Hearing no further discussion, Ms. Morita moved that the matter be continued at the next meeting. Mr. Sera seconded, and after calling for a vote, Vice Chairperson Turnbull declared that the motion was approved unanimously. Vice Chairperson Turnbull noted that the date would be determined, and he thanked the applicants.

Postponed

2013-0272 Update on new State Brownfield and Economic Development Initiatives - Tom Wackerman, ASTI Environmental

Presenter for this matter was Tom Wackerman, President, ASTI Environmental, P.O. Box 2160, Brighton, MI 48116.

Mr. Anzek introduced Mr. Wackerman, who had been the City's environmental consultant since January 2001. He was also President of ASTI Environmental, and he had been the go-to person for all environmental issues. Recently in the City, a building had been vacated by a company that left several potentially explosive hydrogen canisters, and MDOT would not let them be transported away. The company wanted to rig a temporary swimming pool in the parking lot, submerse the canisters, cut them open, let the hydrogen and water create a gas and blow fans on it to disperse it. In Mr. Wackerman's initial research, it looked like it could have an explosion radius of 1,000 yards. There was another company that located on a midnight one Saturday, and the City did not even know they were there until someone saw a press release and called the City. The company was trying to convert waste by-products into a combustible gas. That was a highly dangerous process, and it was not permitted in the district they were in. There was a lot of research done by Mr. Wackerman to track down the Italian scientist that had invented the process, and the City got the company to relocate. He commented that although the City was not in the business of chasing companies out, it did not like to have to clean up businesses that exploded. He commented that Mr. Wackerman had been a big help. His firm also supplied wetland delineation services, and activity was picking up on properties with wetlands. He had asked Mr. Wackerman to present an update on brownfield legislation. Under Governor Snyder, there had been a lot of changes with regard to tax credits and how things were reimbursed. They had drawn a little deeper line for eligibility for communities, and Mr. Anzek felt it was a good opportunity for Mr. Wackerman to give an overview.

Mr. Wackerman agreed that just four weeks ago, there had been a

number of changes to the legislation. The changes were significant for brownfield redevelopment, but he felt that it was important to see how municipalities were creating policies to deal with brownfield and other incentives. He used the word policy, because he thought it was the kind of discussion that needed to happen in a workshop, not while an applicant was taking about a Brownfield Plan. The policy could include things like whether or not to accept interest. Legislatively, that was an eligible activity, but many communities were saying that they would not pay an applicant's interest. It was an economic development tool, and cities would help someone develop, but there were some things they would not do. He referred to his memo, which said that "these were at the discretion of the BRA." Those were things that needed more thought. The BRA had the ability to allow or disallow any kind of eligible activities, as long as it was acceptable under the Act. Once that was "baked in" to the reimbursement agreement, which would be the next step for an applicant, the BRA would also have control of the actual reimbursement. Another thing that was happening with municipalities, and he noted that his firm was being hired by a lot, was that projects that were on the table four or five years ago were now generating additional taxes, and people were making application to get paid. He said that it was amazing to look at the difference between the original assumptions in a Brownfield Plan and the reimbursement agreement and what really came out in the end with the invoices. The BRA had a second opportunity to control the process when it approved the invoices for the actual expenses allowed in the Plan. With the history of communities that had now reimbursed and communities that had developed policies, there was a wide range of activities that were allowed, and he strongly recommended that the BRA got together either with City Council or in its own workshop. He mentioned that he could facilitate a workshop. They should look at best practices and come up with a set of policies for the kinds of things that had been brought up.

Mr. Wackerman strongly encouraged the BRA to go back to working on the Revolving Loan Fund. He stated that it was one of the most powerful, underutilized tools in the incentives tool kit. It allowed a City to capture taxes after it had reimbursed the applicant for expenses. It allowed a City to create a war chest which could be deployed just like any EPA site assessment grant. He indicated that Oakland County recently got a site assessment grant, and he was going to work with the City to get some of that money for the Landfill Planning Area (section 24). Money in the Revolving Loan Fund was the City's to control. He gave an example of the City of Ferndale, which set up one six or seven years ago, and they had over $300k to incentivize projects. If the City did not set up a Revolving Loan Fund, he would recommend that every Brownfield Plan

stated that "in the event that the City set one up, it would capture the taxes," so the City reserved the right to capture taxes.

