



Planning and Economic Development
Sara Roediger, AICP, Director

From: Sara Roediger, Director
To: Brownfield Redevelopment Authority (BRA)
Date: April 3, 2018
Re: Legacy Rochester Hills Brownfield Plan (Plan) – City File No. 17-043

The BRA approved a Plan for Legacy of Rochester Hills located at the northeast corner of Hamlin and Adams Roads, on March 6, 2018. After further review of the Plan it was determined that there were some deficiencies identified and additional information was needed for review as specified in the City's Brownfield Incentives Policy which included an updated five year Internal Rate of Return (IRR) for the project and an explanation by the applicant for the need for the interest to cover a financing gap for the project.

These documents have been reviewed by staff and by Tom Wackerman of ASTI Environmental, the City's environmental consultant, please refer to his updated memo dated April 2, 2018. The City's Assessing and Treasury/Finance Departments are reviewing in detail the IRR and Tax Increment Revenue Estimates (Table #2 of the BRA) to confirm the figures and will be at the BRA meeting to discuss.

In addition to these supplemental documents, the applicant has submitted a draft Act 381 Work Plan, which has also been reviewed by ASTI Environmental. Once the City considers the 381 Work Plan to be administratively complete and consistent with the Plan and Amended Consent Judgment, the City will submit the 381 Work Plan to the MDEQ for review and approval.

At this time, the BRA is being asked to determine if the proposed plan meets the intent of the City's Brownfield Program, specifically to determine if the:

1. IRR evaluation supports the need for the incentive.
2. Project requires interest capture to succeed, and if so, at what amount and interest rate.

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. 17-043, the Brownfield Redevelopment Authority recommends that City Council approves the Brownfield Plan dated February 20, 2018 for Legacy of Rochester Hills, Parcel Nos. 15-29-101-022 and -023 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.
5. The submitted Internal Rate of Return (IRR) evaluation supports the need for the requested incentive.
6. The applicant has demonstrated that the proposed project requires a 5% interest capture to succeed.
7. The extreme circumstances associated with this site's history and the desire of the City to use this site for residential purposes have increased the cost of environmental cleanup. Therefore, the City finds that the requested interest cost is considered an eligible and appropriate activity in this case.

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 to be addressed in the memos from ASTI Environmental dated April 2, 2018 and February 27, 2018 as discussed by the Brownfield Redevelopment Authority.