

MEMO

ASTI Environmental

Date: January 23, 2024

To: Sara Roediger; City of Rochester Hills

CC: Ryan Higuchi, PM Environmental
Dan Christ, City of Rochester Hills

From: Tom Wackerman; ASTI Environmental

Subject: *Review of Reimbursement Request, Rochester/Avalon Retail Development, 945 and 975 South Rochester Road, Rochester Hills, MI (ASTI Project No. 11482-10)*

As requested by the City of Rochester Hills Brownfield Redevelopment Authority (the Authority), ASTI has reviewed all provided documentation regarding a reimbursement request from Rochester Avon Partners, LLC (the Developer) for the project located at 945 and 975 South Rochester Road. The project includes three parcels, 70-15-14-351-012, 70-15-14-351-011, and 70-15-14-351-068, which are considered the Eligible Property. The following documents provided the basis for this review:

1. The Brownfield Plan dated November 2, 2021
2. The Reimbursement Agreement, undated (the Agreement)
3. The Reimbursement Request prepared by PM Environmental, dated January 9, 2024 (the Request)

The purpose of this review is to determine if the Request for the Eligible Property is in compliance with the approved Plan, the Agreement, 1996 PA 381 (Act 381) at the time of the Brownfield Plan approval, the City's cost reimbursement procedures, and generally accepted practices. The following are specific requirements for a request for reimbursement:

- The Agreement requires that the applicant submit copies of invoices and an itemized statement of costs, including a narrative of work completed.
- The Brownfield Incentives Policy for the City indicates that a reimbursement request include invoices and proof of payment organized by category.

This review includes the following attachments.

- Table 1: This is the summary of the individual invoices requested for reimbursement. The line numbers in the first column are sequential and reference the supporting documentation provided with the Request. Line numbers that use the ending "a", "b", or "c" refer to a single invoice that has been allocated to various tasks. The work descriptions are from the Request. The Notes column indicates deficiencies or additional information required for review.



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- Table 2: This is the summary of the total of all reimbursement requests, compared to the approved Plan amounts.

In addition, an annotated copy of the Request has been provided under separate cover. Line numbers for each submittal as listed in Table 1 are included on each document in that annotated copy for reference. That copy is the official submittal of the Request to the Authority for review.

Background

The Eligible Property is the subject of a Brownfield Plan approved on February 7, 2022 (the Plan), and a signed Agreement that is undated. The Plan estimates that eligible costs will be \$508,553.00, and does not include interest as an eligible expense. The Plan estimates that tax increment capture will require 15 years using local only tax capture for the full amount.

However, reimbursement is limited by the Agreement to the proportional share of local tax capture. Based on the Brownfield Plan, the proportional share is 46.86%, so the maximum reimbursement is \$238,307.94, but is listed in the Agreement as \$238,302.00, which is the amount used in this review (the contingency has been adjusted).

Reimbursement Request

The Request is for \$315,083.93 in eligible activity costs. This is the second submittal of the first request for reimbursement received for this project. The first submittal was dated November 17, 2023, followed by a memo of December 7, 2023 to the Developer's consultant requesting additional information. The second submittal was dated January 9, 2024.

All supporting materials requested following the first submittal were provided. Assessment, project management, and preparation of the Plan were conducted prior to approval of the Plan as permitted by Act 381 (Pre-Approved Activities). All other activities were conducted following approval of the Plan, except as noted below.

The Request included a cover letter indicating the amount requested, a narrative summary of the costs included in the Request, a summary table of the individual invoices included in the Request, copies of the invoices (except as noted below) with supporting materials, waivers of lien, and copies of the following documents:

- Invoices submitted to MUSTA
- Phase II Environmental Site Assessment Report
- Asbestos Containing Materials Survey Report
- UST Closure Report

Request Review

Invoices were not provided for the Blue Star costs for demolition. The original cost was \$46,000, with two change orders, which were included in the Request, for a total of \$56,204.50. The Request did



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include an AIA Application and Certificate for Payment, marked as paid with a check number, and a full unconditional waiver.

The following adjustments were made to invoices in the Request, as agreed to by the Developer's consultant.

1. For PM Environmental invoice No. 100625-1 (items 5a, 5b, and 5c in Table 1): Only a portion of this invoice includes eligible costs as indicated on the invoice. There were two issues with this invoice as listed below. Based on these adjustments, the total amount requested in this invoice has been adjusted from \$181,123.31 to \$180,971.31 (a difference of \$152.50).
 - a. The subtotal at the bottom of the invoice is in error because item B-10 was miscalculated (a \$62.50 adjustment).
 - b. The professional service costs on page 1 include time incurred on 1/6/22, prior to the Plan approval. Therefore this time is not an eligible expense and has been removed from the invoice (a \$90 adjustment).

