

MEMO

ASTI Environmental

Date: February 23, 2024

To: City of Rochester Hills City Council

Sara Roediger, City of Rochester Hills

From: Tom Wackerman

Subject: Proposed Grant Funding for the 1406 East Avon Road Project, Rochester Hills, MI (#12980-1)

United Tech Construction, LLC (the Applicant) is submitting an application for \$9,739,925 to conduct investigations and waste removal at the above location, using the City of Rochester Hills (the City) Restoration and Remediation Grant (the Grant). The application includes the following costs.

Requested Grant Amount

Task 1	Environmental Assessments and Monitoring	\$ 179,000
Task 2	Remediation, Remedial Actions, Response and Removal Actions	\$ 8,290,000
Task 3	Engineered Controls	\$ -
Task 4	EGLE Signs	\$ 500
Task 8	Contingency	\$ 1,270,425
	Total Above	\$ 9,739,925

Because this application includes remediation, it is being presented to City Council for review and approval. A copy of the application is attached to this memo.

Background

The Grant was awarded from the Michigan Department of Environment, Great Lakes and Energy (EGLE) to the City on September 29, 2023. The Grant provides funding to assist developers with the extra-ordinary costs of assessing and remediating impaired properties in designated areas of the City. Eligible costs are limited by, and defined in, the legislation authorizing the Grant, and the assumption is that any applicant may use the Grant in conjunction with other brownfield financing tools. One of the key objectives of the Grant is to provide substantive improvements in reducing historical threats to public health or the environment in the designated areas.

The City established procedures for submitting an application and developed criteria for application review and approval. Please see the documents *Restoration and Remediation Subgrant Policies and Procedures* and *Restoration and Remediation Grant Application* for more information. In summary, the process of obtaining Grant funding requires the following steps.

1. An administratively complete application must be submitted. If the application is for assessment only, it can be approved by the City Grant Coordinator. If the application includes remediation or engineered controls, it must be submitted to City Council for review and approval.
2. Approval of the application does not approve funding for the project. Approval of the application only reserves a not-to-exceed amount subject to future approvals. Funding approval is limited to two years.
3. The Applicant must sign a Subgrant Agreement and provide property access to the City and EGLE.
4. Grant funding is approved based on individual Work Plans submitted to the City and EGLE. These Work Plans are completed sequentially for each stage of the project as information about the property and the project is developed.
5. For all applications except assessment, the applicant will be required to proceed in good faith through the City required site review process before a Work Plan for remediation or engineered controls will be approved.
6. This is a reimbursement program, with requests for reimbursement submitted quarterly by the applicant. Requests for reimbursement are reviewed by the City and EGLE to assure compliance with City Policies, the Work Plans, the Subgrant Agreement, the Grant, Part 201 of Act 451 and Act 381.

The Application

This application is for two parcels (15-24-100-050 and 15-24-100-021) for a total of 33.2 acres and commonly known as the Highland Park Woodfill (the Subject Property). The application is for assessment and remediation, and all of the task categories as described are eligible expenses under the Grant. The parcels are a former landfill, and are located within Landfill Area A. The Subject Property is therefore eligible, and the requested tasks are also eligible, although individual requested reimbursements will be subject to review.

The Subject Property was used for disposal of wood and other organic materials. However, investigations to date have identified other fill and waste materials. Soil impacts above the generic residential clean-up criteria for direct contact include arsenic, lead, cyanide, benzo(a)pyrene, and benzo(b)fluoranthene. Soil impacts above the vapor screening criteria include methane, mercury, phenanthrene, tetrachloroethene, naphthalene, trichloroethene, and arsenic. The Subject Property includes an open drain (Honeywell Ditch).

The proposed project is for the new construction of 196 residential units. The application provides two scenarios: for sale and rental. The project is still in the conceptual stage, so a final site plan is not available, however a conceptual plan is included in the application. At this time, it is unclear if the Applicant will be using other brownfield financing tools.

Remediation is proposed to include removal of fill and organic materials. However, based on investigations to date and the conceptual nature of the site plans, it is not clear how much of the existing fill and organic material will be removed, or whether the project will require engineered controls. Although discussed during the preliminary meeting, it is not clear if the Applicant will be remediating to unrestricted residential closure and requesting a No Further Action determination from EGLE, or will remediate to restricted residential closure.



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The application was reviewed by the City's Advisory Committee on February 12, 2024 and was determined to be administratively complete. The application was ranked, using the criteria developed by the committee, and was determined to support all four of the Grant goals, and to exceed the minimum threshold for the Evaluation Criteria. The committee recommended submittal to council with the following conditions:

1. The Applicant provide proof of financial ability to complete the project. The applicant has provided a letter stating that a Pre-Approval Line of Credit has been secured through Avalon Consulting Group.

EGLE Policies

A policy being developed by EGLE could prohibit or greatly restrict the development of residential on properties where any methane has been detected. Although the final policy is not complete, it appears that for-sale residential will likely be prohibited. It is less clear if rental properties will be prohibited, or will require specific engineered controls. One option recommended by EGLE is the removal of all methane generating materials and if methane is still migrating on to a property, the installation of appropriate perimeter gas collection systems.

Methane has been detected on the Subject Property, and because the fill materials are generally organic (wood) and an assumed source of methane, this property is probably not eligible for construction of for sale residential under current EGLE thinking, unless all methane generating materials are removed. The extent of removal of methane generating materials for other uses will be dependent on site-specific conditions such as type of waste and methane distribution, and at the discretion of EGLE.

Therefore, additional discussions with EGLE will be necessary to determine the extent of fill and waste material removal required for residential development on the Subject Property, and therefore the final cost of remediation. Those discussions will require a more extensive investigation of methane and methane generating materials. The Applicant has been encouraged to include that study in the assessment Work Plan.

Recommendation

Because approval of the application only reserves a not-to-exceed grant amount for the project, the recommendation is to approve the application for two years, with the condition that the environmental assessment must be completed within 15 months if the City finds that sufficient proof of financial ability has been provided by the Applicant. This will permit the Applicant to prepare a Work Plan for assessment.

Other redevelopment issues, such as the open drain, elevation changes, existing woodland, and final closure requirements will be subject to EGLE's review of the data and the City's site plan review process before consideration of a Work Plan for remediation or engineered controls. Because the site plan and corresponding extent and cost of remediation or engineered controls is not known at this time, it is recommended that the Work Plan for remediation or engineered controls be submitted to City Council for review following site plan review.



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