



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

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Legislative File No: 2006-0707

TO: Mayor and City Council Members
FROM: Ed Anzek, Planning and Development (248) 656-4660
DATE: November 10, 2006
SUBJECT: Hamlin Adams Brownfield City File #03-013

ADDITIONAL INFORMATION:

Based on the November 8, 2006 City Council Workshop meeting, the following issues were identified for determination.

Interest:

- Council should determine at this time if interest is to be considered an eligible activity and reimbursed under the Plan. The Plan is currently structured to allow interest as a reimbursable item only if the State approves it for school tax capture. Council would determine the rate of interest in the Reimbursement Agreement. Reimbursement of interest is at Council's discretion. If it's decided not to approve interest, the language in the Plan shall be revised prior to it being forwarded to the State.

Revolving Fund:

- The Plan is currently structured to allow the City the option of capturing up to 100% of the TIF from the site for five years after all eligible activities are paid back for deposit into a Local Revolving Fund. Council discussed the option of additionally capturing 10% of the available TIF per year for deposit into the fund. This would provide seed money to the fund from the project sooner but may have the affect of extending the payback period. If Council chooses to capture a percentage per year for the fund, the language in Section 3.12 shall be changed to reflect the capture prior to submittal to the State for review.

TIF Capture:

- The Consent Judgment provides Council the option to capture only 75% of the TIF generated from the project. The remaining 25% would go to the normal taxing jurisdictions. If Council decides to capture less than 100% of the TIF, the language in the Consent regarding repayment to the developer within seven years of build out becomes relevant. If the City chooses to collect less than 100% of the available TIF from the site, then the Consent obligates the City to pay back the developer within the seven year time frame as defined. Based on the estimates in the Plan, and if the remediation costs are equal to what is outlined in the Plan, there is the potential that by capturing only 75% of the TIF the pay back period could extend past the seven year mark.

The above described options will have an impact on the length of time required to pay back the proposed eligible activities. All of the numbers identified in the Plan are estimates. Any amount of TIF not collected or deposited in the Revolving Fund has the potential to extend the pay back period and lengthen the time until all taxing jurisdictions receive the full increased value of the site. By collecting less than 100% of the TIF, a certain amount of the increase will move to the taxing jurisdictions on an annual basis. However, as identified in the Consent, the City is then required to insure all eligible activities are reimbursed within seven years of build out of the site. If money is captured for the Revolving Fund, there is no immediate increase to the taxing jurisdictions but the City will start to amass seed money for other potential projects.

Staff, in addition to the conditions of the Brownfield Authority Approval, has included several potential conditions for Council to consider regarding identified issues.

Also, attached is a memo from the City Assessing Department dated November 9, 2006 that includes tables demonstrating the options related to altering the percentage of yearly TIF capture and /or depositing money into a Local Revolving Fund.

REQUEST:

Approval of the proposed Brownfield Redevelopment Plan for the Hamlin Adams site. The BRA Plan has been approved by the City's Brownfield Redevelopment Authority. The Brownfield Authority has also accepted the initial 381 Work Plan for submittal to the DEQ conditioned on the approval of the BRA plan by City Council.

BACKGROUND:

The applicant is requesting approval of a Brownfield Redevelopment Plan for the capture and utilization of tax increment revenue generated by the proposed development. The Brownfield Authority previously approved a plan for the site; however, that plan was never reviewed or approved by City Council. The approval by the Brownfield Authority of the previous plan was conditioned on resolving issues pertaining to the zoning of the property and the proposed land uses identified in the plan. The applicant and City Council have now resolved those issues through a Consent Judgment (please refer to the Consent Judgment included as an attachment to the 381 Work Plan).

The Brownfield Plan, as submitted, is consistent with the Consent Judgment. The plan proposes \$4,590,000 in eligible activities; 168,000 square feet of office and retail development, with \$19,300,000 of overall investment in the development. The plan estimates generating enough TIF to repay eligible activities in the 15th year of the plan. However, the Consent Agreement does afford the City the opportunity to capture only 75% of the TIF and allow 25% to continue to move to the normal taxing jurisdictions. If Council determines to capture only 75% of the total TIF, it will extend the payback period of the Plan approximately 4 years.

The applicant is proposing, and both Staff and the DEQ have agreed, that the 381 Work Plans for the site should be phased. Each Work Plan shall require acceptance by the Brownfield Authority prior to submittal to the DEQ. Included with this submittal is an initial 381 Work Plan outlining additional investigation proposed for the site. The investigation will be conducted to determine what will be required for full remediation of the site as identified in the Consent Judgment. Staff and the City's Environmental Consultant will review each version of the 381 Plan prior to any recommendation to the Brownfield Authority.

Please refer to the attached Brownfield Authority Staff Report (dated September 21, 2006) for full review comments regarding the Plans.

RECOMMENDATION:

Subject to conditions and City Council determination regarding the above identified issues Staff recommends approval of the proposed Plan.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		