

BROWNFIELD REDEVELOPMENT GRANTS AND LOANS
Michigan Department of Environmental Quality



APPLICATION FORM

Authority: Parts 185, 196, and 201, of the Natural Resources and
Environmental Protection Act, 1994 PA 451, as amended
To be considered for a grant or loan, completion of this form is mandatory.

Please place this page in the front of the application. To complete the form in Word for Windows,
mouse-click once in the gray fields, or twice on the outlined boxes.

Applicant name: **Lansing Brownfield Redevelopment Association**
Applicant address: **401 South Washington Sq, Suite 100, Lansing, MI 48933**
Applicant's Federal Identification Number: **38-34192729**

Applicant's Representative name: **Brian D. Anderson** (Please see page 2 of the instructions)
Title of Applicant's Representative: **Center City Director**
Telephone: **(517) 483-4594** Fax: **(517) 483-6067** E-mail address: **banderso@d.lansing.mi.us**

Name of the applicant's Project Contact: **David Farhat** (Please see page 2 of the instructions)
Title of the Project Contact: **Construction Manager, The Gillespie Group**
Address, if different from the applicant's: **2501 Coolidge Rd., East Lansing, MI 48823**
Telephone: **(517) 330-4120** Fax: E-mail address: **dfarhat@gillespie-group.com**

Amount of funding requested: **\$1,000,000**
Will the applicant accept a low-interest loan if one is offered? Yes No
If the applicant is unwilling to accept a loan, please explain why in Part II, question 3.

Is the project site within a (check all that apply)
 Core Community Distressed Area per 1992 PA 147
 Cool Cities Neighborhood Traditional Downtown
 Brownfield Redevelopment Plan Renaissance Zone City of Promise

Size of the property: **3.64 acres** Current State Equalized Value (SEV): **\$0**

The requested funds are needed for the following eligible activities:
 Baseline Environmental Assessment
 Interim response action
 Due care planning
 Implementation of a due care response activity
 Other environmental response actions
 Demolition

Name of the project (the DEQ prefers to call projects by the name of the new development, if any. If
there is not a proposed development, please provide another name): **City Market Redevelopment
Project**

Projected economic development type (for example, commercial, manufacturing, residential):
Commercial (retail and office) and Residential (for rent and to own)
Projected number of jobs to be created by the new development: Full time: **50** Part time: **20**
Projected amount of private investment to be created by the new development: **\$99,000,000**

State Senate District number where the project site is located: **23rd**
State House of Representatives District number where the project site is located: **65th**

I. Executive Summary

The proposed City Market Redevelopment Project will continue the transformation of the Stadium District area as initiated by the construction of Oldsmobile Park and the Stadium District redevelopment. However, due to environmental contamination and aging infrastructure, this project needs financial investments to cover the additional costs of Brownfield Redevelopment. It is our hope that the Michigan Department of Environmental Quality (MDEQ) will be a partner in this exciting redevelopment project.

The property on which the City Market Redevelopment Project will take place is the existing City of Lansing (City)-owned city market. If successful, the existing city market property will be transferred to a new location and a private construction company will in turn construct a new three-season city market on the adjacent riverfront property (Adado Riverfront Park) that is owned by the City.

The city market property will be transformed into a state-of-the-art mixed-use development that will include retail, dining, and residential. This proposed redevelopment will likely include local and state Brownfield funding, be a designated Neighborhood Enterprise Zone, and apply for State Michigan Business Tax Credits. Local funds will be used to reimburse eligible activities associated with site preparation activities. Local tax abatements will be utilized in the form of Neighborhood Enterprise Zones by the purchasers of owner-occupied condominium units.

Based on the preliminary cost estimates, the participation of MDEQ will be crucial to the overall success of this redevelopment. With substantial related Brownfield activities, both environmental and non-environmental, the demands upon the anticipated tax increment are significant. To address the anticipated gap between the estimated eligible activities and the reimbursement funds available through a State and Local Brownfield TIF plan, the Lansing Brownfield Redevelopment Authority is requesting \$1,000,000 in grant funds to assist the developer with baseline environmental assessment (including additional supplemental environmental assessments), due care planning, and other environmental response activities (e.g. contaminated soil and groundwater disposal).

