

Brownfield Redevelopment Authority of City of Madison Heights

Memorandum

Date: February 6, 2024
To: Brownfield Redevelopment Authority Board Members
From: Giles Tucker, Director of Community & Economic Development
Subject: Brownfield Reimbursement Request #2- 30031 Dequindre Rd

The City of Madison Heights Council approved the Brownfield Redevelopment Plan for The Reserve at Red Run development on 30031 Dequindre Rd on May 11, 2020. After demonstrating that a substantial amount of the project had been completed, the developer submitted and received approval for their first request for reimbursement for a total of \$1,306,859.98 on July 19, 2022. This left the developer a remaining \$426,929.02 (includes 15% contingency for non-environmental activities) for further requests for reimbursement.

A second reimbursement request was sent to city staff on November 27th, 2023. The sections below include Staff Findings, Staff Recommendation, Appendices and Attachments. The appendices contain a summary of the activities conducted for this request and tables created by staff and PM Environmental that are referenced within this memo. Additional documentation and further clarification were requested of PM Environmental via email. This email correspondence, the additional documentation received, and the complete original reimbursement request have been included as attachments.

Staff Findings:

1. Non-Environmental Eligible Activities approved in the Brownfield are \$1,508,425, not including the 15% Contingency. After Reimbursement Request #1 \$204,776.02 remains available for reimbursement. Non-Environmental Eligible Activities for Request #2 include:
 - a. Demolition Activities: \$5,365
 - b. Infrastructure Improvement: \$19,150
 - c. Brownfield Plan Preparation and Implementation MSF: \$14,800
 - d. Site Preparation: \$184,991.16
2. The Brownfield Plan included a 15% Contingency of \$221,764, this contingency is applied to all Non-Environmental Activities, excluding plan preparation and implementation. This contingency was included in the plan to address unanticipated conditions that occurred during the implementation of the project. Additional costs for Site Preparation resulted in a cost exceedance of \$16,044.39 over the budget allowed for Non-Environmental Eligible Activities. The developer is requesting the contingency funds to reimburse this exceedance. If approved, \$205,719.36 would remain in contingency.

Brownfield Redevelopment Authority

City of Madison Heights - Community & Economic Development Department
300 W. Thirteen Mile Road
Madison Heights, MI 48071

3. Staff reviewed the request as submitted by PM Environmental and made three (3) very minor changes within “Appendix B” that were accepted by PM Environmental. These changes are reflected in Staff Table 1 and 2.
 - a. PM Table Eligible Activities: \$967,986.50- Corrected amount \$968,206.48
 - b. PM Table Eligible Activities Detail \$1,085.00- Corrected amount \$1,084.50
 - c. PM Table Eligible Activities Detail \$10,228.00- Corrected amount \$10,227.50
4. On January 9th, 2024, a final reconciliation of costs from Cunningham Limp was provided to staff that slightly increased the amount of reimbursement requested. This change is reflected in Staff Table 2 and the documentations is included as an attachment within “Additional Documentation Received.”
 - a. PM Table Eligible Activities Detail \$3,105.00- Corrected amount \$3,506.50
5. Staff requested more information for several payments by check that were used to substantiate payment, and further explanation of the eligible expenses submitted. PM Environmental provided additional backing information for these requests to the satisfaction of staff. These have been included as attachments under “Additional Documentation Received.”
6. Based on staff’s interpretation of Public Act 381 Work Plan Guidance, there were five (5) submitted expenses that don’t qualify as eligible activities for reimbursement. All these expenses were paid inspection fees to the Oakland County Water Resources Commissioner for the inspection of temporary erosion control measures conducted on site. Staff has recommended that these fees be excluded for reimbursement:

a. WRC Invoice Reference # 000551-2020-CO	\$1,875.00
b. WRC Invoice Reference # 0135-2020	\$500.00
c. WRC Invoice Reference # 000551-2020-CO (1-24-22)	\$503.75
d. WRC Invoice Reference # 000551-2020-CO (3-28-22)	\$503.75
e. WRC Invoice Reference # 000551-2020-CO (7-5-22)	\$503.75

Staff Recommendation:

After completing review of the 2nd Reimbursement Request for the project located at 30031 Dequindre Rd submitted on November 27th, 2023, for \$224,306.16, staff recommends that the Brownfield Redevelopment Authority approve a revised amount of \$220,820.41 for reimbursement. This revised request, along with the request approved on July 19, 2022, results in a combined total of \$1,527,680.39 of tax revenue, as available, to be disbursed to the Developer Hudson-Madison, LLC. If approved, a contingency of \$205,719.36 would remain for any other future requests.

Appendices:

1. Appendix 1: Staff Table 1. Eligible Activities
2. Appendix 2: Staff Table 2. Eligible Activities Detail
3. Appendix 3: PM Environmental Description of Activities Conducted
4. Appendix 4: PM Environmental Table Eligible Activities
5. Appendix 5: PM Environmental Table Eligible Activities Detail

Attachments:

6. Complete Reimbursement Request #2 for 30031 Dequindre Rd
7. Email Correspondence- PM Environmental & City Staff
8. Additional Documentation Received