A review of the truck tickets and landfill manifests for the activities included in the Request indicated that all tickets and manifests were provided to support the invoices.

A review of the invoices included in the MUSTA submittal indicated that there were no invoices in the Request that were also included in the MUSTA reimbursement.

The remaining total amount of eligible costs included in the Request are therefore \$314,931.43 as indicated in the Table 1 column titled Invoice Amount Requested. Because reimbursement is limited to local only tax capture at the proportional share, the amount eligible for reimbursement is \$147,576.87.

As indicated on Table 2, the four tasks listed below are each more than 20% overbudget. However, because this is the first request for reimbursement, other task budgets have not yet been expended, and therefore it is not necessary to use the contingency.

2. The Phase I ESA is 180% of the approved budget, or \$937.20 overbudget, because a second Phase I ESA was completed for "Parcel A".
3. Contaminated Soil Transportation and Disposal is 283% of the approved budget, or \$34,340.52 overbudget.
4. Underground Storage Tank Removal is 217% of the approved budget, or \$17,590.34 overbudget.
5. Brownfield Plan Preparation and Implementation is 139% of the approved budget, or \$2,717.00 overbudget.

Recommendation

As part of approving the recommendations provided below, the Authority must consider if documentation using the AIA Application and Certificate and waiver, in the absence of supporting invoices or checks, are sufficient to provide proof of payment for the Blue Star invoices. The Agreement requires proof of payment, but does not specify what constitutes sufficient documentation,



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but traditionally has been considered to be at least invoices and/or checks, and a waiver of lien. Based on the information provided, ASTI recommends that sufficient proof of payment for the Blue Star invoices is provided in this Request.

Based on the above review, assuming that the Blue Star costs are approved, and as illustrated in Tables 1 and 2, **the total amount recommended for approval in this Request is \$147,576.87**. Of the recommended amount, \$0.00 is eligible for reimbursement from state tax capture and \$147,576.87 is eligible for reimbursement from local tax capture only. It is ASTI's opinion that sufficient documentation of proof of payment was provided, and the expenses were authorized under the Plan.

Next Steps

The recommended eligible amount described in this memo can be presented to the Authority for approval. The Authority will need to approve the final amount, after consideration of the following.

1. The Authority must consider if documentation using the AIA Application and the unconditional full waiver, in the absence of supporting invoices or checks, are sufficient to provide proof of payment for the Blue Star invoices.
2. The Authority needs to approve the final amount for reimbursement in this Request, recommended at **\$147,576.87 from local only taxes**.

If you have any questions regarding the information provided in this memo please do not hesitate to contact me at 810.599.5463 or twacker@asti-env.com.



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Table 1. Reimbursement Request Review

City of Rochester Hills
 Property Located At: 945 and 975 South Rochester Road
 Project: Rochester/Avalon Retail Development
 Reimbursement Request For: Rochester Avon Partners, LLC
 Reimbursement Requested By: PM Environmental
 Date of Review: January 18, 2024
 First Request, First Amendment

Date of Brownfield Plan Approval : February 7, 2022
 Date of 381 Work Plan Approval : Not Applicable
 Date of Reimbursement Agreement : Undated
 Date of Reimbursement Request : November 17, 2023
 Supplemental Information Provided : January 9 and 19, 2024

