

**CITY OF ROCHESTER HILLS  
REGULAR BROWNFIELD REDEVELOPMENT AUTHORITY MEETING  
Thursday September 18, 2003**

**MINUTES of the ROCHESTER HILLS BROWNFIELD REDEVELOPMENT AUTHORITY MEETING** held at the City Municipal Building, 1700 West Hamlin Road, Rochester Hills 48309, Oakland County, Michigan.

**1. CALL TO ORDER**

The meeting was called to order by Chairperson Ferrera at 7:00 p.m.

**2. ROLL CALL:**

Present: Chairperson Gene Ferrera, Directors Greg Hooper, George Karas, Thomas Stevenson, Mark Waltherhouse, and Suzanne White

**Quorum present**

Absent: Director Gerald Robbins

Also Present: Derek Delacourt, Planner  
Kurt Dawson, Treasurer/Assessor  
Jill Ferrari Esq., ASTI  
Janice Dearing, Recording Secretary

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**3. MINUTES FOR APPROVAL:**

Regular Meeting of May 22, 2003

**MOTION** by Mr. Hooper, seconded by Ms. White, that the Minutes of the Rochester Hills Brownfield Redevelopment Authority dated May 22, 2003 be approved as presented.

Ayes: All  
Nays: None  
Absent: Robbins

**MOTION CARRIED**

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**4. NEW BUSINESS**

**4a. Holiday Village Square File 98-047.2**

Location: The site is located on the southeast corner of Rochester and Tienken, identified as Parcel Numbers 15-11-101-027, 15-11-101-029, and 15-11-101-030, zoned Office Research and Technology (ORT).

Request: Single Business Tax Credit (SBT)

Applicant: Frank Aragona Trust and Tienken Properties LLC  
37020 Garfield, Suite T-1  
Clinton Twp., Michigan 48036

Chairperson Ferrera asked the Applicants to introduce themselves to the members of the Board. Present for the Applicant were Paul Aragona, Aragona Properties, Co-Developer of the project; Tony Kashat, AKT Peerless Environmental Services, Environmental Consultant and Project Manager, 22725 Orchard Lake Road, Farmington, Michigan; Jim Linton, AKT Peerless Environmental Services, 105 E. Michigan Ave., Jackson, Michigan; and Paul Henderson, Co-Developer, Tienken Partners LLC, 24400 Jefferson, St. Clair Shores, Michigan.

Chairperson Ferrera asked Mr. Delacourt to give the Staff presentation for the project. Mr. Delacourt explained those present for the Applicant were representing both of the projects listed on the agenda and that each Board Member should have a copy of the Staff Report, review letters, and the plan for each project. The first development is one the

City has been reviewing as a Planning Project for quite some time. The site is a known facility. The Developers have submitted a BRA plan for Single Business Tax Credit (SBT) only; they are not requesting any Tax Incremental Financing (TIF). The plan as submitted meets all the requirements of Act 381. He referenced the Staff memo in the Board Members' packet, which recommended withholding action on this project tonight until additional information could be supplied for Staff review. After that memo was written the Applicant supplied a draft Due Care Plan with cost estimates related to the project, a copy of which the Board Members also have in front of them. That was exactly the information Staff had been looking for. Both Staff and ASTI have reviewed it and found it to be in order. Therefore Staff has changed its recommendation and now recommends the Board approve the SBT plan without additional conditions. It is strictly a plan to allow them to move forward to the State to request the SBT credit they are eligible for based on being a facility and a Brownfield in this city. Based on the information submitted by the applicants, and after any questions the Board may have, Staff would recommend the Board approve the plan, unless there are concerns the Board wished to address.

Chairperson Ferrera then asked the Applicants to speak to the Board and describe the development.

Mr. Linton stated it is a 107,000 square foot retail development at the corner of Rochester and Tienken Roads. They are in the process of having the project reviewed by the City for Site Plan approval. He described it as a community center to serve local residents, which would not have a regional impact. He felt it would not draw from a 20 to 30 mile radius, but would have a radius of influence of three to five miles around the project site. The corner is an old industrial facility in very poor shape, physically obsolete and energy inefficient. The bills this winter were running \$20,000 to heat it to minimal levels. They hope to develop it as a lifestyle concept applied to a community center, serving the local community in its daily shopping needs. He asked for any questions regarding the scope or scale of the project, or about the existing facility.