Phase I and Phase II Environmental Site Assessments recently performed on the city market property by AKT Peerless Environmental Services revealed concentrations of metals and polynuclear aromatic hydrocarbons at levels exceeding generic residential cleanup criteria in the soil and groundwater. The development plans for the city market property require a large amount of site preparation including removing contaminated soils and groundwater that require transportation and disposal at licensed facilities.

This development is a top priority for the City, as it will ensure the vitality of its city market for years to come. This project will be a major attractive feature for the Lansing Center, downtown living, and urban commerce. Additionally the City Market Redevelopment Project will create another enhancement to urban walk-ability in our Cool Cities Stadium District Project Area.

The private development company is expecting to invest approximately \$28 Million, and create at least 50 full time and at least 20 part time permanent jobs. The property is currently exempt from taxes so the anticipated investment of approximately \$28 Million will lead to at least a \$10 Million dollar increase in the City's tax base.

The City of Lansing will strongly encourage this redevelopment project to incorporate sustainable and low-impact features such as those associated with Leadership in Energy and Environmental Design (LEED) certification. These features may include innovative approaches to stormwater management, reducing impervious surfaces and heat island effects, increased water efficiency, increased energy efficiency, intelligent materials use and reuse, and improving the indoor environment within new buildings.

II. Project Information

Developer Information

The Gillespie Group, a greater Lansing based development company, will be the owner of this project which will incorporate a four story mixed use retail, dining, and residential. In accordance with this development the City of Lansing will replace the current city market with a new four season indoor market in excess of 13,000 square feet. The City will be making park and river trail improvements as a part of the total new city market development. The new city market will be an attractive destination for the entire region. The market will be constructed on Adado Riverfront Park, which is owned by the City.

The Gillespie Group is committed to this project as they are looking to aggressively increase lodging, homeowner, and commerce opportunities within the Downtown Lansing and Stadium District Cool Cities Neighborhood areas. Further, they are a development company with an extensive history in this type of development with 16 developments in 10 cities throughout the State of Michigan. This organization's experience in construction along with their desire to continue development in urban Lansing will facilitate the timely completion of this project. Additionally, the Gillespie Group has not had any civil or criminal enforcement actions related to environmental violations.

Economic Benefit

Based on the current economic conditions, the city market property is located within a depressed/disadvantaged community within the City of Lansing. This development will create new jobs and reuse an under utilized property. This project is expected to add at least 50 permanent full time and 70 permanent part time jobs while investing over \$28 Million throughout the course of development. This amount of private investment will lead to at least \$10 million increase in the City's tax base.

Local Development Plans and Financial Commitment

The proposed development is consistent with the mission of the Lansing Brownfield Redevelopment Authority, the Lansing Economic Development Corporation, and the City of Lansing, which is "to create quality jobs, diversify the local economy and improve overall quality of life by attracting, expanding, and retaining business and industry in the City of Lansing."

The Lansing Brownfield Redevelopment Authority intends to develop a Brownfield Plan and Act 381 Work plan to provide reimbursement of the remaining environmental response activities not covered by this grant, the site preparation activities, and the public infrastructure improvements.

Site Reuse and Sustainability

This development will be located on riverfront in a prime location of downtown Lansing. Both commercial exhibitors and customers currently underutilize the property. Reusing this site will allow the City to maintain the Brownfield redevelopment momentum currently being experienced.

The City of Lansing will strongly encourage this redevelopment project to incorporate sustainable and low impact features such as those associated with Leadership in Energy and Environmental Design (LEED) certification. These features may include innovative approaches to stormwater management, reducing impervious surfaces and heat island effects, increased water efficiency, increased energy efficiency, intelligent materials use and reuse, and improving the indoor environment within new buildings.

Response Activities

The response activities planned to return the property to a useable condition for this project include the following:

- Development of a Category N Baseline Environmental Assessment (DEA). A DEA will be prepared and submitted to the MDEQ for disclosure.
- Development of both a Construction and Occupancy Due Care plan. The Due Care plans will address the due care obligations of the developer during construction and future owners and occupants during operation of the property.
- Supplement Environmental Assessment (city market property). Although a Phase II ESA was performed at the property based on the conceptual development plans, there are areas of the property that require further assessment and provide information not included in the previous assessment. The supplemental environmental assessments will provide information to evaluate due care obligations, as well as waste characterization sampling and analysis for disposal of soil and groundwater from construction activities.
- Environmental Assessment (Adade Riverfront Park property). The conceptual development plans includes the construction of a new city market on this property. Since no other assessments have been performed, it is necessary to evaluate environmental conditions that may be encountered during construction. Based on the past use of the park, it is essential to identify potential exposures due to the anticipated increase in use of this area.

