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**TO:** Barbara Levin Bergman  
Chair, Ways & Means Committee

**THROUGH:** Robert E. Guenzel  
County Administrator

**FROM:** Anthony VanDerworp, Department Head  
Department of Planning and Environment

**DATE:** January 23, 2008

**SUBJECT:** Use the County's Full Faith and Credit as a Guarantee for the City of Saline's "Banks of Saline" Brownfield Redevelopment Project

### **ACTION REQUESTED**

The Department of Planning and Environment requests that the Washtenaw County Board of Commissioners consider adoption of the resolution to use the County's Full Faith and Credit as a Guarantee for a \$600,000 CMI Brownfield Redevelopment Loan for the City of Saline's The Banks of Saline Brownfield Redevelopment Project.

### **BACKGROUND**

In May of 1999, the Washtenaw County Board of Commissioners established the Washtenaw County Brownfield Redevelopment Authority (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, the Commissioners adopted the Brownfield Plan for Washtenaw County (Res. 00-0215).

Pursuant to the goals of the Washtenaw Brownfield Redevelopment Initiative, the Washtenaw County Board of Commissioners approved Resolution No. 06-0134 to adopt the proposed amendment to the Brownfield Plan for Washtenaw County approving tax increment financing incentives for the City of Saline's The Banks of Saline Brownfield Redevelopment Project. On December 5, 2007, the Commissioners approved ratifying the County Administrator's signature on an application to the State of Michigan Department of Environmental Quality's "Clean Michigan Initiative" program for a \$1 Million Brownfield Redevelopment Grant and Loan Application (Res. 07-0228).

### **DISCUSSION**

The County has received notification from the State that an award cannot be made until the County pledge its Full Faith and Credit as a Guarantee for a CMI Loan amount. The County's original CMI application requested a \$500,000 grant and a \$500,000 loan (50% split of \$1 Million). In December 2006 MDEQ staff requested that the grant and loan ratio be reconsidered, and after discussions with the City of Saline and the developer, it was determined that Washtenaw County (as the applicant) would be willing to accept a grant and loan ratio as low as 20% grant and 80% loan to help ensure the application receive favorable consideration by the State. The MDEQ staff has stated that their staff recommendation to the CMI review

board is for an award ratio of \$400,000 grant and \$600,000 loan (document attached). Therefore we are requesting the County to pledge its Full Faith and Credit as a Guarantee for a \$600,000 CMI Loan to fulfill the requirement by the State of Michigan.

The amendment to the Brownfield Plan for this project provides Tax Increment Financing in the amount of \$1,038,906, of which \$600,000 will be used to repay the CMI Loan. Additionally, as further guarantee, the Washtenaw County Brownfield Redevelopment Authority (WCBRA) is requiring an "Irrevocable Letter of Credit" from the Developer in the amount of \$600,000 be in place before any of the loan funds are expended on environmental remediation activities at the site. The WCBRA will not release the Letter of Credit until such time that the project is completed and TIF funds are in place. Additionally, if the grant/loan application amount is awarded, it will reduce the original TIF amount by the \$400,000 CMI grant amount.

**IMPACT ON PERSONNEL**

No impacts are indicated for this resolution

**IMPACT ON BUDGET**

It is not expected to have any impact on the budget as there are two other guarantees in place to pay for the \$600,000 CMI loan.

**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.

**ATTACHMENTS/APPENDICES**

Attachment A Resolution to Use the County's Full Faith and Credit as a Guarantee for a \$600,000 CMI Loan award for the City of Saline's Banks of Saline Brownfield Redevelopment Project.

Attachment B State of Michigan Department of Environmental Quality's "Clean Michigan Initiative" Brownfield Redevelopment Grant and Loan Application for \$1 million.

Attachment C State of Michigan Department of Environmental Quality Environmental Stewardship Grants and Loans Unit's Recommendation Appendix A.

Preparer:                   Jeremy McCallion, Brownfield Associate Planner  
                                  Patricia Denig, Director of Planning Services

A RESOLUTION TO PLEDGE THE COUNTY'S FULL FAITH AND CREDIT AS A  
GUARANTEE FOR A \$600,000 CMI LOAN FOR THE CITY OF SALINE'S "BANKS OF  
SALINE" BROWNFIELD REDEVELOPMENT PROJECT

WASHTENAW COUNTY BOARD OF COMMISSIONERS

January 23, 2008

WHEREAS, Washtenaw County has committed to collaborating with other governmental units and providing leadership for long term county-wide sustainable development and redevelopment incorporating a diversified economy, environmental protection, and social needs; and

WHEREAS, brownfield redevelopment encourages more efficient use of the land that will provide for sustainable growth, protect valued natural resources, preserve important agricultural and open space lands, while also encouraging growth and economic revitalization on 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, 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, through Resolution 06-0134, the Washtenaw County Board of Commissioners approved an amendment to the Plan for the City of Saline's "Banks of Saline" Brownfield Redevelopment project.

WHEREAS, through Resolution 07-0228 the Washtenaw County Board of Commissioners approved ratifying the County Administrator's signature on an application to the State of Michigan Department of Environmental Quality's "Clean Michigan Initiative (CMI)" program for a \$1 million Brownfield Redevelopment Grant (BRG) and Loan (BRL).

WHEREAS this matter has been reviewed by the Finance Department, Corporation Counsel, Human Resources, County Administrator's Office and the Ways and Means Committee.

WHEREAS, the State of Michigan may award a \$400,000 CMI BRG and \$600,000 CMI BRL and will require the County's Full Faith and Credit as a Guarantee for the \$600,000 CMI Loan portion of the award. The amendment to the Plan for this project provides for Tax Increment Financing (TIF) in the amount of \$1,038,906, of which \$600,000 will be used to repay the CMI Loan. Additionally, as further guarantee, the Washtenaw County Brownfield Redevelopment Authority (WCBRA) is requiring an "Irrevocable Letter of Credit" from the Developer in amount of the CMI Loan and which will be in place before any of the CMI loan funds are expended on clean-up of the site. The WCBRA will not release the Irrevocable Letter of Credit until such time that the project is completed and TIF funds are in place.

NOW THEREFORE BE IT RESOLVED, that the Washtenaw County Board of Commissioners approves the use of the County's Full Faith & Credit to guarantee the \$600,000 CMI Brownfield Redevelopment Loan portion of the award, recognizing that the amendment to the Plan for this

project provides for Tax Increment Financing (TIF) in the amount of \$1,038,906, of which \$600,000 will be used to repay the CMI Loan.

BE IT FURTHER RESOLVED THAT, as further guarantee, the Washtenaw County Brownfield Redevelopment Authority (WCBRA) will require an "Irrevocable Letter of Credit" from the Developer in the amount of the CMI Loan and be in place before any of the CMI Loan funds are expended on cleanup of the site, and that the WCBRA will not release the Letter of Credit until such time that the project is completed and the TIF funds are in place.