Mr. Karas asked him to describe some of his other developments. Mr. Linton said they included retail centers and residential developments such as the Enclave located on Van Dyke between 27 and 28 Mile Roads, which is a single story, condo-style apartment complex. They have done a shopping center at the northeast corner of 23 and Romeo Plank in Macomb Township, which was just finished in the last year. They have other shopping centers at 21 and Romeo Plank, as well as in Clinton Township at 16 and Garfield and 17 and Hayes.

Chairperson Ferrera asked if they had done any other development work in Rochester Hills? Mr. Linton said that he had not, but he had lived in Rochester Hills for 14 years before moving to Oakland Township. He said he drove by the site for this project every day, which was how his interest was piqued in developing the corner. He thought that at this point it was a horrible eyesore, and knew that it could be made into something very different for the community.

Chairperson Ferrera asked if they had a presentation to give to the Board on the Brownfield Redevelopment Plan itself?

Mr. Linton deferred to Mr. Kashat who referenced the summary at the beginning of the plan. He explained there were three parcels involved, and Superior Environmental did the early environmental work. As part of their efforts to test the sub-surface they put in a couple of borings and came up with Tetrachloroethene above the groundwater protection standards. The limit for that is 100 parts per billion, and they counted 160 parts. That was the only environmental issue they identified at that time. City Staff had concerns there could be additional problems, and wanted to know how they were going to address potential additional problems as part of the work on the property. That is why they put together a Due Care Plan to indicate how they would logically move forward with the work on the site to remove the building. It also addressed ongoing oversight, especially in the area where there is an identified problem, but also for the entire site.

Chairperson Ferrera asked if that would go on during development only, or did it continue past development? Mr. Kashat answered that it would go on largely during the demolition and site preparation stage; and any time there is earth-moving activity in new areas.

Chairperson Ferrera asked for clarification that once the property is developed there is no need to continue with that. Mr. Kashat stated that since it has been identified as a facility each of the new lessees or purchasers of portions of the property might at their discretion also need to do a Baseline Environmental Assessment (BEA). He added whenever you have a facility under part 201 of the State law you are put in that position, to pay attention to your due diligence and if necessary submit a BEA. In terms of any additional response activities beyond what is necessary during the development process, the concentrations that have been detected there to date don't suggest that is necessary. However, if during the redevelopment process and clean up it is determined there are high enough concentrations it may require some additional monitoring, which would be considered at that time. To date those conditions have not been identified.

Chairperson Ferrera asked if there was a need to look for contaminants, besides those previously identified, during demolition and construction? Mr. Linton said they certainly would be looking at more than that if they found evidence of oils or other materials in the ground. He stated that even fill dirt used on the property could have been foundry sand containing metals that would be undesirable. They would monitor and sample those things as the opportunity arose.

Chairperson Ferrera stated that they described the property as three parcels, two that fronted Rochester Road. He asked if there was another parcel behind the parking lot and detention pond? Mr. Aragona told him that was correct, and that the parcels would be combined in the site plan and development process.

Chairperson Ferrera said that there was another line on the map that seemed to imply there is a jog in the right-of-way at the intersection, and Mr. Aragona clarified that the corner is cut off.

Chairperson Ferrera asked if there had been any discussion with the City about the need for improvements to Rochester and Tienken Roads, and Mr. Aragona replied that part of their Plan was to make improvements to the intersection. Mr. Delacourt said that as this proposed development has gone forward that intersection and the traffic through it have been the major points of discussion. Chairperson Ferrera suggested the project would generate a tremendous amount of traffic over what has occurred for the last twenty years. Mr. Delacourt explained that is probably the main reason the project was going through the Planned Unit Development (PUD) process as well.

Mr. Aragona stated that major improvement to the intersection is contemplated, including double left hand turn lanes.

Chairperson Ferrera asked how far along they were in the review process, and was told by Mr. Aragona that they had been through one review cycle with Staff, and have submitted plans for a second review. After that they would appear before the Planning Commission for consideration.

Mr. Kashat showed a map to Chairperson Ferrera that showed each of the three parcels, which was then passed around to the Directors. Chairperson Ferrera asked if any of the Directors had questions.

Mr. Hooper asked how the contamination from Tetrachloroethene on the site was generated? Mr. Linton explained that it is a degreaser that can be used for general cleaning. Auto repair shops use it for engine degreasing. In the past this building was a print shop, which may have used the degreaser to clean ink off printing plates. In the environmental assessment of the property it characterizes the soil under the building as being fill, and the contamination may have come in with the fill material.

Mr. Hooper asked if the assessment was based on one sample, and how many soil borings were done? Mr. Kashat responded there were just two.

