

COUNTY ADMINISTRATOR
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TO: Jeff Irwin, Chair
Ways & Means Committee of the Board of Commissioners

THROUGH: Robert E. Guenzel
County Administrator

FROM: Anthony VanDerworp
Director of Planning and Environment

DATE: July 5, 2006

RE: Proposed Amendment to the Brownfield Plan for Washtenaw County Approving Tax Increment Financing for the "Banks of Saline" Brownfield Redevelopment Project in the City of Saline.

ACTION REQUESTED

It is requested that the Washtenaw County Board of Commissioners consider adoption of the proposed Amendment to the Brownfield Plan for Washtenaw County (Plan) approving Tax Increment Financing (TIF) for the "Banks of Saline" Brownfield Redevelopment Project in the City of Saline.

State of Michigan Brownfield Redevelopment Financing Act Requirements

Pursuant to the State of Michigan Brownfield Redevelopment Financing Act (P.A. 381 of 1996, as amended) herein referred to as the "Act", (Item 125.2664 Brownfield plan as public purpose; determination; amendments to plan; validity of procedure, notice, and findings; and presumptions.) Sections 14 (1) (a) through (d) requires Washtenaw County Board of Commission to consider the following:

- (a) Whether the plan meets the requirements of Section 13 (Brownfield Plan provisions).

After careful review of the proposed project and Amendment to the Brownfield Plan by the Washtenaw County Brownfield staff, Washtenaw County Brownfield Redevelopment Authority (WCBRA), and the Saline City Council, all provisions were found to be met (The provisions are as follows; description of eligible costs to be paid through TIF, estimate of captured taxable value and tax increment revenues, method by which eligible costs will be financed, maximum amount of note or bond indebtedness incurred, duration of brownfield

plan, estimate of impact of TIF on revenues of all taxing jurisdictions, legal description of parcel, estimate of persons residing on property that will be displaced, plan and expense to relocate those persons if applicable, compliance with PA 227, proposed use of local site remediation revolving loan fund, other materials that the WCBRA or governing body considers pertinent, amount of school taxes captured does not exceed amount of all other taxes captured for all local taxes, TIF shall only be used for eligible expenses on eligible parcels, authorization to continue TIF once expense are repaid to capitalize a local site remediation revolving loan fund, but not to exceed the total amount of TIF captured for eligible expenses, investigation of ability to capture expenses from a responsible party, Public Hearing notification parameters, Michigan Department of Environmental Quality and/or Michigan Economic Growth Authority approval needed once local approvals met, reimbursement of administrative and operating fees).

- (b) Whether the proposed method of financing the costs of eligible activities is feasible and the WCBRA has the ability to arrange the financing.

Review of the proposed development and resulting incremental tax revenue were found to be sufficient to cover the estimated cost of eligible activities requested by this Plan.

- (c) Whether the costs of eligible activities proposed are reasonable and necessary to carry out the purposes of this act.

Review of the environmental assessment information and proposed estimated clean-up activities proposed eligible activities for this property were found to be both reasonable and necessary to meet the State's risk based standards for the intended new purpose resulting from this development.

- (d) Whether the amount of captured taxable value estimated to result from adoption of the plan is reasonable.

After careful review by Washtenaw County Brownfield staff, the WCBRA, and City of Saline Officials; the Saline City Council approved the Amendment to the Plan on June 5, 2006 and the WCBRA approved the Amendment to the Plan on June 8, 2006.

BACKGROUND

In May of 1999, the Washtenaw County Board of Commissioners established the WCBRA through Resolution 99-0110, and subsequently appointed members to its Board that same year (Res. 99-0122). In February 2000, the Commissioners approved the bylaws of the WCBRA (Res. 00-0035); and in October of 2000, they adopted the Brownfield Plan for Washtenaw County (Res. 00-0215). On May 17, 2006, in accordance with the Act, the Washtenaw County Board of Commissioners set a public hearing on the adoption of this proposed Amendment, notice of which was given as required by the provisions of the Act. The Board of Commissioners is now requested to review and consider for adoption the Amendment of the Plan as discussed below.