Ref No.	Payee	Description of Work	Date of Invoice	Invoice Reference Number	Other Reference Number	Cancelled Check?	Check No.	Check Date	Signed Affidavit or Waiver of Lien?	Waiver Date	Amount of Invoice	Invoice Amount Requested	Local Only Tax Capture Requested	Potentially Eligible Amount	Ineligible Amount	Total Amount Recommended For Approval	Notes	
Phase I ESA												\$4,500.00	\$4,500.00	\$2,108.70	\$0.00	\$2,391.30	\$2,108.70	
1	PM Environmental	Phase I ESA - 945 and 975 Rochester Road	9/13/19	91403	01-11390-0	No			Full Unconditional Waiver	1/4/24	\$2,500.00	\$2,500.00	\$1,171.50		\$1,328.50	\$1,171.50	Reimbursement limited to local capture only at 46.86%	
8	PM Environmental	Phase I ESA - Paved Parking Lot parcel A	9/25/20	95119	01-12472-0	No			Full Unconditional Waiver	1/4/24	\$2,000.00	\$2,000.00	\$937.20		\$1,062.80	\$937.20	Reimbursement limited to local capture only at 46.86%	
Phase II ESA/BEA/DDCC												\$10,800.00	\$10,800.00	\$5,060.88	\$0.00	\$5,739.12	\$5,060.88	
2	PM Environmental	Phase II ESA	10/30/19	91884	01-11390-0	No			Full Unconditional Waiver	1/4/24	\$10,800.00	\$10,800.00	\$5,060.88		\$5,739.12	\$5,060.88	Reimbursement limited to local capture only at 46.86%	
Hazardous Materials Survey												\$1,805.00	\$1,805.00	\$845.82	\$0.00	\$959.18	\$845.82	
3	PM Environmental	Asbestos Survey	6/10/21	97579	01-11390-0	No			Full Unconditional Waiver	1/4/24	\$1,805.00	\$1,805.00	\$845.82		\$959.18	\$845.82	Reimbursement limited to local capture only at 46.86%	
Vapor Barrier Design												\$6,500.00	\$6,500.00	\$3,045.90	\$0.00	\$3,454.10	\$3,045.90	
4	PM Environmental	Passive Vapor Barrier Design Activities	4/20/23	103829	01-11390-3	No	123	3/9/23	Full Unconditional Waiver	1/4/24	\$6,500.00	\$6,500.00	\$3,045.90		\$3,454.10	\$3,045.90	Reimbursement limited to local capture only at 46.86%. \$6500 prepayment	
Vapor Barrier Installation												\$29,300.00	\$29,300.00	\$13,729.98	\$0.00	\$15,570.02	\$13,729.98	
10	Dixon Incorporated	Vapor Mitigation (B-2)	7/25/23	31300203022		No	29583	11/9/23	Full Unconditional Waiver	11/21/23	\$23,300.00	\$23,300.00	\$10,918.38		\$12,381.62	\$10,918.38	Reimbursement limited to local capture only at 46.86%	
9	PM Environmental	Smoke Testing and Project Management (B-1)	7/27/23	104680	01-11390-3	No			Full Unconditional Waiver	1/4/24	\$6,000.00	\$6,000.00	\$2,811.60		\$3,188.40	\$2,811.60	Reimbursement limited to local capture only at 46.86%	
Contaminated Soil Transport and Disposal												\$181,977.45	\$113,283.23	\$53,084.52	\$0.00	\$60,198.71	\$53,084.52	
5a	PM Environmental	Contaminated Soils Transportation and Disposal (B-3)	6/7/22	100625-1	01-12212-1	No	AMEX Partial	3/28/22	Full Unconditional Waiver	1/4/24	\$181,977.45	\$113,283.23	\$53,084.52		\$60,198.71	\$53,084.52	Reimbursement limited to local capture only at 46.86%. \$20,000 partial payment on AMEX	
Cwater Treatment and Disposal - Groundwater Management												\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Frac Tank Rental - Groundwater Management												\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Utility Corridor Migration Barriers												\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Utility Gasketing												\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Underground Storage Tank Removal												\$5,777.50	\$69,538.08	\$32,585.54	\$0.00	\$36,952.54	\$32,585.54	
5b	PM Environmental	UST removal oversight and sampling (B-10)	6/7/22	100625-1	01-12212-1	No			Full Unconditional Waiver	1/4/24	(see above 5a)	\$18,934.63	\$8,872.77		\$10,061.86	\$8,872.77	Reimbursement limited to local capture only at 46.86%. Error in calculating subtotal. Also, \$90 credit for work before Brownfield Plan approval	
5c	PM Environmental	Tank Removal - Parks Installation (B-9)	6/7/22	100625-1	01-12212-1	No			Full Unconditional Waiver	1/4/24	(see above 5a)	\$48,753.45	\$22,845.87		\$25,907.58	\$22,845.87	Reimbursement limited to local capture only at 46.86%	
6a	PM Environmental	UST removal oversight and sampling (B-10)	6/21/22	101106	01-12212-1	No			Full Unconditional Waiver	1/4/24	\$5,777.50	\$1,850.00	\$866.91		\$983.09	\$866.91	Reimbursement limited to local capture only at 46.86%	
Oversight, Sampling and Reporting by Environmental Professional												\$0.00	\$2,202.50	\$1,032.09	\$0.00	\$1,170.41	\$1,032.09	
6b	PM Environmental	Excavation Oversight and Sampling	6/21/22	101106	01-12212-1	No			Full Unconditional Waiver	1/4/24	(see above 6a)	\$2,202.50	\$1,032.09		\$1,170.41	\$1,032.09	Reimbursement limited to local capture only at 46.86%	
Building Demolition Activities												\$56,204.50	\$56,204.50	\$26,337.43	\$0.00	\$29,867.07	\$26,337.43	
11a	Blue Star, Inc	Building Demolition		Not provided		No	28769	7/7/22	Full Unconditional Waiver	7/19/22	\$46,000.00	\$46,000.00	\$21,555.60		\$24,444.40	\$21,555.60	Reimbursement limited to local capture only at 46.86%. AIA Application and Certification of Payment, application 22-08800003 for period to 5/31/22 is only document provided.	
11b	Blue Star, Inc	Cut and Cap Water and Sewer		Not provided		No	28769	7/7/22	Full Unconditional Waiver	7/19/22	\$10,204.50	\$10,204.50	\$4,781.83		\$5,422.67	\$4,781.83	Reimbursement limited to local capture only at 46.86%. AIA Application and Certification of Payment, application 22-08800003 for period to 5/31/22 is only document provided.	
Site Demolition Activities												\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Asbestos Abatement												\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Brownfield Plan Preparation and Implementation												\$20,798.12	\$20,798.12	\$9,746.00	\$0.00	\$11,052.12	\$9,746.00	
7	PM Environmental	Brownfield Plan Preparation	2/8/22	99868-1	01-11390-0	No			Full Unconditional Waiver	1/4/24	\$14,298.12	\$14,298.12	\$6,700.10		\$7,598.02	\$6,700.10	Reimbursement limited to local capture only at 46.86%	
12	PM Environmental	Retainer Requirement (for Brownfield Plan Implementation per application)	6/1/23	RT-104199	01-11390-0	No			Full Unconditional Waiver	1/4/24	\$6,500.00	\$6,500.00	\$3,045.90		\$3,454.10	\$3,045.90	Per email from applicants' consultant, this is not associated with retainer for invoice 01-11390-3 (#4 above).	
Interest (5% max)																\$0.00		
Contingency (at 15%)																\$0.00		