Mr. Hooper asked for clarification that they were basing their request on a soil sample with contamination just above the residential level, and was told this was correct for the northeast corner of the site. Mr. Hooper asked where the second sample was taken. Mr. Kashat explained they were both taken from locations spaced across the front of the building. Mr. Hooper asked if that would be the northeast or northwest corner, and Mr. Kashat told him the second was from the northwest corner.

Mr. Hooper said he was looking at the cost summary, and reiterated they were estimating 185 cubic yards of soil removal, asbestos abatement, and the removal of five drums. Mr. Kashat mentioned transformers, and said these were not exact figures, but they had not wanted to go overboard when providing estimates.

Mr. Karas asked if they had gone back to where the soil borings were done to test a wider area to determine the extent of the contamination? Mr. Kashat stated they would definitely do that when they go to work on the property, to see if there is a greater area affected. He explained that the vast majority of the site is hard-surfaced, and until that and the building are removed and they can get additional samples it is difficult to determine the extent. The concentrations that are there are still within a commercial use standard. He said the summary was based on worst case, as they did not want to underestimate.

Mr. Hooper suggested since the development was commercial they didn't need to do any clean up. Mr. Kashat said that some of the clean up is essential, such as the asbestos abatement and PCB electrical equipment removal. The sampling to make sure there isn't a bigger problem is also essential. He stated that they needed to make sure they aren't missing any problems.

Mr. Hooper wanted to clarify that \$142,000 is what they were looking to recover through the SBT. Mr. Delacourt said he believed that through the SBT credit they would be eligible for a million plus, and added that they are not asking for Tax Increment Financing (TIF) to pay for any of the remediation, but will pay for all of that themselves. As the project goes on and they do additional testing and sampling, if they find there is a bigger problem there is a possibility they may be back before this Board asking for TIF for remediation of the costs. He explained that the reason that number was supplied was because Staff asked for a little more than the required information just to get an idea of what they planned to do to monitor the site during construction. The comparison is not really between the eligible costs and the tax credit that it is eligible for. Staff asked for figures so they would have an understanding of exactly what they planned to do while they were monitoring the site, prior to the City approving a plan that is strictly for SBT credit.

Chairperson Ferrera asked why not apply for a TIF? Mr. Aragona said because they felt that they could manage the costs involved internally, without having to go through the whole Brownfield Plan. He added that if they find it is more extensive with further testing they may be back, but at this point he felt they could manage it on their own.

Mr. Karas asked what the estimated savings on SBT was on this project? Mr. Kashat responded they were planning on making application to the Department of Treasury, and the maximum they can provide is one million dollars. Ten percent of the eligible investment by the Developer is applicable for a Single Business Tax Credit.

Mr. Karas clarified as he read their report; this is not through the City but directly through the State? Mr. Delacourt confirmed that was correct. The Applicant was not asking for anything to be paid back to them through increased taxes generated by this site. They are asking only to have the plan approved so they can qualify to make their request to Treasury.

Chairperson Ferrera said it was his understanding that this is a step they have to take in order to get the approval, which Mr. Delacourt confirmed was correct. He added it was

necessary even for them to make their application. Chairperson Ferrera said it would not affect the City directly in terms of any loss in revenue, in fact through the development there would be an increase in revenue. Mr. Delacourt stated that if the development goes forward the City would collect 100 percent of the required taxes for the site. This only makes them eligible to submit to the Treasury to request that credit. Then it is a matter for the Treasury or the Michigan Economic Growth Authority (MEGA) to decide.

Chairperson Ferrera asked Mr. Delacourt to briefly describe the next steps the Applicant would have to take. He wondered if this was their last step beyond the usual Planning approvals for this property, or would they have to come again before a board within the City? Mr. Delacourt asked if he was talking about the site plan, and Chairperson Ferrera said he was talking about the site plan as well as the SBT credit.

Mr. Delacourt said that if the Board approved the SBT plan tonight, ultimately City Council would have to pass the plan as well. He said this is basically the first step of the plan, and if the rest of the requirements were met there would be a Public Hearing at City Council. Then if Council passes the Plan, at that point they would be eligible to go to the Treasury. He thought the Site Plan probably had a longer road ahead of it than the Brownfield Plan. That also requires multiple approvals from the Planning Commission and City Council. If they don't receive those approvals all of this becomes moot.

Chairperson Ferrera wanted to verify that the Board's obligation tonight was to recommend approval or denial or table the Brownfield Redevelopment Plan. Mr. Delacourt said that the Board did not recommend, but actually approved or denied the plan. He said the project would need approval from both Boards. He explained it is different than a recommendation from the Planning Commission for City Council approval.

