

COUNTY ADMINISTRATOR 220 NORTH MAIN STREET, P.O. BOX 8645 ANN ARBOR, MICHIGAN 48107-8645 (734) 222-6850

FAX (734) 222-6715

TO: Barbara Levin Bergman

Chair, Ways & Means Committee

THROUGH: Robert E. Guenzel

County Administrator

FROM: Anthony VanDerworp

Director of Planning and Environment

DATE: August 6, 2008

SUBJECT: Amendment to the Brownfield Plan for Washtenaw County for Michigan

Business Tax credit incentives for the "Mack and Mack" Brownfield

Redevelopment Project in the City of Ypsilanti.

BOARD ACTION REQUESTED:

It is requested that the Washtenaw County Board of Commissioners adopt the proposed Amendment to the Brownfield Plan for Washtenaw County (Plan) to qualify the "Mack and Mack" Brownfield Redevelopment Project in the City of Ypsilanti (Attachment A) for Michigan Business Tax (MBT) credit incentives.

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 Ypsilanti 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 financing is 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.
 - The building is deemed functionally obsolete and the cost of the eligible activities to renovate the building is both reasonable and necessary to facilitate redevelopment. Eligible investment in the project for the purposes of calculating the MBT credit is \$1.57 of the total \$1.7 million capital investment in the redevelopment.
- (d) Whether the amount of captured taxable value estimated to result from adoption of the plan is reasonable.

No captured taxable value is proposed for this project.

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 July 2, 2008, in accordance with the Act, the Washtenaw County Board of Commissioners held a public hearing on the adoption of this proposed Amendment, notice of which was given as required by the provisions of the Act. There was no comment by the public at the Public Hearing. The Board of Commissioners is now requested to consider the proposed plan amendment (Attachment B) for adoption as discussed below.

DISCUSSION

The Project

Mack and Mack LLC is the developer of the proposed project, an approximate \$1.7 million mixed-use development including office/commercial and residential space. The property is located at 211-215 W. Michigan Avenue in downtown Ypsilanti (see Figure 1). The property is approximately 0.23 acres, is over 150-years old, and is a two and partial three story building. An environmental assessment of the property has identified two above ground storage tanks and asbestos-containing materials within the structure. However the property is qualified for brownfield incentives through its functionally obsolete definition and not from environmental contamination.



Figure 1 Mack and Mack Building circa 2004

Incentives Requested

Pursuant to the Act, the WCBRA has the authority to provide eligibility for brownfield incentives, to help encourage economic development, assist with job retention and creation in the County, and promote brownfield redevelopment over green space development.

Property taxes on this project have been frozen pursuant to the Obsolete Property Rehabilitation Act (OPRA), so there is no incremental increase in taxes at the local level for capture. Additionally, no school tax capture is proposed for this project. Approval of the Brownfield Plan Amendment will make the project eligible to apply for Michigan Business Tax (MBT) credits pursuant to the Act. It is anticipated that approximately \$200,000 of revenue will be generated for the developer based on the process of receiving an MBT credit based on project investment, and the corresponding sale of those credits in financial markets.

City of Ypsilanti Action

The Ypsilanti City Council approved the Brownfield Plan for this project on June 3, 2008 (resolution attached).

WCBRA Action

Pursuant to the Act, the WCBRA prepared an Amendment to the Plan to qualify the Mack and Mack Project for MBT incentives. The project is located in the City of Ypsilanti, 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 12, 2008 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:

- An obsolete property will be put back into productive use;
- The new development will create approximately 25 temporary construction jobs and approximately 20-25 new jobs, and commensurate indirect/induced jobs in the local economy;
- The new development will increase the annual tax base for the Ypsilanti Downtown Development Authority from this property;
- The new development will be in downtown Ypsilanti where the infrastructure already exists to support this type of development;
- The new development will preserve and rehabilitate a historic structure in the City of Ypsilanti;
- The new development will mitigate the environmental issues related to the site (i.e., removal of above ground storage tanks and asbestos abatement);
- The member community and its governing body, the Ypsilanti City Council, has approved this project through Resolution 2008-127;
- In approving the Amendment to the Plan, the City of Ypsilanti has demonstrated support
 of the County's brownfield redevelopment initiative and this project, showing 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 obsolete
 and/or blighted properties;
- The County will be supporting brownfield redevelopment through the reuse of this blighted, functionally-obsolete site rather than greenfield development.

IMPACT ON PERSONNEL

No impacts are indicated for this resolution.

IMPACT ON BUDGET

This will have no impact on the County Budget as there will be no change in the amount of revenue generated by the project as future incremental tax revenue will be captured by the Ypsilanti DDA.

As no local taxes will be captured under this Plan Amendment, there will also be no opportunity to add capital to the Washtenaw County "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 Ypsilanti (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 putting back to productive use distressed areas.

CONFORMITY TO COUNTY POLICIES

This action is in conformance with County policies. The proposed Amendment to Plan has been reviewed by Corporation Counsel, Finance and County Administration.

ATTACHMENTS/APPENDICES

Attachment A Resolution to Adopt the Amendment to the Brownfield Plan Attachment B Proposed Amendment to the Brownfield Redevelopment Plan.

Attachment C Resolution by the City Council of Ypsilanti approving the Brownfield Plan

A RESOLUTION TO ADOPT THE PROPOSED AMENDMENT TO THE BROWNFIELD PLAN FOR WASHTENAW COUNTY APPROVING MICHIGAN BUSINESS TAX CREDIT INCENTIVES FOR THE "MACK AND MACK" BROWNFIELD REDEVELOPMENT PROJECT IN THE CITY OF YPSILANTI

WASHTENAW COUNTY BOARD OF COMMISSIONERS

August 6, 2008

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 and to promote site revitalization 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 211-215 W. Michigan Avenue (the "Property") in the City of Ypsilanti has been identified as functionally-obsolete under state statute; and

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

WHEREAS, the Ypsilanti 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 3, 2008, the Ypsilanti City Council passed Resolution 2008-127 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 12, 2008, voted to recommend that the Washtenaw County Board of Commissioners approve the Amendment to the Plan to be carried out within the City of Ypsilanti, relating to the redevelopment of the Property; and

WHEREAS, the Washtenaw County Board of Commissioners held a Public Hearing on July 2, 2008 to receive comment on the proposed Amendment to the Plan pursuant to the Act; and

WHEREAS this matter has been reviewed by the County Administrator's Office and the Corporation Counsel; and

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners concurs with the approval of the Ypsilanti City Council and the WCBRA, and approves the adoption of the proposed Amendment to the Plan.

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.