

Memorandum

TO: Rochester Hills Brownfield Redevelopment Authority (RHBRA)

FROM: Samantha Seimer, Vice President Economic Development Services, AKT Peerless
Stan Jakse, Construction & Development Manager, Goldberg Companies, Inc.

DATE: February 8, 2021

SUBJECT: Legacy Rochester Hills Redevelopment Project
Northeast Corner of Hamlin and Adams Roads, Rochester Hills, Michigan
Act 381 Work Plan Amendment #1

Introduction & History

The Legacy Rochester Hills Redevelopment (Project) Brownfield Plan was approved by the City of Rochester Hills on April 23, 2018. The Brownfield Plan included a total of \$9,619,587 of eligible activities and contingency, not including payments: (a) to the RHBRA for administration; (b) into the State revolving fund; and (c) into a local brownfield revolving fund. Additionally, 5% simple interest was approved.

The Michigan Department of Environmental, Great Lakes and Energy (EGLE) (formerly the Michigan Department of Environmental Quality) approved the Act 381 Work Plan on June 14, 2018 for a total of \$9,584,996 of eligible activities and contingency, as well as 5% simple interest. Of that approved amount, \$1,248,000 was conditionally approved only to be used for sub-slab venting systems for new construction and passive methane venting systems, if needed. EGLE's approval represented a difference of \$1,282,591 in eligible activities from the Brownfield Plan. This requested Amendment is to restore the conditionally approved amount (which was not needed at the project) and the remaining amount not approved by EGLE to pay for additional expenses incurred conducting the work that was approved by the BRA, City Council and EGLE.

The Reimbursement Agreement was executed on April 23, 2018 and included a maximum eligible activity costs and interest total of \$14,201,575 to be reimbursed over twenty-four (24) years after the completion of the development. Eligible activity costs and contingency total \$9,619,587 and interest totals \$4,581,988.

The Developer has made significant progress with the Project completing nearly 70% of eligible activities approved in the Brownfield Plan. Overall, the eligible activity scope of the Project has not changed, however the eligible activity cost has increased, due, in part, to removing more contaminated soil originally estimated in the Act 381 Work Plan and changes in the methodology of constructing the slurry wall on the eastern parcel. The Developer has conducted a cost accounting analysis of all activities completed to date and the estimated cost of the remaining activities. This cost accounting has identified the need to request an amendment to the Act 381 Work Plan to increase the EGLE approval amount to \$9,619,587. The proposed Amendment does not: (A) increase the amount of local taxes to be captured from what was previously approved; (B) extend the maximum 24 year capture period previously approved and agreed to.

Eligible Activities through December 31, 2020

Eligible activities expenses of \$4,322,816.85 have been submitted and approved by the RHBRA in reimbursement requests #1 and #2. Reimbursement request #3 is expected to be submitted following the Act 381 Work Plan amendment request in the estimated amount of \$2,218,217.09.

Reimbursement requests #1-3 represent approximately \$6,541,000 of completed eligible activities. Due to actual site conditions, these costs reflect the removal of 114,756 tons (76,504 cubic yards) of contaminated soil, which is 14% more than the amount estimated in the approved Act 381 Work Plan. The total of 136,124 tons (90,750 cubic yards) of backfill was utilized, representing a 17% increase in cost from the approved Act 381 Work Plan.

Act 381 Work Plan Amendment #1

As mentioned above, EGLE conditionally approved \$1,248,000 of eligible activities for sub-slab venting systems for new construction and passive methane venting systems. In November 2018, following the excavation and backfilling of Areas A, B, C, D and F, AKT Peerless conducted a post-remedial soil gas assessment. The pre-remediation and post-remediation sampling confirmed that soil gas did not indicate any constituents of concern and so, sub-slab venting systems for new construction were not necessary. As you will recall, the property had been split into two parcels A (the development parcel) and B (the park parcel). The No Further Action (NFA) approved by EGLE on June 27, 2019, for Parcel A, reflected that it was suitable for residential development with no restrictions and included the results of the soil gas assessment and confirmed the conclusions reached by AKT Peerless.

