

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, JUNE 13, 2018 -- 5:00 PM
AT DEGC OFFICES
500 GRISWOLD, SUITE 2200
DETROIT, MI

COMMITTEE MEMBERS

PRESENT:

Rick Blocker
Kamal Cheeks
Brad Lutz
Michelle Lee
Dr. Regina Randall
Allen Rawls
Sandra Stahl
Simone Sagovac

COMMITTEE MEMBERS

ABSENT:

Marlowe Stoudamire

OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Sarah Pavelko (DEGC)
Matt Walters (City of Detroit)
Donna Rice (DBA)
Tim Palazzolo (DBA)
Tyler Tinsey (DBA)

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Call to Order

Mr. Rawls, Chairperson, called the meeting to order at 5:00 p.m.

General

Approval of Minutes

Mr. Rawls called for approval of the minutes of the April 25, 2018 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Blocker, seconded by Mr. Cheeks, DBRA-CAC Resolution Code 18-06-02-129, approving the April 25, 2018 CAC minutes, was unanimously approved.

Projects

Joe Louis Arena Brownfield Plan

Ms. Kanalos, Mr. Walters, and Ms. Rice presented the Brownfield Plan for the Joe Louis Arena Redevelopment Project.

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 is to facilitate 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 \$5,561,009.

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
1. ALTA Survey	\$ 18,200.00
2. Environmental Assessment Activities	\$375,000.00
3. Engineering Services: Demo Design	\$790,286.00
4. Abatement and Demolition	\$3,600,000.00
5. 15% Contingency	\$717,523.00
6. Brownfield and Work Plan Preparation	\$30,000.00
7. Brownfield Plan Implementation	\$30,000.00
Subtotal Site Eligible Activities	\$5,561,009.00
8. DBRA Administrative Costs	\$1,142,079.00
9. Local Brownfield Revolving Fund	\$290,911.00
10. State Brownfield Redevelopment Fund	\$649,863.00
Total Estimated Cost to be Funded Through TIF	\$7,643,862.00

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. Stahl asked if the use of the term "deconstruction" was intentional, or if it was being used synonymously with the term "demolition". Ms. Rice explained that the use of the term "deconstruction" was intentional, since Joe Louis Arena will be deconstructed in phases over a longer period of time per the recommendation of the engineer contractor, versus an implosion or demolition of the structure.

Ms. Stahl asked if the materials from Joe Louis Arena will be reused. Mr. Palazzolo explained that the contractor performed the deconstruction will be responsible for the disposal, recycling and/or reuse of the building materials. Mr. Walters explained that the memorabilia inside Joe Louis Arena will be sold and donated and the revenue of such sales will go to the City of Detroit.

Mr. Cheeks asked about the loan process for the Community Revitalization Program (CRP). Ms. Pavelko explained that the CRP loan will fund the deconstruction of the arena, that the CRP loan will have an interest rate that has yet to be determined, the City of Detroit will make payments on the loan from the City's General Fund until TIF revenue is generated. The expected TIF revenue will act as collateral for the CRP loan. Ms. Kanalos advised that the TIF capture is being delayed for five years under the Brownfield Plan in anticipation that it may take a few years for new development to happen on the site.

Ms. Stahl asked if the CRP usually provides funding in the form of a loan or grant. Ms. Pavelko advised that the CRP issues grants in amounts below \$1.5 million.

Ms. Stahl asked what will happen if a new development happens on the site in less than five years. Ms. Kanalos stated that there is flexibility in the plan to begin the TIF capture earlier than 2024, if necessary.

Ms. Stahl asked when the City of Detroit will begin repayment of the CRP loan. Ms. Pavelko stated that the City of Detroit will likely begin payments on the CRP loan at the conclusion of deconstruction of Joe Louis Arena and will likely make payments from the City's General Fund.

Ms. Sagovac asked what the estimated revenue will be from the sale of memorabilia from Joe Louis Arena and what the efforts will be to market the memorabilia for sale. Mr. Walters explained that the suite holders and season ticket holders have already been given an opportunity to purchase seats in advance of the public sale of memorabilia. Some memorabilia will be offered to non-profit organizations at cost. A website has been

created to market the memorabilia, and Olympia Entertainment will also market the memorabilia. The expected revenue is between \$1.5 and \$2 million.

Mr. Rawls asked if there is expected to be any environmental cleanup on the site before a new development can be constructed. Mr. Walters stated that given the location of the site on the riverfront and its long history of development, some environmental clean-up is expected.

Ms. Sagovac asked if there will be any green space created on the site along the riverfront when a new development occurs. Mr. Walters explained that the City of Detroit has been working with the Detroit Riverfront Conservancy and adjacent parcel owners such as Mr. Peter Cummings and the Riverfront Towers, to continue the walkway on the riverfront. The existing Riverwalk in front of the arena will remain and the City will strongly encourage additional green space be a feature of the new development on the site near the riverwalk.

Mr. Rawls asked if the combination of public and private uses for the space envisioned in the City of Detroit's master plan will be realized in the future new development on the site. Mr. Walters explained that FGIC has an Option Agreement with the City of Detroit for the future development of the site. The parcels may be rezoned as B5 and the addition of public space will be encouraged. The new development should compliment the adjacent COBO Hall.