Environmental Response Activities

- Transportation and disposal of contaminated soils. Soil removal is necessary to allow for in the installation of the below grade parking structure and infrastructure improvements. Based on the available analytical data, soils at the city market property exceed generic residential cleanup criteria for metals and polynuclear aromatic hydrocarbons. Therefore, it is not anticipated that any material excavated from the property will be able to be reused on site or distributed as clean fill.

Based on known environmental conditions and the layout of the proposed redevelopment, it is estimate that approximately 73,500 cubic yards of soil will need to be excavated, transported and disposed at a Type II landfill facility. This volume of soil was calculated based on an average "cut" of approximately 15 feet from the existing grade at the city market. The area of the proposed underground parking area, which will be approximately 3 acres in area, is shown on the attached Figure No. 1 "Proposed Redevelopment Plan."

Based on costs received from area excavation contractors and landfill facility, the estimated cost for excavation, transportation, and disposal is approximately \$40 per cubic yard.

- Removal, transportation, and disposal of contaminated liquids. During the Phase II ESA of the city market property, a sheen was observed on liquids in a sump within the building. Additionally, lead and metals contamination was found in groundwater samples from temporary monitoring wells, at levels exceeding MDEQ generic residential cleanup criteria. The liquids

from building sumps will require waste characterization, removal and disposal. Groundwater entering excavations will require pumping, temporary storage, waste characterization and disposal.

- **Field observation and confirmatory sampling.** A qualified professional will observe the excavation and dewatering activities to verify that activities are conducted in accordance with all applicable state and federal regulations. Any unacceptable exposures will be addressed to ensure that human health and/or the environment are protected. Confirmatory samples will be collected following the completion of soil removal activities to document the conditions of the property prior to construction of the new structures. This will include sampling of “green-space” areas to evaluate potential direct contact exceedances that may be present at the conclusion of construction activities.

The estimated costs and sources of funding are presented in Section IV.

Schedule

An approximate schedule for the overall redevelopment, as well as response activities, is listed below:

- | | |
|--|-----------------------------|
| • Bidding for new City Market | Fall 2008 |
| • Supplemental Environmental Assessments | Fall 2008 |
| • Preparation of Construction Phase Due Care Plan | Fall 2008 |
| • Construction of new City Market | Spring 2009 |
| • Property acquisition by developer | November 1, 2009 |
| ○ Preparation of BEA | Fall 2009 |
| • Demolition | December 2009 |
| • Construction of mixed use facilities | Begins Winter / Spring 2010 |
| • Response Activities | December 2009 – May 2010 |
| ○ Preparation for excavation activities | 2-4 weeks |
| ○ Conducting excavation activities | 3-4 months |
| ○ Confirmatory analytical testing | 1 month |
| ○ Preparation of a summary report / Due Care Plans | 2-4 weeks |

Based upon the anticipated schedule, response activities will begin in fall 2008 and will extend through Spring 2010. Once construction begins in very late 2009 (i.e. December), construction-related response activities, which will comprise over 90% of grant funds, will be completed within five to seven months. Concurrent with the response activities, the new underground parking and storm water infrastructure will be installed. Building construction will begin shortly after these activities are completed.

Prior Brownfield Redevelopment Projects Completed by the Applicant

The Lansing Brownfield Redevelopment Authority has completed several brownfield projects in the City of Lansing. A few examples are summarized below.

Dard Building Redevelopment Project

This development, performed by Brownfield Development Specialists, LLC, took a metal fabrication shop that was constructed in 1913 and redeveloped the space for office use. The Governor’s Council on Physical Fitness moved into the former shop space and Northern Environmental and the Michigan

Society on Autism into the existing office space. A parking lot was constructed with rain gardens, Americans with Disabilities Act compliant entrance ramps, and storm water management over a former dry-cleaners site. This Brownfield utilized local and DEQ Tax Increment Financing and a United States Environmental Protection Agency Brownfield Cleanup and Revolving Loan Fund Loan to address the handling of contaminated soils, and capping activities.

East Village Housing Development Project

The former Boys Training School was redeveloped by the Burton-Katzman Company into mixed density for sale homes and townhouses. This development utilized a bond issued by the Lansing Brownfield Development Authority to conduct over \$2 million in eligible clean up, infrastructure, and site preparation activities. The LERA collects local and school taxes on the property in order to pay off the bond.

