

Brownfield Redevelopment Authority of City of Madison Heights

Memorandum

Date: February 6, 2024
To: Melissa Marsh, City Manager
From: Giles Tucker, Director of Community & Economic Development
Subject: 29448 John R Rd Brownfield TIF Plan

The City of Madison Heights and MMD Acquisitions LLC entered into an agreement for the sale of the property located at 29448 John R Rd on May 10th, 2022. This agreement included a due diligence period, which was extended, and the property was closed upon in November 2023. A condition of the sale of the property was the approval of an approved Brownfield Plan that included the reimbursement of eligible activities as defined in the Michigan Brownfield Redevelopment Financing Act (Public Act 381). The proceeds of the sale of this property were a significant part of the funding for the much-needed renovation of City Hall, Adult Active Center, and Library.

Basis for Brownfield Eligibility

This site was formerly used as a landfill for the Royal Oak dump and as a part of the Southeastern Oakland County Resource Recovery Authority's (SOCCRA) transfer station and incinerator. A Phase II ESA found heavy metals and naphthalene in soil samples and arsenic in the groundwater samples above Michigan Department of Environment, Great Lakes, and Energy (EGLE) Part 201 generic residential cleanup criteria (GRCC). For this reason, the property qualifies as a "facility" as defined by 1994 P.A. 451, Part 201, as amended. Phase II ESA also detected Mercury, ethylbenzene, naphthalene, and 1,2,4-trimethylbenzene were detected above EGLE Residential Volatilization to Indoor Pathway (VIAP) Screening Levels, dated September 4, 2020. The complete Phase II report conducted by NTH Consultants can be found under Appendix E of the included proposed Brownfield Plan.

Summary of Eligible Activities & Total Reimbursement

Tax Increment Financing revenues will be used to reimburse costs of eligible activities as permitted by the Brownfield Redevelopment Financing Act. It is important to note that cost estimates may increase or decrease depending on unknown conditions as the project is under development. The total "not to exceed" cost discussed later is the maximum amount of reimbursement allowed for this plan unless the Plan is amended by the MHBRA & City Council. The following are estimates for each of these eligible activity areas:

- Work Plan Exempt Activities	\$50,700
- Department Specific Activities	\$810,230
- Demolition	\$117,500
- Asbestos Abatement	\$30,000
- Infrastructure Improvements	\$500,000
- Site Preparation	\$247,475
- Preparation and Implementation of a Brownfield Plan	\$30,000
<i>Est. Eligible Activities Subtotal</i>	\$1,785,905

It is anticipated that most of these activities will be performed after the adoption of this Brownfield Plan. However, the Brownfield Plan allows for eligible activities to be included for reimbursement if they are performed up to 180 days prior to the adoption to the Brownfield Plan's approval by the City Council.

The developer is requesting a "not to exceed" total reimbursement of **\$2,041,686 for eligible activities**. This total includes \$1,785,905 in estimated eligible activities and a 15% contingency of \$255,781. This contingency excludes Baseline Environmental Assessment Activities and preparation and implementation of the Brownfield Plan. However, Table 2 within the Brownfield Plan shows a projected reimbursement of **\$1,497,551** over 30 years of capture, assuming a new taxable value of \$1.2M increasing 2% per year for the duration of the plan.

Madison Heights Brownfield Redevelopment Authority (MHBRA) Action

On January 16, 2024, the MHBRA reviewed the 29448 John R Rd Brownfield plan and recommended that City Council approve the plan with the following motion:

Motion by Busler, Seconded by Morando, that the Madison Heights Brownfield Redevelopment Authority (MHBRA) recommends that Madison Heights City Council adopt the proposed Brownfield Plan for property located at 29448 John R Rd and to authorize the Mayor and City Clerk to sign the Development Agreement and Reimbursement Agreement after review and minor modifications are made from the City Attorney.

Staff Recommendation

Staff recommends that City Council adopt the attached resolution to approve the Brownfield Plan for 29448 John R Rd, subject to review and approval of the language in the Development Agreement and Reimbursement Agreement by the Developer and City Attorney, and, upon acceptance thereof, to authorize the Mayor and City Clerk to sign the Development Agreement and Reimbursement Agreement.

Attachments

1. Proposed Resolution
2. 29448 John R Rd Draft Development Agreement
3. 29448 John R Rd Draft Reimbursement Agreement
4. Brownfield Application
5. 29448 John R Rd Draft Brownfield Plan
6. Public Hearing Notice
7. January 16th, 2024, MHBRA Meeting Minutes