



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

**1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
248.656.4630  
[www.rochesterhills.org](http://www.rochesterhills.org)**

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**Legislative File No: 2006-0137**

**TO:** Mayor and City Council Members  
**FROM:** Ed Anzek, Director of Planning  
**DATE:** February 6, 2006  
**SUBJECT:** Demolition Services for 1600 Hamlin Road

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**REQUEST:**

City Council authorization for demolition services for structures located at 1600 Hamlin Road to Blue Star, Inc., Warren, Michigan in the amount of \$157,150 plus a 15% contingency for a total not-to-exceed amount of \$180,723.

**REASON FOR PURCHASE:**

In 2005, the Planning Commission, as a project in the Capital Improvement Plan, approved the demolition of the former Letica manufacturing building. The Rochester Hills Local Development Finance Authority (RHL DFA) amended its Development and Financing Plan in 2005, adding the demolition as a project; and the Plan was subsequently approved by City Council. In late 2005, City Council authorized the funding of the project in the 2006 Budget.

The project is being funded by the RHL DFA from taxes captured within the District, and was approved by the Board in its 2006 Budget.

The purpose of the project is to prepare the site for sale to a company or developer. The removal of the building and silos eliminates costs from prospective buyers that ordinarily cannot be financed through a conventional commercial mortgage. Further, the removal also creates a greenfield site that is more attractive to potential buyers than one that requires substantial redevelopment activity, thus cutting both time and cost from the development project. Finally, the project is funded using tax increment financing, meaning that taxes captured by the RHL DFA come from all of the local jurisdictions rather than just the City's share; and the new development, once completed, will generate new revenue and essentially payback the RHL DFA from future taxes.

Based on a Financial Analysis conducted by the Planning and Development Department, if the development is constructed to its maximum potential, it will generate about \$150,000 per year in future taxes that can be captured by the RHL DFA, meaning that the payback period will be about two years.

Request for Proposals were solicited, received and evaluated by a committee consisting of Dan Casey, Bob Srogi, Roger Rousse and Jean Farris. Three firms were shortlisted and interviewed with Blue Star, Inc. selected as providing the best value to the City of Rochester Hills. Blue Star has been in business for 28 years, experienced with the size and type of demolition work required by the City, capacity to provide the services and positive references.

During the interview process firms were asked to provide costs for removal and disposal of hazardous materials, excluding asbestos, identified by the City’s environmental consultant, ASTI Environmental, as well as costs for lawn guarantee, bringing the base proposal of \$148,800 to \$157,150. Blue Star additionally has agreed to salvage 25 to 35 I-Beams for re-use at the DPS/Garage.

ASTI Environmental performed asbestos-containing material (ACM) and a hazardous materials survey of the former Letica Manufacturing building to provide information to allow for the demolition of the building. Materials testing positive for asbestos (greater than 1%) will be removed under the terms of the current contract with ASTI Environmental.

The ASTI Environmental survey also identified the potential of PCB-containing ballasts and the need for testing of transformers for dielectric fluid containing PCBs. Testing cannot be performed until the ballasts are removed and the transformers de-energized prior to sampling. Disposal options and their related costs will be based on the results of sample analysis. The 15% contingency is requested to cover the costs of these identified potential environmental issues and any others that may be discovered during the course of demolition by the contractor.

**PROCESS:**

**Vendor Name and Address:**

Blue Star, Inc.  
23894 Amber  
Warren, MI 48089

**Reason for Selection:**

Best Value

**Method of Purchase:**

Contract/Purchase Order

**BUDGET:**

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
LDFA	848.974000	FA-08 – Interchange Technology Park Site Preparation Land Improvement	\$370,000	\$180,723	\$189,277

**RECOMMENDATION:**

It is recommended that City Council authorize demolition services for the structures located at 1600 Hamlin Road to Blue Star, Inc., Warren, Michigan in the amount of \$157,150 plus a \$15% contingency (\$23,573) for a total not-to-exceed amount of \$180,723.

**RESOLUTION**

**NEXT AGENDA ITEM**

**RETURN TO AGENDA**

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<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
<b>Department Review</b>		
<b>Department Director</b>		
<b>Budget Content: Finance Director</b>		
<b>Purchasing Process: Supervisor of Procurement</b>		
<b>Mayor</b>		
<b>City Council Liaison</b>		