Mr. Wackerman next talked about changes to due diligence and the incentive program. He said that the brownfield redevelopment process was still pretty much the same, except that there were new documents, and there was a new process added. The new documents had a lot of options. There had been a shift in focus by the MDEQ and the EPA for what they were following and for what they would approve or not. The Phase 1 was unchanged, except that a new standard would come out towards the end of 2013 that would add vapor intrusion - gases coming into buildings. The Phase 1 was still the most important document for an applicant. The Phase II investigations had changed a little in that they might require more extensive investigation to support some of the Due Care Plans that needed to be done. There were changes in the Baseline Environmental Assessment. The BEA was the third document that provided liability protection. There was no longer industrial, commercial and residential; there was just residential and non-residential. Those now complied with the Federal Phase 1 standards. There were now two exemptions. If someone leased a property for office, retail or commercial purposes, he or she would be exempt from needing a BEA. If there was a residential condominium and the contamination was consistent with residential use in the common areas, someone would not need a Due Care Plan or BEA. There was another area called Remediation Options Analysis. It had four categories, and it was limited to non-residential and residential. Another big thing was that there could be partial closures. It used to be that someone had to treat an entire property as one unit and whatever was done was done to the whole property. Now, a section of the property with an area of contamination could be treated differently. The reason that was important to the BRA was that when someone said they had closure, the City had to ask for what.

Mr. Wackerman stated that the Due Care Plan name had changed to Documentation of Due Care Compliance. He noted that they could now be approved by the DEQ, and the DEQ would no longer approve BEAs. The only approval process was now for the Documentation of Due Care Compliance. The reason that was important for the BRA was that any Federally-funded project required that approval, and it would add time to the process.

Mr. Wackerman continued that owners of property always had to do due care obligations, avoid exacerbation and take reasonable cautions against acts of third parties, and they had to make sure a property was

safe for human health and the environment. A number of years ago, he worked with the City on integrating planning, due care review and initial brownfield review, so that when a brownfield property was closed and getting incentives, they did what they were supposed to do. He remarked that this had been a bugaboo with the DEQ for a long time. People had filed Due Care Plans and said they would do certain things, and then no one followed up. The new emphasis was on following up. Property owners had to provide reasonable cooperation access to persons conducting the cleanup. They had to comply with established requirements and refrain from interfering with restrictions or response activities. The same thing happened on the State level that had happened on the Federal level. The State was going to be more concerned with reviewing, following-up and managing operation and maintenance of brownfield sites.

Mr. Wackerman indicated that there was another change to the Due Care Plan that would affect the City. Local governments used to get an exemption from due care requirements for public land. They no longer did, so parks all needed to comply with the requirements. There was a new document called a Response Activities Plan, which would come after a Due Care Plan, which was also approved by the DEQ. They had 150 days to approve what someone was proposing for a property, and it could be for one section of a property. It had added significantly to a number of different projects. In some cases, the DEQ reviewed a Plan for 149 days, and then said that it was administratively incomplete. The final new piece was something called a No Further Action Report or Letter, where the agency would say someone had done everything they were supposed to do. An applicant would get a No Further Action report and a Certificate of Completion. Afterwards, it used to come down to at what point a municipality would step in and enforce environmental regulations, because it was in the best interest of the municipality. That had been solved, because the DEQ would step in and approve the final closure, and they would require financial assurance mechanisms on some due care requirements. Municipalities were now going back to relying on the DEQ for implementation of all brownfield cleanup and requirements.

Mr. Wackerman stated that there was more of a focus on volatilization to indoor air, which was becoming more important. Any time there were volatile organics in soils, there would probably be a need for some sort of building redesign, and there would be additional costs. The BRA would more likely be seeing that in Brownfield Plans. There used to be an agricultural exemption in the Act which said that if there was an orchard and it was contaminated with lead and arsenic, which most orchards from

the 1950's were, it was exempt from being a brownfield. With the modifications to the legislation, they forgot about that, and it no longer existed in the legislation, although they were looking to reverse it.