Mr. Cheeks asked if the rezoning of the parcels to B5 will allow for mixed use. Mr. Walters advised that a B5 zoning is for high-density commercial uses and will allow for a mixed-use development.

Ms. Stahl asked if a brownfield plan is a requirement for the CRP loan. Ms. Pavelko explained that the brownfield plan is required for the CRP loan and that the Brownfield Plan and the terms for the CRP loan will go to the Michigan Strategic Fund for approval at the same time.

Ms. Stahl asked if the terms for the CRP loan will go to Detroit City Council for approval. Mr. Walters explained that all contracts with the City of Detroit go to Detroit City Council for approval.

Ms. Stahl asked if the City of Detroit can do anything more than strongly encourage certain developments and/or certain features to be included in a new development on the site. Mr. Rawls explained that the rezoning of the parcels is an opportunity to influence the new development on the site. Mr. Walters explained that the Detroit Water and Sewage Department's storm water drainage fees should encourage environmental features to mitigate storm water to receive credits on the storm water drainage fees.

Ms. Stahl asked if the new development will be required to have 20% of new housing units affordable. Mr. Walters explained that the approvals being sought so far are by the City of Detroit for demolition only with the City as the beneficiary of the Brownfield Plan. The extent of housing on the site by a future developer is not known at this time.

Ms. Stahl asked what the interest rate will be on the CRP loan. Ms. Pavelko explained that the typical interest rate on a CRP loan is around 1%. The interest rate for this particular CRP loan has not yet been defined, but is expected to be between 1% and 3% and the loan documents will lay out all of the details and terms for the CRP loan.

Mr. Rawls asked about the Administrative Costs under the Brownfield Plan. Ms. Kanalos explained that the DBRA Administrative Costs are used to operate the DBRA program and all Brownfield Plans pay the DBRA Administrative Costs.

Mr. Rawls called for a motion recommending Joe Louis Arena Brownfield Plan.

Mr. Blocker motioned to recommend approval of the Joe Louis Arena Brownfield Redevelopment without a CAC public hearing and without appointing special members. Mr. Cheeks seconded the motion. DBRA-CAC Resolution Code 18-06-256-02, recommending approval of the Joe Louis Arena Brownfield Redevelopment Plan, was approved. Ms. Stahl abstained.

Administrative

Schedule of DBRA-CAC Meetings for FY 2018-2019

Ms. Kanalos presented the suggested FY 2018-2019 meeting schedule, keeping with the tradition of scheduling a meeting the second and fourth Wednesdays of each month, except for adjustments needed for holidays, at 5:00 pm at the DEGC offices at 500 Griswold, Suite 2200, Detroit, MI.

Mr. Rawls called for a motion recommending adoption of the FY 2018-2019 DBRA-CAC meeting schedule. The Committee took the following action:

On a motion by Mr. Lutz, seconded by Mr. Blocker, DBRA-CAC Resolution Code 18-06-01-44, approving the FY 2018-2019 DBRA-CAC meeting schedule, was unanimously approved.

Other

Mr. Cheeks inquired about the appointment and reappointment of Community Advisory Committee members. Ms. Kanalos explained that the Detroit City Council has decided to wait until all interviews are completed before voting on the slate of appointees and reappointees. .

Mr. Blocker shared information regarding the Ashton redevelopment project, stating that due to a change in the financing of the project, the proposed condominiums will now be apartments and there will be fewer residential units due to the addition of a small hotel. Ms. Stahl asked if the change in condominiums to apartments and the addition of the hotel are in line with the City of Detroit's housing goals. Mr. Vosburg stated that DBRA staff are currently reviewing the proposed changes to this project to see if it will require an amendment to the Brownfield Plan. Compliance with any other City policies will also be examined.

Ms. Stahl stated that she would have liked to have seen a cost/benefit analysis for the city for the Joe Louis Arena project.

Public Comment

None

Adjournment

Citing no further business, Mr. Rawls adjourned meeting at 5:52 PM.

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CODE DBRA CAC 18-06-02-129

APPROVAL OF MINUTES OF APRIL 25, 2018

RESOLVED, that the minutes of the special meeting of April 25, 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.

June 13, 2018

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CODE DBRA-CAC 18-06-256-02

JOE LOUIS ARENA 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 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 June 13, 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 a 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.

June 13, 2018

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CODE DBRA-CAC 18-06-01-44

ADMINISTRATION: SCHEDULE OF DBRA-CAC MEETINGS FOR FY 2018-2019

RESOLVED, that the Detroit Brownfield Redevelopment Authority Community Advisory Committee (“the DBRA-CAC”) hereby adopts the following as its schedule for regular meetings for fiscal year 2018-2019. Unless otherwise posted, such meetings will be held on the **second and fourth Wednesday** of each month at **5:00 PM** in the offices of the Detroit Economic Growth Corporation, 500 Griswold Street, Suite 2200, as follows:

2018

July 11, 2018
July 25, 2018
August 8, 2018
August 22, 2018
September 12, 2018
September 26, 2018
October 10, 2018
October 24, 2018
November 14, 2018
November 28, 2018
December 12, 2018
December 19, 2018*

2019

January 9, 2019
January 23, 2019
February 13, 2019
February 27, 2019
March 13, 2019
March 27, 2019
April 10, 2019
April 24, 2019
May 8, 2019
May 22, 2019
June 12, 2019
June 26, 2019

*Due to the holiday

June 13, 2018