Mr. Stevenson asked Mr. Delacourt if there was any standard for borings as far as how many have to be taken or from where they have to be taken? Mr. Delacourt said he would answer that, but asked Ms. Ferrari to correct him if he were wrong. He stated as far as the standard goes, this is obviously about the minimum required to justify the site as a facility; a couple of borings, they hit the mark, they qualify for the SBT. Obviously if they were requesting TIF they would be required to provide a much more extensive investigation, and supply the City with Work and Due Care Plans that would need to be approved. Since they are not asking for TIF, he didn't believe there was a defined standard for how many borings they have to do to qualify, and in fact by supplying that draft Due Care Plan they have actually gone above what they are technically required to submit for approval by the Board.

Mr. Kashat explained there are professional standards for doing these types of investigations, and said we all operate by those standards. He referenced published standards that are followed when doing a Phase One and Phase Two Environmental Assessment. He asked them to keep in mind that once the Baseline Environmental Assessment (BEA) is prepared it would be submitted to the State of Michigan for their review and approval of the site as a facility.

Chairperson Ferrera asked if the BEA were also used in their financing for the development, as a mortgage company or bank would require an environmental assessment of a property? Mr. Aragona said that was exactly true, that they required a Level One, and then the Level One suggested a Level Two be done. When the Level Two was done they discovered the problem on the site. At that point before purchasing the property they filed a BEA disclosure.

Mr. Stevenson said it looked as though their plan showed several buildings, and wanted to confirm how many they were talking about. Mr. Aragona referenced the display materials they had brought; pointing out a site plan rendering that pictured five separate buildings. Chairperson Ferrera asked if they were planning to develop them all at once and Mr. Aragona said that was their intent. He explained the only reason they would do it in phases would be if they were waiting for a tenant to come up with drawings for one of the buildings internally. In that case they might hold back on one while the others were being built.

Chairperson Ferrera asked for their hoped for starting date, and Mr. Aragona replied they hoped to start the project in 2004.

Ms. White asked if they had ever built on a contaminated property before? Mr. Aragona replied that they had. Last year they completed a 100,000 square foot Farmer Jack anchored shopping center in the City of Monroe. He mentioned that project was similar in size and scope to the one they were proposing tonight. The project in Monroe was literally built on an old dump and had a number of environmental problems associated with it. He said they gone through that entire process and so were not as afraid of it as they were the first time.

Ms. White asked if they were full as far as tenants were concerned? Mr. Aragona responded that they were not announcing it generally or signing leases yet. They wanted to get past a couple more steps with the City before they got to that point, but said they had a number of interested parties.

Chairperson Ferrera asked if there was anything Staff or Ms. Ferrari wanted to add, and was told not at this time. Since there was no public comment to be heard, he said he would entertain a motion.

**MOTION** by Mr. Hooper, seconded by Ms. White, in the matter of City File No. 98-047.2 (Holiday Village Brownfield), the Brownfield Redevelopment Authority **APPROVES the BROWNFIELD REDEVELOPMENT PLAN** based on the plan dated received by the Planning Department on August 26, 2003, with the following finding:

**FINDING**

1. That the submitted plan meets the requirements for a Brownfield Plan under State Act 381 and the City of Rochester Hills.

Ayes: All  
Nays: None  
Absent: Robbins

**MOTION CARRIED**

**4b. NEW BUSINESS:**

**Hamlin/Adams Brownfield Redevelopment, File No. 03-013**

Location: The site is at the northeast corner of the intersection of Hamlin and Adams Roads, identified as Parcel Numbers 15-29-101-022 and 15-29-101-023, zoned Single Family Residential (R-2)  
Request: Single Business Tax Credit (SBT) and Tax Increment Financing (TIF)  
Applicant: Frank Aragona Trust and Tienken Properties LLC  
37020 Garfield, Suite T-1  
Clinton Twp., Michigan 48036

Chairperson Ferrera asked Mr. Delacourt to give the Board any information from Staff at this time.

Mr. Delacourt said this project showed from one extreme to the other as it was as complicated as any you might see in the City that doesn't involve an enormous amount of property. It is the site of a former landfill and the City is well aware of the contamination on the property. Previously the Department of Environmental Quality (DEQ) had spent millions of dollars attempting to clean the site, but still had to close it up prior to finishing the job. Through their investigation they identified additional contamination well above residential criteria. The site obviously qualifies as a facility.

The applicants are looking at about 19 million dollars in eligible investment and a request for three and a half million dollars in TIF to be paid back over an eight or nine year period. The Brownfield Plan is based on a proposed development that the site is not