Table 2. Summary of Reimbursement Requests

City of Rochester Hills
Property Located At: 945 and 975 South Rochester Road
Project: Rochester/Avalon Retail Development
Reimbursement Request For: Rochester Avon Partners, LLC

Date of Brownfield Plan Approval: February 7, 2022
 Date of 381 Work Plan Approval: Not Applicable
 Date of Reimbursement Agreement: Undated

Tasks	Plan Approvals		Reimbursement		Balance Remaining from Brownfield Plan	Percent Expended
	Brownfield Plan	Brownfield Plan (proportional share only)	Request #1 Recommended	Total Recommended PTD		
Phase I ESA	\$ 2,500	\$ 1,172	\$ 2,108.70	\$ 2,108.70	(\$937.20)	180%
Phase II ESA/BEA/DDCC	\$ 10,800	\$ 5,061	\$ 5,060.88	\$ 5,060.88	\$0.00	100%
Hazardous Materials Survey	\$ 2,025	\$ 949	\$ 845.82	\$ 845.82	\$103.09	89%
Vapor Barrier Design	\$ 20,000	\$ 9,372	\$ 3,045.90	\$ 3,045.90	\$6,326.10	33%
Vapor Barrier Installation	\$ 60,100	\$ 28,163	\$ 13,729.98	\$ 13,729.98	\$14,432.88	49%
Contaminated Soil Transport and Disposal	\$ 40,000	\$ 18,744	\$ 53,084.52	\$ 53,084.52	(\$34,340.52)	283%
Cwater Treatment and Disposal - Groundwater Management	\$ 20,000	\$ 9,372	\$ -	\$ -	\$9,372.00	0%
Frac Tank Rental - Groundwater Management	\$ 5,250	\$ 2,460	\$ -	\$ -	\$2,460.15	0%
Utility Corridor Migration Barriers	\$ 5,000	\$ 2,343	\$ -	\$ -	\$2,343.00	0%
Utility Gasketing	\$ 15,000	\$ 7,029	\$ -	\$ -	\$7,029.00	0%
Underground Storage Tank Removal	\$ 32,000	\$ 14,995	\$ 32,585.54	\$ 32,585.54	(\$17,590.34)	217%
Oversight, Sampling and Reporting by Environmental Professional	\$ 78,500	\$ 36,785	\$ 1,032.09	\$ 1,032.09	\$35,753.01	3%
Building Demolition Activities	\$ 60,000	\$ 28,116	\$ 26,337.43	\$ 26,337.43	\$1,778.57	94%
Site Demolition Activities	\$ 60,000	\$ 28,116	\$ -	\$ -	\$28,116.00	0%
Asbestos Abatement	\$ 20,000	\$ 9,372	\$ -	\$ -	\$9,372.00	0%
Brownfield Plan Preparation and Implementation	\$ 15,000	\$ 7,029	\$ 9,746.00	\$ 9,746.00	(\$2,717.00)	139%
Subtotal	\$ 446,175	\$ 209,078	\$ 147,576.87	\$ 147,576.87	\$61,500.74	71%
Contingency (adjusted for RA)	\$ 62,378	\$ 29,225	\$ -	\$ -	\$29,224.53	0%
Subtotal with Contingency	\$ 508,553	\$ 238,302	\$ 147,576.87	\$ 147,576.87	\$90,725.27	62%
Total Above	\$ 508,553	\$ 238,302	\$ 147,576.87	\$ 147,576.87	\$90,725.27	62%

Notes