The Developer's Act 381 Work Plan Amendment #1 requests that the conditionally approved eligible activity amount be allocated to the increased costs of eligible activities and that the EGLE-approved costs of eligible activities be increased to match the amount approved by the City in 2018. Amendment #1 will not increase the maximum eligible activity amount nor extend the period of capture beyond the approved 24 year maximum approved in the Brownfield Plan and Reimbursement Agreement.

Remaining Eligible Activities

The remaining eligible activities to be completed include the following:

- Installation of the slurry wall
- Installation of the liner and cap over the former landfill (inclusive of a passive methane venting system)
- Environmental oversight
- Project management
- Documentation of Due Care Compliance report; and
- Long term operation and maintenance of the engineering controls

Act 381 Work Plan Summary of Changes

The Development Team has updated the approved Act 381 Work Plan to accomplish the following tasks:

- Adjust the submitted Act 381 Work Plan to match the approved eligible activities outlined in the EGLE Act 381 Work Plan approval letter dated June 14, 2018.
- Update all eligible activity cost line items with costs and soil removal quantities completed through December 31, 2020, which will be included in reimbursement request #3.

- Update all eligible activity costs and soil removal numbers completed in January 2021, which will be included in reimbursement request #4.
- Update all eligible activity cost for remaining activities to be completed by December 31, 2021.
- Revise operation and maintenance activities completed after December 31, 2021.

The Development Team's goal is to ensure all changes are easily understood, properly explained, and appropriately organized. All changes have been shown in Table 1 Eligible Activity Cost Summary, the text of the Act 381 Work Plan and summarized below in this memo.

Several changes have been made to the Act 381 Work Plan as reflected in the attached redline draft. Most of these changes are intended to reflect current information regarding work done (and in many cases simply reflect the change in MDEQ to EGLE). Substantively, we direct your attention to the following sections where we summarize the changes below:

3.1.1.4 Soil Remediation Activities

This section updates the total amount of soil removed, which was anticipated to be 66,853 Yd³ of contaminated soil. As of January 31, 2021, a total of 114,755.73 tons or 76,503.82 Yd³ of contaminated soil has been removed from the site. An additional 40,000 tons of backfill was projected to be needed to return excavated areas to grade. Based on current estimates, this has been revised down to 9,000 tons of backfill. This cost savings was most likely achieved by less topsoil being present at the site than estimated.

3.1.1.5 Hot Spot Removal

This section summarizes the amount contaminated soil removed and summarizes the NFA for Parcel A. Parcel A does not require the installation of vapor mitigation systems as previously proposed, if needed.

3.1.1.7 Engineering Controls – Former Landfill Area

This section describes the design and installation of the slurry wall, as well as the liner and cap over the former landfill. Also refer to Appendix E for the depths of the slurry wall.

4.2 Estimated Costs

This section includes the addition of a table which outlines all line item changes in eligible activity costs

Conclusion

The Developer is requesting the Act 381 Work Plan Amendment #1 be considered by the RHBRA. Amendment #1 will not increase the maximum eligible activity amount nor extend the period of capture beyond the approved 24 year maximum approved in the Brownfield Plan and Reimbursement Agreement.

Once the Act 381 Work Plan Amendment #1 is approved by the RHBRA, it will be transmitted to EGLE for final review and approval.

Attachment A
Eligible Activities Cost Change Summary from June 14,
2018 EGLE Approval

Proposed Eligible Activity	2018 EGLE Conditional	2018 EGLE Approved	Amendment #1	Change
EGLE Approved Activities				
Due Care Compliance Activities (soil and groundwater management, engineering controls, etc.)	\$ 1,248,000	\$ 6,215,388	\$ 8,498,677	\$2,283,289
Response Activities		\$ 680,000	\$ 530,000	\$ (150,000)
Environmental Insurance		\$ -	\$ -	\$ -
15% Contingency**		\$ 1,226,008	\$ 376,169	\$ (849,839)
TOTAL EGLE approved Eligible Activities		\$ 8,121,396	\$ 9,404,846	\$1,283,450
Predevelopment/Preapproved Activities				
Baseline Environmental Assessment		\$ 20,600	\$ 16,027	\$ (4,574)
Site Investigation Activities		\$ 120,000	\$ 93,983	\$ (26,017)
Pre-demo/asbestos/lead/mold surveys		\$ -	\$ -	\$ -
Preparation of Due Care Compliance		\$ 30,000	\$ 44,731	\$ 14,731
Brownfield Plan / Work Plan Preparation and Implementation		\$ 45,000	\$ 60,000	\$ 15,000
TOTAL Predevelopment/Pre approved Activities		\$ 215,600	\$ 214,741	\$ (859)
TOTAL EGLE & Predevelopment Activities	\$ 1,248,000	\$ 8,336,996	\$ 9,619,587	\$1,282,591

