

# MEMO

## ASTI Environmental

**Date:** April 24, 2012

**To:** Kevin Rose, Lapeer Community Schools

**From:** Tom Wackerman

**Subject:** Brownfield Plan for Former White School Redevelopment - Next Steps

Congratulations on securing City Commission approval for the Brownfield Plan (the Plan) dated January 16, 2012. This plan permits Tax Increment Financing (TIF) for reimbursement of Eligible Activities necessary for the redevelopment of the former White School property at 201 Jefferson Street as described below. The following are the next steps in obtaining incentives for this project

1. Once you have identified a developer, a reimbursement agreement will be executed between the developer and the City of Lapeer. This agreement will detail the terms of the TIF payments. In the event that the approved TIF capture is insufficient, an amendment to the Plan can be presented by the developer to the Brownfield Redevelopment Authority.
2. Approval of the Plan permits capture of local taxes only. To be eligible for school tax capture, the developer must submit a 381 Work Plan to the MEDC for approval. To obtain approval they will need to include a site plan and detailed construction cost estimate.
3. Once the 381 Work Plan is approved the developer can make an application to the Michigan Strategic Fund for redevelopment assistance under the Community Revitalization Program.
4. The developer will be required to keep detailed records and submit a payment request to the City of Lapeer for reimbursement of the actual costs of the Eligible Activities. This request will include a narrative of the Eligible Activities performed and an explanation of why such activities qualify for reimbursement under the Reimbursement Agreement and the Brownfield Plan. The eligible activities must fit into the categories described below. It is especially important to maintain organized records to help streamline the request for the reimbursement. We suggest keeping a separate file for each Eligible Activity category with copies of all receipts and/or invoices for the corresponding costs.



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**Brownfield TIF**

A total of \$804,735 in Eligible Activities has been approved for this project to be reimbursed through a local only TIF. Please note, this is a not-to-exceed amount and will be reimbursed through the incremental increase in property tax revenue from this property. It is only paid after the property taxes are paid, and only for actual expenses incurred. The Plan assumes a repayment period of eight years using both local and school tax capture. In the event that only local tax capture is used, repayment would require eighteen years.

To the extent that the Lapeer Community School has incurred expenses approved under the Plan, the Lapeer Community School will receive the reimbursement. This will include costs for environmental investigations (Item 1) and preparation of the Plan (Item 7) as described below.

The following items are considered Eligible Activities for reimbursement.

**1. Baseline Environmental Assessment Activities**

This includes environmental assessment activities: completion of Phase I ESA reports, investigation of soil impacts and historical site features, an Asbestos Containing Material (ACM) Survey, a Lead Based Paint (LBP) Inspection, and preparation of reports and assessment documents. Some of these costs were incurred prior to the approval of the Brownfield Plan.

**2. Asbestos Containing Material Abatement**

This includes removal and proper disposal of all asbestos containing building materials and all testing necessary to prepare the building for demolition.

**3. Site Preparation**

This includes all site preparation activities including soil balancing and soil grading, removal of excess or unstable soils, and associated soft costs.

**4. Demolition**

This includes demolition of the former school building and parking lot on the Property.

**5. Infrastructure Improvements**

This includes the relocation and upgrade of existing utilities, extension of public utilities, engineering and surveying services for road construction, extension of a city street, construction of a roundabout and sidewalks, and other infrastructure improvements associated with the redevelopment of the Eligible Property. These are necessary to utilize the site and increase connectivity to the traditional downtown commercial corridor.

**6. Contingency**

This includes a 15% contingency for items 1 through 5, above, to accommodate unexpected conditions that may be encountered during the redevelopment.



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**7. 381 Work Plan and Brownfield Plan Preparation**

This includes the reasonable costs of preparing the Brownfield Plan and the 381 Work Plan. Some of these costs were incurred prior to the approval of the Brownfield Plan.

**8. Plan Review Fees**

This includes review fees from MEGA or MDNRE if applicable.

**9. Interest**

This Plan includes interest collection at a maximum of 5% simple interest, to reimburse the developer for any unpaid balance for Eligible Activities. A request for reimbursement must have been submitted to be eligible for interest capture. Interest repayment is limited to the year in which the interest cost is incurred.

The following is the maximum approved amount for reimbursement.

**Table 1**  
**Estimated Costs of Eligible Activities**

<b>Eligible Activities</b>	<b>Estimated Cost</b>
1. Environmental Investigation	\$12,900
2. ACM Abatement	\$67,800
3. Site Preparation	\$50,000
4. Demolition	\$193,000
5. Public Infrastructure	\$223,725
6. Contingency (15%)	\$82,114
7. Brownfield Plan and 381 Work Plan	\$14,000
8. MDEQ and MEDC Review Fees	\$2,500
9. Interest	\$158,696
<b>Total Estimated Eligible Activity Costs</b>	<b>\$804,735</b>

If you have any questions please do not hesitate to contact us at 810.225.2800 or by email at [twacker@asti-env.com](mailto:twacker@asti-env.com).



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