DISCUSSION

The Project

Saline River Properties, LLC (SRP) is the sole investor and developer of the proposed “Banks of Saline” Brownfield Redevelopment Project, an approximately \$21 million residential condominium development (seven buildings with 102 individual units). The site will also include public open space and a trail system leading to the Saline River and Curtis Park adjacent to the property. The property located at 232 Monroe in downtown Saline is bordered by the Saline River, Monroe Street, and Curtis Park. The property is located on approximately 10.6 acres, formerly the Johnson Controls Facility (site). The Phase I Environmental Site Assessment (ESA) and Phase II ESA identified brownfield redevelopment concerns related to the historic use of manufacturing chrome plated die-cast automotive parts. The Phase II confirmed that site soils and/or groundwater have been impacted by volatile organic compounds (VOCs), semi-volatile organic compounds (SVOCs) and/or metals at levels exceeding current Natural Resources and Environmental Protection Act (NREPA) Part 201 Residential Drinking Water Protection Criteria. SRP will invest approximately \$20 Million of private financing in this project. Ground breaking for the project is targeted for Winter/Spring of 2007.

Incentives Requested

Pursuant to the Act, the WCBRA has the authority to provide eligibility for TIF to help encourage economic development, the retention and creation of jobs in the County, and brownfield redevelopment over green space development. The proposed Amendment to the Brownfield Plan to incorporate the “Banks of Saline” Brownfield Redevelopment project is for a \$21 million residential development with approximately \$20 million in private development financing and, if approved, approximately \$1 million in TIF eligible activities (these eligible activities include assessment expenses, environmental contamination clean-up, additional response and due care activities).

Once eligible expenses are reimbursed, the WCBRA will continue capturing the increased taxes not to exceed ten percent (10%) of the total contamination related eligible expenses (approximately \$94,446), for the Brownfield Redevelopment Authority “Local Site Remediation Revolving Loan Fund.”

City of Saline Action

After careful review, the Saline City Council voted on June 5, 2006 to concur with the provisions of the Amendment to the Brownfield Plan and recommends that it be approved by the Washtenaw County Board of Commissioners in accordance with the Act.

WCBRA Action

Pursuant to the Act, the WCBRA prepared an Amendment to the Plan for the approval of Tax Increment Financing incentives for the "Banks of Saline" Brownfield Redevelopment Project in the City of Saline, which is located within the Washtenaw County brownfield redevelopment zone. The WCBRA Board approved this Amendment to the Brownfield Plan at their Board meeting on June 8, 2006 and recommends that it be approved by the Washtenaw County Board of Commissioners in accordance with the Act.

Washtenaw County Board of Commissioner Approval Considerations

The Board of Commissioners has the authority to approve, reject or approve with modifications the proposed Amendment to the Plan. The WCBRA recommends approval of the Plan for the following reasons:

- The member community and its governing body, the Saline City Council, has approved this project through Resolution 06-13 and recommended that it be approved by the Washtenaw County Board of Commissioners;
- The contaminated property will be cleaned-up;
- The property will be put back into productive use;
- The new development will create approximately 15-20 temporary construction jobs and three permanent jobs (two maintenance and one office manager), and commensurate indirect/induced jobs in the local economy;
- The new development will create 102 residential units in downtown Saline where the infrastructure already exists to support this type of development;
- The new development will increase the tax base for the City, County and other relevant taxing jurisdictions to approximately \$424,000 annually once all eligible expenses are reimbursed and the revolving loan fund capitalized;
- A portion (approximately \$94,446) of the tax incremental financing from the development, once all eligible expenses have been reimbursed, will be used to capitalize the WCBRA local site remediation revolving fund, which will be used to pursue future brownfield redevelopment projects within the County;
- The County will be supporting brownfield redevelopment through the reuse of this contaminated site rather than greenfield development;
- In approving the Amendment to the Plan, the City of Saline has demonstrated support of the County's brownfield redevelopment initiative and this project, showing true leadership in the County to help encourage economic development, and the retention and creation of jobs throughout the county as well as the sustainable redevelopment of contaminated properties; and
- If not for the brownfield redevelopment incentives to be authorized through this Amendment to the Plan, this project will not move forward due to the approximate \$1 million deficit in project expenses.