* Response activity decrease due to decrease in backfill

**Contingency in Approval Letter for Act 381 Work Plan 6/14/2018; new contingency amount only applies to outstanding activities including: Project Management, O & M Plan, Import of Clean Fill for Land Balancing, Installation of the Slurry Wall, and the Installation of Cap and Liner

Attachment B

Act 381 Work Plan Amendment #1 - Eligible Activities Cost Summary Table 1

Table 1. Eligible Activities

Legacy Rochester Hills

Rochester Hills, MI

AKT Peerless Project No. 3679F6

As of February 8, 2021

ELIGIBLE ACTIVITIES COST SUMMARY				
				Estimated Cost of Eligible Activity
				Current
Department Specific Activities				\$ 9,183,418
15% Contingency on Eligible Activities				\$ 376,169
Brownfield Plan & Act 381 WP Preparation Activities				\$ 60,000
Total Eligible Activities Cost with 15% Contingency				\$ 9,619,587
Interest (calculated at 5%, simple)				\$ 4,581,988
Total Eligible Activities Cost, with Contingency & Interest				\$ 14,201,575
BRA Administration Fee				\$ 240,000
State Revolving Fund				\$ 1,214,897
Local Brownfield Revolving Fund (LBRF)				\$ 2,014,823
Total Eligible Costs for Reimbursement				\$ 17,671,295

ELIGIBLE ACTIVITIES COST DETAIL				
	# of Units	Unit Type	Cost/Unit	Est. Total Cost
Department Specific Activities				
Phase I	2	LS	\$ 2,725	\$ 5,450
BEA	2	LS	\$ 5,288	\$ 10,577
Supplemental Subsurface Investigation	1	LS	\$ 93,983	\$ 93,983
Project Management, Administration, and Consulting Support	1	LS	\$ 81,135	\$ 81,135
HASP	1	LS	\$ 3,088	\$ 3,088
Parcel A & B - Soil/Waste Removal				
Excavation, Transportation & Disposal	76,504	YD	\$ 39	\$ 3,002,474
Backfill	90,750	YD	\$ 22	\$ 1,974,595
Laboratory Costs and Verification Sampling	1	LS	\$ 214,892	\$ 214,892
Environmental Management/Oversight	1	LS	\$ 636,267	\$ 636,267
Parcel A / B - Removal and Disposal of PCB Impacted Soils	1	LS	\$ 61,950	\$ 61,950
O&M Plan - Parcel B	24	Yr	\$ 30,000	\$ 720,000
Import Clean Fill for Land Balancing	9,000	TON	\$ 17	\$ 150,000
Installation Slurry Wall 20'-43'	1	LS	\$ 1,171,159	\$ 1,171,159
Installation of Liner and Cap over former landfill	1	LS	\$ 680,510	\$ 680,510
Temporary Site Control & Erosion Control	1	LS	\$ 138,200	\$ 138,200
Dewatering	1	LS	\$ 149,407	\$ 149,407
Closeout Reporting (East Parcel) & Documentation of Due Care Compliance	1	LS	\$ 45,000	\$ 45,000
NFA Due Care Plan	1	LS	\$ 44,731	\$ 44,731
			subtotal	\$ 9,183,418
Brownfield Plan & Act 381 Work Plan Preparation				
BRA Application Fee and Administration Fee				
Brownfield Plan	1	LS	\$ 15,000	\$ 15,000
Act 381 Work Plan	1	LS	\$ 15,000	\$ 15,000
Cost Tracking & Compliance	1	LS	\$ 30,000	\$ 30,000
			subtotal	\$ 60,000