Auburn Hills approvals before approaching Orion Township.

Mr. Greve stated that reimbursement costs are only in effect after the Brownfield plan is adopted unless incurred by the Authority. Mr. Greve would like to have a basic plan and be able to amend for recouping costs. Mr. Greve reminded the Authority that the City will only reimburse the developer based on what is received in terms of tax increments so the risk is on the developer.

**Update on Lamppost, LLC Project - M-59 and I-75 Landfill**

Mr. Greve was pleased to announce that the City has been awarded the DEQ grant submitted in September of 1999 for \$1 million. Mr. Greve stated that the grant is to the City making the City responsible for environmental work. This being the case Mr. Greve proposed that the City hire Peerless Environmental to do phase I which will include characterizations of the soil and testing. Mr. Greve also stated that when the work is done by a consultant the report shall state the work is being done for the City of Auburn Hills and Lamppost LLC for reporting reasons, so both entities may use results.

Mr. Greve reported that Phase II will likely be done by the developer which will include the actual site work to address contaminants. Developer will do the work and bill the grant.

The developer has agreed to these proposals expounded by Mr. Greve confirmed Mr. Bohn.

Mr. Greve stated the Authority needs to adopt a basic development agreement and plan agreement, then do Phase I work and see what is needed. Mr. Greve suggested setting another Brownfield Redevelopment Authority meeting in the near future to accomplish these goals. Mr. Greve stated he had received a drafted plan recently.

Mr. Bohn stated that he would like to send a grant agreement to DEQ at the same time so the project can proceed in a timely manner.

Mr. Greve stated that the eligible property must be included in the plan soon but up to \$75,000.00 of prior work expense can be recouped.

Mr. Greve stated that the consultant will derive a work plan for the Authority, DEQ needs to approve this plan before work can begin for every phase of grant work, also DEQ oversees the projected costs on grant funding.

The Authority set a meeting date of November 6, 2000 at 6:00 p.m. to address this matter.

**OTHER BUSINESS**

**A. Approval of Investment Policy -**

Mr. Greve stated that this is a formality to be in compliance with the law and consistent with all other Boards of the City.

Ms. Vettel moved to adopt the investment policy.  
Supported by Mr. McDonald.

**VOTE:** Yes: Capen, McDonald, Vettel.  
No: None.

**Motion carried (3-0)**

**B. Approval of Annual Budget -**

Mr. Greve stated that the budget is easier but not crystal clear, J.A.R. development was included, but others proposed tonight were not included. Mr. Greve reported that Manabal project could produce revenue this year, the grant may all be spent by next year, the DEQ grant was included, \$40,000 of reimbursement expenses were projected, legal fees and consultant services were expensed, also the inclusion of an anticipated cost of \$25,000 for a project at the corner of Auburn and Squirrel Roads which the City intends to enter into a purchase agreement was accounted for contingent on the approval of the Authority to include it in the Brownfield Plan.

In answer to Mr. McDonald's question, Mr. Greve answered the best way to include an easement for a walkway along the river on this anticipated project would be to include it in the local development agreement.

Mr. Greve also stated that under the 2000 project actual expense item #6 for \$9,500.00 was based on taxes collected this year for the J.A.R Project. Mr. Roth will be submitting a bill for reimbursement that is based on tax capture, although Administration fees will be coming out first.

Ms. Vettel moved to adopt the proposed budget contingent on the adoption by City Council.  
Supported by Mr. McDonald.

**VOTE:** Yes: Capen, McDonald, Vettel.  
No: None.

**Motion carried (3-0)**

**ADJOURNMENT**

With no objections Mr. Capen adjourned the meeting at 8:08 p.m.

Respectfully submitted,

Laurie M. Johnson  
Grade 3, General Secretary  
Department of Community Development