Mr. Wackerman advised that there was now an appeal process. The DEQ had promised to put all its data online, so people could see what was happening in other communities, in terms of brownfields. There had been some changes to underground storage tank rules. The biggest change was the Collaborative Stakeholder's Group. What drove the changes and what would drive the change on incentives was this group of industry attorneys, government people and consultants that got together and said that enough was enough. They redesigned the environmental regulations in the State. They were taking on air regulations, ground water regulations and drinking water regulations, and they had made a lot of progress in making the regulations more user-friendly and understandable. In the next year or two, there would be more changes. He suggested that the Collaborative Stakeholders would be the group to watch.

Mr. Wackerman said that the BRA would see some new documents and language on brownfield applications. The BEA was still what defined a facility. The other things had to do with cleanup and operation of a property. The key ingredients were that a site had to be an eligible property with an eligible investor with an eligible project and activities. The Federal definition of brownfields was the same, but the Michigan definition had changed a little. That would affect any Brownfield Plan the BRA saw, whether or not it was eligible. The basic definition was still about a facility or a piece of property that was contaminated greater than residential cleanup criteria or a property that was in a land bank. He did not believe that Rochester Hills had taken advantage of a land bank program, and he felt that it was the second most underutilized program for brownfields in the State. He added that it was a very good program if used appropriately. There was a State Land Bank and the Oakland County Land Bank, and they had powers that eligibility under the Brownfield Act did not.

Mr. Wackerman noted that historic resources were now eligible for brownfield incentives. Rochester Hills was not a core community, so it was not affected. In all communities, demolition and lead and asbestos abatement were eligible activities. It was not that way before. Two years ago, the demolition costs and asbestos costs in a Brownfield Plan would not have been eligible for a non-core community. In addition, if the only thing an applicant was asking for was demolition and asbestos

abatement, then in non-core communities, blighted, functionally obsolete and historic resources could be eligible. The City could have someone come forward for a property that was not a facility (not contaminated) but if it were functionally obsolete or blighted, that person could bring a Brownfield Plan forward and ask for demolition and asbestos abatement costs, which went back to the policy issue. There were some communities which would, as a matter of policy, not allow demolition or abatement as an eligible activity, because the thought was that only those things someone would not have to normally do on the property, like clean up, should be eligible. He recommended that it was one of the things the BRA should consider in terms of eligible activities. Adjacent and contiguous properties had always been included, even when those were not eligible properties, as long as development on those properties added captured taxable value to the subject property. Transportation-oriented development facilities were also added.

Mr. Wackerman advised that Governor Snyder had eliminated the Brownfield Tax Credit, which Mr. Wackerman felt was one of the best programs in the country, especially for people who could leverage it as equity against bank loans. The Governor also eliminated the State Historic Tax Credit and the Employment Credit and replaced them with the Michigan Strategic Fund. He stated that Mr. Markus was not going after that. It was a $100 million fund, and it was divided into two programs: The Michigan Business Development Program and the Michigan Community Revitalization Program. It was only for businesses which created jobs and investment. The Brownfield Program was an economic development program, and the State was getting back to that. There was a time where it was just a "hand out the money" program, but now there were a lot of "but for" tests, a lot of financial gap analyses evaluations and return on investment evaluations, and they were looking for creation of real value in the State.

Mr. Wackerman related that there was now a State Brownfield Redevelopment Fund. On any application that came before the BRA that captured State taxes, they would also have to provide payment to the State Brownfield Redevelopment Fund. He mentioned that because the way the legislation was written, the City would write the check to the Fund. If it was not included in the Brownfield Plan, it would become an obligation of the City that was not funded. The City would have to make sure that was in a Brownfield Plan. It was 3 mills of the taxes captured under the State. Eligible activities could now be captured retroactively. It used to be that only assessment costs could be captured after the fact, and the Brownfield Plan had to be approved before they implemented the

activities and spent the money. That was not true anymore. The money could be spent, and an applicant could come to the City for retroactive reimbursement.

Mr. Wackerman said that the eligible activities for core communities now included parking structures, both above and below ground as well as urban storm water management systems. Those would be two very large areas in core communities. The next thing the BRA would see was a combined Brownfield 381 Work Plan. There would be one document, not two. It would be approved by the City, and it would go to the MEDC or the DEQ, depending on what the eligible activities were. He talked about trends in terms of approvals in communities, and said that most were going to high density, mixed-use, walkable and transportation-oriented development. That got the money; everything else did not. Job creation and investment targets were now required, and there were claw back provisions in reimbursement agreements. If people did not create the jobs they said they would, they would have to give back money. He noted that there was increased competition for funding, and the State had already spent all of the Michigan Strategic Fund dollars for 2013. There was starting to be a backlash against TIF in most communities - they did not want to give it out. There were obvious reasons, but especially with having to do budgets and the Headlee amendment cap and future tax capture. There had been a lot of talk about what was an eligible activity and what a City had to incentivize in order to make a deal work. Cities did not want to give away anything that was not critical to making a deal work.

