

City of Detroit

Brownfield Redevelopment Authority

Community Advisory Committee

500 Griswold Street • Suite 2200

Detroit, Michigan 48226

Phone: 313 963-2940

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DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES OF THE
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING
WEDNESDAY, OCTOBER 24, 2018 -- 5:00 PM
AT DEGC OFFICES
500 GRISWOLD, SUITE 2200
DETROIT, MI

COMMITTEE MEMBERS

PRESENT:

Brad Lutz
Kamal Cheeks
Michelle Lee
Allen Rawls
Dr. Regina Randall

COMMITTEE MEMBERS

ABSENT:

Marlowe Stoudamire
Sandra Stahl
Rick Blocker
Simone Sagovac

OTHERS PRESENT:

Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Sarah Pavelko (DEGC)
Donna Rice (DBA)

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Call to Order

Mr. Rawls, Chairperson, called the meeting to order at 5:15 p.m.

General

Approval of Minutes

Mr. Rawls called for approval of the minutes of the August 22, 2018 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Lutz, seconded by Mr. Cheeks, DBRA-CAC Resolution Code 18-10-02-133, approving the August 22, 2018 CAC minutes, as presented, was unanimously approved.

Projects

Amended and Restated Brownfield Plan for Joe Louis Arena

Mr. Vosburg introduced the Amended and Restated Brownfield Plan for Joe Louis Arena to the CAC members present.

A Plan Amendment is being requested due to increased Eligible Activities that have recently been discovered by environmental consultants working on behalf of the City of Detroit. Abatement and Demolition activities have increased from \$3.6 million the original Plan to approximately \$8.8 million in the Plan Amendment. Engineering Services: Demo Design has increased from \$790,286 to \$840,286. New Eligible Costs of Due Care Activities, Response Activities and Interest totaling approximately \$2.7 million are new Eligible Cost. In total, the Eligible Costs have increased from \$5,561,009 to \$14,363,147.

Project Introduction

In connection with the development of the property commonly known as the "Little Caesars Arena", an agreement was reached by the applicable parties to demolish the JLA once the Little Caesars Arena was completed and ready for use. As of the date of this Plan, the Little Caesars Arena has been completed and the Detroit Red Wings have vacated the JLA and relocated to the Little Caesars Arena.

The primary purpose of this Plan Amendment is to increase the amount of tax increment revenues that can be captured for reimbursement of eligible activities. This increase is a result of additional information that was subsequently discovered following the original Brownfield Plan approval. The capture of tax increment revenues pursuant to the Plan Amendment is to reimburse for eligible activities in connection with the demolition of the JLA and to prepare the Property for a future mixed-use development, which may include residential, commercial, and/or retail space. For the purposes of this Plan, the use of the term "Developer" shall refer to the City of Detroit. The City of Detroit is the owner of Joe Louis Arena and the Detroit Building Authority will oversee demolition.

Total TIF reimbursement amount for the demolition and related eligible activities under this Plan is \$14,363,147.

Property Subject to the Plan

The eligible property (the "Property") consists of six (6) parcels located at 27 Washington Boulevard. The common address of the JLA is also known as "600 Civic Center Drive." 25 Washington Boulevard, 29 Washington Boulevard, 31 Washington Boulevard, and 33 Washington Boulevard are properties that are

adjacent and continuous to 27 Washington Boulevard. 501 Third is also adjacent to 27 Washington Boulevard and is the location of the Detroit People Mover – Joe Louis Arena Station Stop. The Property is located adjacent to the Central Business District and is generally bounded by Jefferson Street to the north, Atwater Street to the east, Detroit River to the south and Cobo Convention Center to the west.

Basis of Eligibility

The Property is considered “eligible property” as defined by Act 381, Section 2 because (a) the Property was previously utilized for a public purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is determined to be a functionally obsolete or adjacent and contiguous as defined by Act 381.

Eligible Activities and Projected Costs

The “eligible activities” that are intended to be carried out at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include environmental assessment activities, demolition and abatement and brownfield plan and work plan preparation and brownfield plan implementation. The eligible activities and budgeted costs are intended as part of the development of the Property and will be financed solely by the Developer. The Authority is not responsible for any costs of eligible activities and will incur no debt. The eligible activities are estimated to begin within eighteen months and be completed within three (3) years.

Tax Increment Financing (TIF) Capture

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the DBRA and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan pursuant to the terms of a Reimbursement Agreement with the DBRA.

