



Planning and Economic Development

Sara Roediger, AICP, Director

From: Sara Roediger, Director
To: Brownfield Redevelopment Authority (BRA)
Date: July 8, 2021
Re: Proposed Rochester/Avon Retail Development Brownfield Plan – City File No. 21-007

Attached is the Brownfield Plan submitted by PM Environmental for a site located at the northeast corner of Rochester and Avon Roads, along with a review letter dated July 7, 2021 prepared by Tom Wackerman of ASTI Environmental, the City's environmental consultant. The applicant is requesting support for the Brownfield Plan that will allow the use of tax increment financing for certain specified activities involved in the redevelopment of the site including environmental assessment, vapor barrier design and installation, utility corridor gaskets and barriers, underground storage tank removal, soil and groundwater removal and disposal, predemolition asbestos abatement, building and site demolition, Brownfield Plan preparation, and associated oversight and project management. This site, comprised of three parcels, has a gas station, retail stores and a vacant parcel with a parking lot and is proposed to be redeveloped with a mixed use retail and office building.

The anticipated total estimated investment is \$10 million, with a total job creation estimate of 70 permanent full time jobs and 100 temporary construction jobs. The listed initial taxable value is \$617,020, with an estimated future taxable value of \$1,728,400, based on construction costs and area comps.

The Draft Plan proposed to start capture in 2022 and will require an estimated 21 years for reimbursement to the Developer. The Draft Plan is requesting total reimbursement to the Developer of \$508,553. Capture will be for real property and all personal property incremental taxes. Note that the request is to capture from local taxes only and therefore will not require submittal of a 381 Work Plan to the Michigan Department of Environment, Great Lakes, and Energy (EGLE).

As noted in the City's Brownfield Incentives Policy, "local tax capture for eligible activities will be limited to the proportional share that captured local tax mils have to the total property taxes, even in cases where state tax capture is not approved". However, the Policy also indicates that the "City will consider each application on a case-by-case basis" and any exception to the proportional local tax capture "will be those cases where there is a compelling local interest".

If the BRA determines to limit the reimbursement to the proportional local tax capture of total taxes as outlined in the policy, the amount for reimbursement would be reduced to \$219,046 and would require an estimated 10 years of capture.

As noted in the ASTI memo, while the Policy indicates that the local only capture will be limited to the "the proportional share that captured local tax mils have to the total property taxes" it is more common to limit local only capture to the proportional share that captured local tax mils have to the total capturable property taxes. If the BRA determines to limit the reimbursement to the proportional local tax capture of total capturable taxes, the amount for reimbursement would be reduced to \$238,302 and would require an estimated 10 years of capture.

At this time, the BRA is being asked to determine if the proposed plan meets the intent of the City's Brownfield Program. As noted in Mr. Wackerman's letter, the plan is administratively complete and ready for review by the BRA. Should the BRA choose to recommend that City Council approve the brownfield plan, after a public hearing, the following is a motion for consideration.

MOTION by _____, seconded by _____, in the matter of City File No. 21-007, the Brownfield Redevelopment Authority recommends that City Council approves the Brownfield Plan dated July 6, 2021 for the Rochester/Avon Retail Development, Parcel Nos. 15-14-351-011, -012, and -068 with the following findings and subject to the following conditions:

Findings

1. The submitted plan meets the requirements for a Brownfield Plan under State Act 381 and the City of Rochester Hills.
2. The subject parcels qualify as a “facility” under the terms of Act 381.
3. The submitted plan qualifies for the use of tax increment financing based on the policies and goals of the Brownfield Redevelopment Authority.
4. If implemented, the amount, pay-back period and use of tax increment financing is reasonable for the eligible activities proposed.

Conditions

1. A reimbursement agreement shall be negotiated between the City and the applicant prior to any TIF monies being paid out for eligible activities. The reimbursement agreement and the Brownfield Plan will dictate the total cost of eligible activities subject to payment, provided that the total cost of eligible activities subject to payment or reimbursement under the reimbursement agreement shall not exceed the estimated costs set forth in the Brownfield Plan by more than 15% without requiring an amendment to the Brownfield Plan.
2. That if the extent of due care activities related to the subject site is altered or revised due to a change in the proposed development plans or proposed use of the site, the applicant shall submit for an amended Brownfield Plan to the Brownfield Redevelopment Authority.
3. Items addressed in the letter from ASTI Environmental dated July 7, 2021 as discussed by the Brownfield Redevelopment Authority as follows:
 - a. The applicant provide copies of the September 2019 Phase I ESA for the three properties and the Baseline Environmental Assessment for 945 South Rochester Road to confirm eligibility.
 - b. The RHBRA has determined that the reimbursement from local taxes will be for the full cost of the eligible activities as requested by the Draft Plan (\$508,553).

OR

- b. The RHBRA has determined that the reimbursement from local taxes will be for the proportional share only as permitted by the Policy (\$219,046).

OR

- b. The RHBRA has determined that the reimbursement from local taxes will be for the proportional local tax capture of total capturable taxes (\$238,302).