Mr. Wackerman pointed out that there had been a lot of creative uses of grants, especially as they related to remediation. Demolition, underground storage tank removal, etc., had been funded. There was more focus on collaborative and area wide. That was why he and the Planning Staff had long discussions about the Landfill Planning Area. It was ripe for coordinated and collaborative efforts and, therefore, ripe for Federal funding.

Mr. Wackerman talked about the Community Revitalization Program, which could either be a grant, loan or other economic assistance. Any kind of construction was eligible. It was up to 25% of an eligible investment, so there would be hard costs, engineering and architectural fees and someone could get up to 25% for that for a maximum of $10 million for any one project, including up to $1 million for a grant and a maximum of $9 million for a loan. It was performance and need based, and the project would have to pass an economic financial gap analysis. He illustrated that the State now had a loaning or incentives profile. That

profile went back to trends; what the State wanted to incentivize was true mixed-use, three-story brick, zero lot line, new urbanist, transportation-oriented development with artist's lofts. The further a project was away from that, the less chance there would be of getting funding from the State. Some municipalities were following suit. The problem was that it left out most of the suburbs in Michigan. There had been some tension about what the State would really incentivize versus what was really built in the State. He mentioned that if anyone was interested in that subject, on November 20 and 21st, he was going to be hosting the University of Michigan Urban Land Institute Real Estate Forum in Lansing, and that was one of the subjects (what people were really building in Michigan). He remarked that it looked more like Rochester Hills than it did downtown Detroit. The State was looking for a very specific type of project, but a municipality had to have skin in the game. The City had control of an applicant's access to State funds. If the City did not, in some way, incentivize the applicant through a Brownfield Plan, a pilot or some sort of DDA payment, the applicant would not have access to the Community Revitalization Program.

Mr. Wackerman noted the second program under the Michigan Strategic Fund, the Business Development Program. It was specifically for manufacturing and for people who created more than 50 jobs or 25 jobs in high tech. The definition of a qualified investment was "anything they said it was." If an applicant did not have a manufacturing facility coming to Rochester Hills from out of state that was creating more than 50 jobs, it would not work for the applicant, but it was there in the event that occurred.

Regarding what was going on in the marketplace, Mr. Wackerman felt that there would always be something for great projects. Most municipalities were focusing their attention and incentives on what they defined as great projects. Each municipality would define that differently, depending on what they were trying to do and how they were developing, but they were focusing on those rather than spreading it out over a number of different projects. Incentives were taking more time because of the environmental requirements, and because people were asking more questions. They were more competitive, because people were being more judicious about the money they were giving out. The incentives were smaller, and the Michigan Strategic Fund Brownfield Program was about 10% of what the Brownfield Tax Credit Program used to be. He thought that gap financing would be harder to find, but he commented that the good news was that banks were lending again. He thought there would be more equity from developers required. There were a lot of deals done during the recession where the developer had no equity. It was all incentives and someone

else's debt. He thought they would see a requirement to go back to the 80/20 or 70/30 rule. If an applicant said that he did not really need the money, most communities were saying that they would not give it then. There would be more measurable outcomes. He was not sure if it was a result of Governor Snyder's desire or if it was just time, but people were looking to see if people did what they said they would. The technology, the market and the development had to be ready. Most communities were no longer giving incentives for spec or things that were just ideas. They wanted to know that there was a tenant, that the market could handle it, and that everything was in place. He reiterated that the focus would be more on urban projects from a State-wide perspective. It would be on projects that had real financing gaps. He added that there was nothing out there for affordable housing on the brownfield end.

Mr. Wackerman concluded that those were the two key areas of change: The process of doing a Brownfield Plan or doing environmental due diligence on the one hand, and the process of granting incentives on the other. He noted on his handout the State's definition of non-environmental, eligible activities. Those would be eligible for school tax capture through the MEDC, which did not include remediation.