III. Property Information

The site of the four-story mixed-use building will be constructed on land which will be transferred to the Gillespie Group upon a conditional sale from the City. The for sale portion of the development is a 3.64 acre parcel which contains the current 14,000 sq. ft. city market facility which was constructed in 1938. Diagrams depicting the location and orientation of the city-market Property are present as Figures 1 and 2.

The city market property is located at 333 N. Cedar and 420 E. Shiawassee, described legally as:

COM 250 FT W OF NE COR LOT 1, TH S 00DEG 05MIN 21SCD W 264 FT, N 89DEG 58MIN 20SCD W 8.5 FT, S 00DEG 05MIN 21SCD W 98.25 FT, S 89DEG 58MIN 20SCD E 258.5 FT, S 00DEG 05MIN 21SCD W 68 FT, 258.57 FT ON 451.57 FT RAD CURVE TO LT, CHORD BEARING S 73DEG 41MIN 06SCD W 255.06 FT, N 32DEG 43MIN 09SCD W 212.85 FT, N 00DEG 05MIN 21SCD E 323 FT, S 89DEG 58MIN 20SCD E 110 FT TO DEG; BLOCK 245 ORIG PLAT

And

E 250 FT LOTS 1 & 2 ALSO N 98.25 FT OF E 258.5 FT LOT 3 BLOCK 245 ORIG PLAT

Or by parcels: 33-01-01-16-253-012 and 33-01-01-16-253-032, respectively.

The city market property is currently zoned G-1 Business, and will remain so for development of the property.

According to the Phase I Environmental Site Assessment (ESA), the city market property had many previous uses before construction of the city market building in 1931. The former uses include the following:

- Machine Shop (1885 – unknown, but prior to 1951)
- Foundry (1885 – 1906)
- Freight Depot (1885 – unknown, but prior to 1951)
- Blacksmith (1885 – unknown, but prior to 1951)
- Paint shop (1885 – unknown, but prior to 1951)
- Rail lines (1906 – unknown, but prior to 1971)

- Repair shop (1906 – unknown, but prior to 1966)
- Oil House (1913 – unknown, but prior to 1951)
- Acid Chemical Storage (1951 – unknown, but prior to 1971)

When the City acquired the property in 1972 some of the previous commercial and industrial buildings and rail lines were still present. However, based on conversations with current and former employees of the City of Lansing Parks and Recreation Department, it does not appear that the City used any of the structures or continued industrial activities on the city market property. The buildings and rail lines were removed from the property as part of the City's Urban Revitalization Project.

There are no legal, access, title issues, liens or easements on the property that would affect the proposed economic development.

There were no reported previous environmental reports on the city-market property.