COSTS TO BE REIMBURSED WITH TIF

Description of Eligible Activities	Estimated Cost
MSF Activities	
1. ALTA Survey	\$ 18,200
2. Engineering Services: Demo Design	\$ 840,286
3. Abatement and Demolition	\$ 8,829,870
4. Brownfield and Work Plan Preparation	\$ 15,000
5. Brownfield Plan Implementation	\$ 15,000
6. 15% Contingency	\$ 1,453,253
7. MSF Interest	\$ 2,346,038
Subtotal MSF	\$ 13,517,647
MDEQ Activities	
8. Environmental Assessment Activities	\$ 375,000
9. Response Activities	\$ 20,000
10. Due Care Activities	\$ 200,000
11. Brownfield and Work Plan Preparation	\$ 15,000
12. Brownfield Plan Implementation	\$ 15,000
13. 15% Contingency	\$ 89,250
14. MDEQ Interest	\$ 131,250
Subtotal MDEQ	\$ 845,500

Description of Eligible Activities	Estimated Cost
Subtotal Site Eligible Activities	\$ 14,363,147
15. DBRA Administrative Costs	\$ 2,429,098
16. Local Brownfield Revolving Fund	\$ 1,658,009
17. State Brownfield Redevelopment Fund	\$ 1,822,047
Total Other Eligible Activities	\$ 5,909,154
Total Estimated Cost to be Funded Through TIF	\$ 20,272,301

The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the DBRA from the Property shall be governed by the terms of the Reimbursement Agreement.

Other Incentives

The Developer is seeking a loan through the Michigan Strategic Fund's Community Revitalization Program.

Ms. Rice provided more detail regarding the need for an amended Plan for the Project including that additional environmental investigation was completed and discovered additional asbestos behind the metal panels on the exterior of the arena and some patching on the ceiling of the fourth floor, and that the third floor of the arena is expensive to access and is believed to have asbestos materials as well.

Ms. Lee asked if there has been a plan established for the removal of the asbestos materials. Ms. Rice stated that there are various companies placing bids for the services to remove the asbestos and that the process will be documented in a Work Plan to be submitted to the Michigan Department of Environmental Quality for review and approval and that the process will be monitored by the Building Safety, Engineering, and Environmental Department of the City of Detroit.

Mr. Cheeks asked what the impact to the Plan will be if no asbestos materials are found on the third floor of the arena. Mr. Vosburg stated that the eligible costs identified in the Plan are the worst-case scenario and that only actual, certified costs will be reimbursed.

Mr. Rawls asked if the Detroit Building Authority will ensure that the costs are verified and reasonable. Ms. Rice confirmed that the Detroit Building Authority will ensure that all costs are verified and reasonable.

Mr. Lutz asked if the additional asbestos materials will impact the timeline for the demolition of the arena. Ms. Rice stated that the Detroit Building Authority will be selecting a contractor for the removal of the asbestos materials in the next few weeks, the interior demolition of the arena will start in early 2019 with the removal of the exterior metal panels beginning in June of 2019. Total demolition is expected to follow an 11-12 month schedule and be completed by early 2020.

Mr. Rawls asked if the People Mover station connected to the arena via elevated walkways will be demolished as well. Ms. Rice stated that the portion of the elevated walkway connecting the People Mover station to the arena will be removed, but that the rest of the People Mover station and the elevated walkways will remain.

Mr. Rawls asked how the costs were determined for the removal of the asbestos materials on the third floor of the arena. Ms. Rice stated that the costs were based on the total square footage of the third floor assuming that the asbestos materials are present in the entirety of the third floor of the arena.

Ms. Lee asked what year Joe Louis Arena was built. Ms. Rice stated that Joe Louis Arena was constructed in 1978, before the use of asbestos materials were prohibited in construction.

Mr. Rawls called for a motion recommending approval of the Amended and Restated Brownfield Plan for Joe Louis Arena.

Mr. Lutz motioned to recommend approval of the Amended and Restated Brownfield Plan for Joe Louis Arena without a CAC public hearing and without appointing special members. Dr. Randall seconded the motion. DBRA-CAC Resolution Code 18-10-256-02, recommending approval of the Amended and Restated Brownfield Plan for Joe Louis Arena was unanimously approved.

Administrative

None.

Other

None.

Public Comment

None.

Adjournment

Citing no further business, Mr. Rawls adjourned meeting at 5:35 PM.

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CODE DBRA CAC 18-10-02-133

APPROVAL OF MINUTES OF AUGUST 22, 2018

RESOLVED, that the minutes of the regular meeting of August 22, 2018 are hereby approved and all actions taken by the members present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Community Advisory Committee of the Detroit Brownfield Redevelopment Authority.

October 10, 2018

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CODE DBRA-CAC 18-10-256-02

JOE LOUIS ARENA AMENDED AND RESTATED BROWNFIELD REDEVELOPMENT PLAN

WHEREAS, pursuant to 381 PA 1996, as amended (“Act 381”), the City of Detroit Brownfield Redevelopment Authority (the “DBRA”) has been established by resolution of the City Council of the City of Detroit (the “City”) for the purpose of promoting the revitalization of environmentally distressed areas in the City; and

WHEREAS, under Act 381, the DBRA is authorized to develop and propose for adoption by City Council a brownfield plan for one or more parcels of eligible property; and

WHEREAS, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Amended and Restated Brownfield Plan for the Joe Louis Arena Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its October 24, 2018 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
 - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt an Amended and Restated Brownfield Plan for the **Joe Louis Arena Brownfield Redevelopment Project**.
 - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

October 24, 2018