In his handout, Mr. Wackerman had also included a list of activities that were available under each key incentive program. It was an overview of the kinds of things that were being incentivized and that the City could incentivize, which would hopefully spark some creativity and allow the BRA to look at a Plan and compare it with the handout. He had also included two articles that he published, which were about the changes to due diligence and changes in incentives. He recommended that the members considered the previous discussion and asked what types of things came out as reasonable or unreasonable and whether something should be a policy.

Ms. Morita asked if the MEDC had captured school tax before or if it was new. She questioned whether the BRA could refuse to capture the 3 mill of school tax. Mr. Wackerman advised that the Brownfield Fund was nothing more than a Revolving Loan Fund for the State, and the BRA did not have control of that. If an applicant was seeking school tax capture, the BRA would be required to put 3 mills out of the school tax capture into the new Strategic Fund. BRAs were now requiring a line item for that capture on the tax capture table. Ms. Morita wondered about approving a Plan that essentially took 3 mills away from the schools. Mr. Wackerman clarified that the school tax capture provision reimbursed the schools and made them whole. Ms. Morita asked why they would bother doing it if the

money was going out and coming back. Mr. Wackerman said that he really had no idea. He said that it was like the lottery funding of the schools, which he did not really understand, either. The way it would work was that the property owner would pay school taxes, and it would then come back to reimburse the property owner, and then the State would reimburse the schools, so the schools were not out. Ms. Morita questioned whether the State would actually reimburse the schools. She was worried about the perception that the BRA would be engaging in an activity which would take money away from the schools, where it had not been taken away before. Mr. Wackerman said that the school tax capture had always been there. They were not allowing a developer to collect 3 mills of it. They would take it away from a developer's reimbursement and give it to the new State Fund. The flow of cash had always been that if there was an approved 381 Work Plan with the State, school taxes would be paid by the developer and the developer would be reimbursed as the eligible taxpayer. The payback would be longer. Mr. Wackerman said that he had a problem with the legislation which said that the "Authority" would pay the State. If a city had forgotten to add something to a Plan, and an eligible taxpayer was reimbursed the full 24 mills, that city would have to write a check for the 3 mills. There had to be an explicit line item in the tax capture. Ms. Morita asked if someone at the City would have to cut the State a check for 3 mills. Mr. Wackerman agreed the City would collect it and cut the check. The applicant would be reimbursed 21 mills, but the State would be owed 3.

Vice Chairperson Turnbull said that Ms. Morita had a question earlier about the applicant having two parcels. The BRA did not see a breakdown on the costs for those individually; they were given overall costs for the entire site for assessment, remediation, demolition and combined activities. Vice Chairperson Turnbull said that he understood that it would be one parcel down the road, but the majority of the environmental costs were at the gas station, and the majority of the demolition costs were at the former dealership. He noted that the BRA had the discretion of letting demolition be a reimbursable expense or not, and he felt that they should ask for the breakdown regarding how the costs were allocated. There was .7 acre and 4.4 acres. The percentage of the overall development of the gas station would only generate so much in taxes, and he was not sure how much contamination was at the dealership from 18 years of operation.

Ms. Morita said the results showed that it was in one tiny spot, and Vice Chairperson Turnbull questioned whether there was any. He advised that he had been down the same path in his day job, where he had asked

developers for that type of breakdown for the costs. He believed that it was the developer's responsibility to go back to the seller and state that there was a liability that had to be factored into the sale price. The applicant was not going to be using the building, and he really did not need it. To make the developer whole in this case, the BRA would be letting him use the incentive vehicle for a significant portion of the demolition of the structure, and Vice Chaiperson Turnbull did not know if that was a cost they wanted to accept and include. He suggested that they would have to wait until they got the breakdown.

Mr. Wackerman remarked that Vice Chairperson Turnbull posed an amazingly complicated question. The law did not ask someone to break down the costs by parcel; it asked for the tax capture by parcel. That distinction was important because the costs could be reimbursed across the entire project. If one parcel was 80% of the project but had no contamination and 90% of the costs were on the remaining 20% of the parcel, the question would be how they would collect. The capture would be over both parcels, but the capture had to be illustrated separately, so that as it moved forward and each parcel was assessed separately or developed differently, it made sense. The Board had discussed whether incentives should be for cleanup. In most cases, someone did not have to do cleanup - engineered controls could be done, for example. He suggested that if the City wanted to have a policy that the incentives should be used for cleanup, it had to be explicit. He mentioned the City of Ann Arbor as an example. If something had to do with tax incentives, applicants would be required to clean not only their own sites, but any offsite contamination. By contract, the City of Birmingham did not require a cleanup, but they would not pay for anything but a cleanup. They felt it was an environmental tool. Other cities would give an applicant anything requested, because they saw it as an economic development tool. He wanted to make sure that the Board was not just talking about cleanup.