Neighborhood Surrounding the Brownfield Redevelopment Project

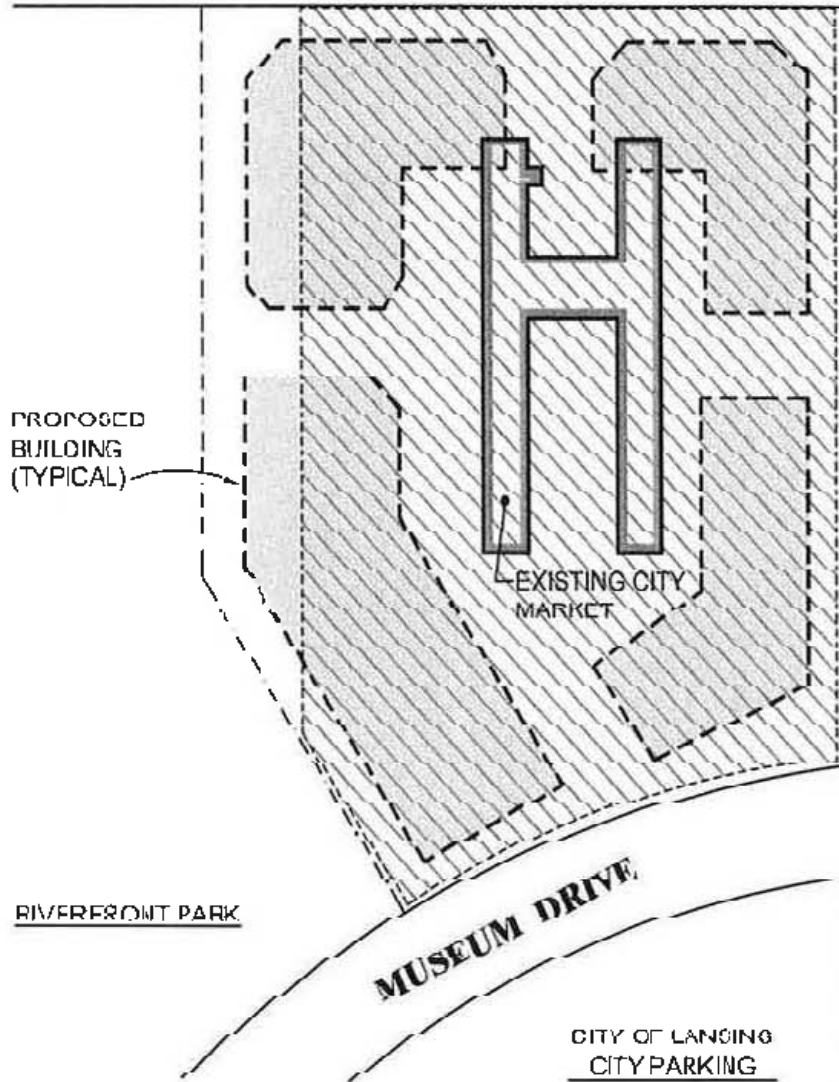
The city market property is located in a predominantly commercial area with some parkland, light industrial and multi-family residential properties in the immediate surrounding area. The proposed development will enhance the commercial viability of this area while adding to the medium density residential. This development will also add an architecturally profound structure to the area and move the municipal market onto public parkland, thereby enhancing the usage of the Adado Riverfront Park. Other viable businesses in the community include a baseball stadium, a municipal garage, a senior residential community, a convention center, bars, and bicycle shops. The area has a low amount of vacant and available land and demand for property in this area appears to be low given properties in the vicinity of the proposed development that have been on the market for several months.

IV. Sources of Project Funding

USES OF FUNDS	Brownfield Grant and Loan	Local Funds	Developer Funds	BRA Funds (TIF to developer)	Other (Inst sources)	TOTAL
Baseline Environmental Assessment	\$5,000	\$0	\$0	\$0	\$0	\$5,000
Due Care Plans	\$5,000	\$0	\$0	\$0	\$0	\$5,000
Supplemental Environmental Assessments	\$39,000	\$0	\$0	\$0	\$27,404 (EPA Grant)	\$66,404
Environmental Response Actions	\$941,000	\$0	\$0	\$1,999,000	\$0	\$2,940,000
Demolition	\$0	\$0	\$0	\$139,500	\$0	\$139,500
Grant Administration	\$10,000	\$0	\$0	\$0	\$0	\$10,000
Property Acquisition	\$0	\$0	\$1,600,000	\$0	\$0	\$1,600,000
New Construction	\$0	\$0	\$28,000,000	\$0	\$0	\$28,000,000
Remodel or Upgrade Existing Buildings	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure Improvements	\$0	\$0	\$	\$6,765,837	\$0	\$6,765,837
Personal Property	\$0	\$0	\$160,719	\$0	\$0	\$160,719
Asbestos/Lead Abatement	\$0	\$0	\$0	\$55,000	\$0	\$55,000
Other	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$1,000,000	\$0	\$29,760,719	\$8,959,337	\$27,404	\$39,747,460



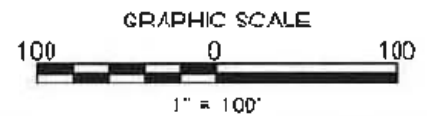
EAST SHIAWASSEE STREET



NORTH CEDAR STREET

LEGEND

- AREA WHERE MDEQUGHAN FUNDS WILL BE USED FOR ENVIRONMENTAL RESPONSE ACTIVITIES



PROJECT No. PROP-LAN	CAD FILE NAME PROP08-LAN1	NTM Consultants, Ltd. <small>Integrating Engineering and Environmental Services</small>	PROPOSED REDEVELOPMENT PLAN	FIGURE No. 1
DATE BST	REV. DATE 24 JUL 2008		LANSING CITY MARKET LANSING, MICHIGAN	
DRAWN BY SHB	DRAWING SCALE 1" = 100'			
CHECKED BY ACT	DATE 24 JUL 2008			