IMPACT ON PERSONNEL

No impacts are indicated for this resolution

IMPACT ON BUDGET

The Ad Valorem taxes currently being captured on this property in the amount of \$46,093 annually, (\$4,650 is the County's portion) will continue to be distributed to the local taxing jurisdictions. Once the project is completed and all of the TIF eligible activities fulfilled, the estimated Ad Valorem taxes for this property will be increased to approximately \$424,000 annually, (approximately \$43,000 County).

Additionally, approximately \$94,446 will be captured through tax incremental financing for the "Local Site Remediation Revolving Loan Fund."

IMPACT ON INDIRECT COSTS

There will be no impact on indirect costs

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES

Guiding Principle No. 7 -- This project will allow the City of Saline (who has joined the WCBRA to be included in the redevelopment zone) and the County to partner together in pursuing sustainable land use practices by remediating and putting back to productive use environmentally distressed areas.

CONFORMITY TO COUNTY POLICIES

This action is in conformance with County policies. The proposed Plan was approved by the Saline City Council on June 5, 2006 through resolution 06-13 and the WCBRA at their Board meeting on June 8, 2006. The proposed Amendment to Plan has been reviewed by Corporation Counsel, Finance and County Administration.

ATTACHMENTS/APPENDICES

<u>Attachment A</u>	Resolution to Adopt the Amendment to the Brownfield Plan
<u>Attachment B</u>	Proposed Amendment to the Brownfield Redevelopment Plan.

A RESOLUTION ADOPTING THE PROPOSED AMENDMENT TO THE
BROWNFIELD PLAN FOR WASHTENAW COUNTY APPROVING TAX INCREMENT
FINANCING INCENTIVES FOR THE "BANKS OF SALINE" BROWNFIELD
REDEVELOPMENT PROJECT IN THE CITY OF SALINE

WASHTENAW COUNTY BOARD OF COMMISSIONERS

July 5, 2006

WHEREAS, the Washtenaw County Board of Commissioners, supports the sustainable redevelopment of environmentally distressed sites designated as brownfields; and

WHEREAS, through Resolution 99-0110, the Washtenaw County Board of Commissioners, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), established the Washtenaw County Brownfield Redevelopment Authority (the "WCBRA") to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas in Washtenaw County; and

WHEREAS, through Resolution 00-0215, the Washtenaw County Board of Commissioners adopted the Brownfield Plan for Washtenaw County (the "Plan"); and

WHEREAS, the property located at 232 Monroe Street (the "Property") in the City of Saline has been identified as an environmental hazard, a "facility" under state statute; and

WHEREAS, a brownfield clean-up and redevelopment plan has been prepared as an Amendment to the Plan, to restore the environmental and economic viability of the property; and

WHEREAS, the Saline City Council has reviewed the Amendment to the Plan, and has been provided a reasonable opportunity to express their views and recommendations regarding it in accordance with Section 13(13) of the Act; and

WHEREAS, on June 5, 2006, the Saline City Council passed Resolution # 06-13 concurring with the provisions of the Amendment to the Plan, including approval by the Washtenaw County Board of Commissioners and implementation by the WCBRA; and

WHEREAS, pursuant to and in accordance with Section 13 of the Act, the WCBRA, on June 8, 2006, voted to recommend that the Washtenaw County Board of Commissioners approve the Amendment to the Plan to be carried out within the City of Saline, relating to the redevelopment of the Property; and

WHEREAS, the Washtenaw County Board of Commissioners will hold Public Hearing on July 5, 2006 to receive comment on the proposed Amendment to the Plan pursuant to the Act; and

WHEREAS, this matter has been reviewed by Corporation Counsel, Finance, Human

Resources, the County Administrator's Office, and the Ways and Means Committee;

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners accepts the concurrence of the Saline City Council and the recommendation of the WCBRA, and approves the adoption of the proposed Amendment to the Plan, as attached hereto and made a part thereof.

BE IT FURTHER RESOLVED THAT should any section, clause or phrase of this Resolution be declared by the courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.

BE IT FURTHER RESOLVED THAT all resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.