Vice Chairperson Turnbull wondered if they would see a breakdown of the costs, if that was something the applicants did not have to provide. He asked if the Board could request it. Mr. Wackerman informed that they could request anything they wanted. He did not mean to imply that they should not see the costs of the line items - he stated that they absolutely should. He had asked Ms. Besaw for those, and she had provided them in her July 24th memo. He felt that information was important to be able to understand the reasonableness of the costs and to understand the impact of those costs on future taxable value. They took the entire cost of the project to come up with the future taxable value, and most of those costs would not change the taxable value. It was only the capital

improvements to the property that would really affect the future taxable value. He agreed that the Board had to get the line item costs. He reiterated that there was no requirement to split those costs between properties, and there was really no way to do that if they were putting a building across three properties. He commented that it was rather academic how the construction costs would be split.

Vice Chairperson Turnbull understood that about development costs, but he said that demolition and remediation costs could be broken down per parcel. Mr. Wackerman agreed that the Board had the right to ask for that. The applicant might not want to be limited by parcel, and he would want to cover his costs across all the parcels. Mr. Wackerman wondered about putting a parking lot on one parcel and a building on another. All of the increased value would be on parcel two, but they would have to cover all of the costs somehow, so they would be allowed to spread them across both parcels.

Ms. Morita asked about the estimate provided. Mr. Wackerman said that on the demolition page, there was a quote from a demo company that listed building and site demo. Ms. Morita said that it did not show how many different line items and sums there were, so the Board had no way of knowing how much everything would cost. Mr. Wackerman agreed the Board had no way of knowing the cost of the line items. Ms. Morita said that basically, they had not provided what the Board was looking for. Mr. Wackerman said they had not provided what he asked, but they did provide some detail.

Mr. Wackerman maintained that it was important to note that the BRA had control in three places. There was the Brownfield Plan, which was nothing more than painting a picture. There was a Reimbursement Agreement, which was where the real clauses, requirements and detail were. When the applicant came for reimbursement, they could only get reimbursement on actual costs. If the BRA approved $800k in eligible activities, but the applicant only spent $400k, they could only get $400k. The Board had the duty of reviewing every invoice. He had seen common errors. The first was the date of the invoice. It could be ineligible because it was not approved under the program.

The second one was that the invoice was actually more than what they thought it was. Without the line item numbers or description, they would not know whether something else was buried in there. In most cases, that would be taken care of on the reimbursement end. Thirdly, the Board

could look at an invoice and perhaps ask for more detail, so there were some other places for control.

Ms. Morita said that from a policy perspective, she had an issue with demo-ing existing structures, one of which appeared to be economically viable - the gas station - and paying for demolition of that. She did not feel that there was a reason the applicant should get preferential treatment over any other developer that would come in and want to redevelop a piece of property that did not happen to have a spot of contamination on it. Generally speaking, when there were old buildings that needed to be demo-ed, the developer did not run to the City to ask for brownfield approval and at the same time, ask the Board to waive all the fees. Staff would have to be paid, and it would take time away from their other projects. Mr. Wackerman also had fees. She felt that the City should be made whole for those.

Mr. Wackerman agreed. He said that Ms. Morita brought up a couple of really good points. There were communities that categorically would not pay for demos. Their position was that the applicant bought the property, and they had to demo to build the new development, anyway. The City would not pay for that.

Vice Chairperson Turnbull said that was his point. If it was not the configuration an applicant wanted, something would have to happen in the negotiation process of the purchase. Mr. Wackerman agreed that it could just be part of the buyer's cost. He indicated that it was a policy decision that the Board had to look at. There were other communities that would give applicants anything they wanted, because they felt they really needed the development. Mr. Wackerman mentioned a comment about an applicant getting a lot of benefits plus wanting a tax abatement or fees waived. A lot of communities were saying that if they gave brownfield incentives to an applicant, they would take into account all of the other things they had done for the applicant. If they waived $10k worth of fees, they might decide not to give $10k of brownfield incentives. He felt that was an important, holistic approach as to what the true cost to the City would be.

Ms. Morita wondered about having to review invoices or pay someone to review invoices to make sure they were for eligible activities. She assumed that would be done by someone in Mr. Wackerman's office. He agreed they did that. Ms. Morita said that if the developer did not pay for that, the City would have to bear the cost, and she felt that was unreasonable. She had seen an instance where the developer was

required to pay for those costs in advance, and if the account got too low, they had to add to it to keep paying for the fees. That kept the developer a lot more reasonable and made sure the developer submitted the right documents when they were supposed to, as opposed to relying on the City to catch mistakes.

Mr. Wackerman said that was a policy decision the BRA might want to consider. They could add an additional administrative fee into the program.

Mr. Anzek advised that the City did that now for Site Plan Approvals. The applicants had to post an escrow account, and before a project moved forward, it could go through several reviews by Staff who charged against that escrow. If the escrow got to zero, Staff stopped working on a project until it was brought back into compliance.

Ms. Morita asked if the same thing was done with a Brownfield Plan. Mr. Anzek said that they really had never done one. There was an application fee, but he suggested that they should put language in the reimbursement agreement about establishing an escrow account which could be charged against for hours spent by Staff or consultants. If it became depleted, it would have to be replenished. That would be apart from reimbursement. Ms. Morita agreed, and said that there should be another line item for attorney review of the documents. Mr. Anzek pointed out that the applicants put $200k in the Plan for consultant fees for them to put the Plan together. If approved, the City would be paying the applicant's consultant through the reimbursement of taxes.

Mr. Wackerman noted that there were two fees the City charged. There was a $2,500.00 application fee, which was designed to pay for brownfield review and Mr. Wackerman's time. There was also administrative collection of the taxes over time. There were a number of communities that added to that direct cost fees, and those could come out of the developer's pocket or would be seen as an eligible activity. The problem with that was that Peter was paying Paul, and it did not make a lot of sense. He recommended using the structure the City had for planning. If the City was going to give an applicant dollars, there would be other costs it would incur first. Up until this year, the MEDC and the MDEQ charged for review of 381 Work Plans. They were no longer doing that, but it set a precedent that made perfect sense.

Ms. Morita asked if the $2,500.00 fee covered the cost of Mr. Wackerman's review of an application and for coming to the BRA

meetings. Mr. Wackerman felt that on the average, it probably did. It depended on how complicated a Plan was. That fee would not cover a review of Madison Park (Softball City). That was an extremely complicated Brownfield Plan. Something like the subject application was not even half of that, and it was fairly simple. Ms. Morita said that it depended on how many meetings were involved. Mr. Wackerman clarified that it depended on the complexity and how many times it might have to be redone. He was not exactly sure because the City had not done a Plan. Ms. Morita wondered whether the Board needed to look at restructuring the fee. If someone came in with a larger, more complex Plan, she felt that they should have to pay more than $2,500.

Mr. Anzek thought that was a good point, and he stated that it would be an easy thing to put in place. They could require $2,500 to cover the initial review and two meetings in front of the BRA. If the information was inadequate and it continued, they would have to pay additional, such as $1,000 per meeting. Meetings were not just the two hours they sat there. The meetings were about Mr. Dawson's review, Mr. Wackerman's review and Planning's Review. The applicant had submitted some initial drafts to Mr. Wackerman which were not ready to be sent to the BRA. Ms. Morita said that was the type of activity she would like to discourage by increasing the fees. The point was that the developer should be coming to the BRA with Plans that actually had the amount of square-footage in the application. She stated that it was ridiculous. She said that she could not speak for the rest of the members, but when it was 10:00 at night after she had already had a long day and then had to read the Plan, which she reminded was purely voluntary, and she could not figure out simple things in it, it was downhill from there. She wanted to make everyone's life easier and encourage developers to come to the City with a Plan that they did not have to pay to have corrected. She did not understand why it was so hard to submit a complete Plan.

Mr. Wackerman said that he and Staff had discussed that earlier. He was not sure what was going on in the environmental business, but some of the documents were not being well prepared. He had noticed in his first review that the tables were not even totaled correctly. Ms. Morita said that she looked at the tables also, and it did not even make sense to her. Either the names were not right or the numbers were not. Things were in there that should not have been. She commented that it was ludicrous that the applicant could not even bother to go on the City's website to find out the proper millages. Mr. Wackerman recommended that the things that the Board felt was important for policy and decision making needed to be included in the project summary. The City needed to ask for that

even before receiving the Plan, so they did not have to go through 20 pages of text. Ms. Morita observed that they did include the application; the problem was that it was incomplete. Mr. Wackerman agreed, and he said that would be the time to send it back, before the BRA meeting. He felt that the intent should be that the application was submitted prior to the meeting, so they could look through all of the key financial and operational indicators, and then they could submit the Plan.

Ms. Morita said that she would be interested in seeing a proposal from Staff - a wish list of how Staff would like to see the setup and what would make things easier, which would make the BRA's life a little easier.

Mr. Anzek said that regarding the Site Plan side, Staff always asked that if the applicant had information, it should be put on the plans. They should not have to keep asking for things, because it extended the process. Staff had educated a lot of the consultants to do that, and things were going more quickly for applicants. He suggested that they could require the same for Brownfield Plans. It would be better to err on the side of having too much information rather than not having enough. He mentioned again that Staff had received the Plan last week, and he and Mr. Breuckman only had a little time to review it, and they saw the same types of things the BRA was questioning.

Mr. Anzek said that they also discussed dissolving the Board, but there might now be more activity coming forward, and there was the opportunity to build the Revolving Loan Fund. That could be a powerful tool, and his department was shopping for tools. With the MEGA going away, the City's tax abatement went away. The City had not granted one in over two years, and they used to do three or four a year, which brought major business to the City. The City recently adopted a PACE program, which was an incentive for businesses to upgrade environmental components of their buildings. He liked it that they might be looking at a Revolving Loan Fund in five or six years. However, if the applicant's table was so wrong that the City would not get to that for 13 years, he would not be as excited. The City thought it had a good program, but strategies and laws were changing after the recession from four or five years ago. He believed that there would be policy discussions at the City Council level.

Ms. Morita agreed that whether or not they wanted the BRA to be a body that authorized projects for cleanup or to have an economic development tool to tear down buildings and encourage wholesale redevelopment would be a question for Council to answer. That was Mr. Webber's issue to take back to Council for discussion. Mr. Anzek added that Mr. Webber

sat on the Strategic Planning Commission for Council, which met annually to look at goals and objectives and how they should be implemented. Out of that came the objectives for departments' budgets.

Ms. Morita said that until she actually saw the purchase agreement and closing statement for the applicant's purchase, she would not be sure what the sale price was. Mr. Anzek believed it was $2.9 million, although Mr. Markus had said $2.7 million. He mentioned that in 2005 or 2006, a huge industrial building the City owned was torn down (185k square feet, three levels, thick concrete and steel) for $183k. Ms. Morita said that was why she wanted to see line items for the applicant's proposed demo, because it seemed a little high.

Mr. Webber said that from his perspective, and the BRA had not had a lot of projects recently, there were certain sites in the City, especially as there was less land to develop, where there was a need for some type of remediation in order to use them. When the applicants came before Council for a Rezoning, he had stated that they were going to have to do something with the gas station. The applicants were very confident that they would be able to clean it up. Mr. Webber felt that the BRA should focus more on that than the demolition of the buildings. He thought that the BRA might have a workshop before the applicant came back. He said that it obviously could not be a closed session, but he felt they could have a policy discussion and see where everyone was at. They could then review the applicant's final application and make a determination from there.

Mr. Anzek asked the Board for some time for Staff to work with Mr. Wackerman and look at what other communities were doing and how they were answering some of these questions. They could have a workshop when all seven members were able to attend. If Staff knew what the members' thoughts were, it would be helpful. Mr. Sera thought that was a great idea. He agreed that they should find out what other cities were doing, and Mr. Anzek said he and Mr. Wackerman would pull that information together and find a good date for a workshop when everyone was available.

Ms. Morita said that she would like to see recommendations from Staff on the fee structure for the application and perhaps some new rules for submitting an application. From her perspective, having to come to a meeting to review a Plan that was not complete added a lot more work for everyone. She felt that it could be avoided by making the developer come in with a Plan that had all the boxes filled in.