

**Water Street Monthly Report:           October/November 2008**  
**Respectfully Submitted by April L. McGrath, Director of Administrative Services**

Following is the Water Street Update for the month of October/November 2008:

**Zoning Amendments:** The Planning Commission and staff have begun considering amendments to the Zoning Ordinance for Water Street. The intent of these amendments is to maintain the option of Planned Unit Development for developers who wish to use it, or who are interested in larger portions of the site, while providing a clear process to streamline the process for smaller developers.

The Planning Commission will be holding their first discussion (no action) of draft zoning language at their November 19, 2008 meeting.

**Vetting Process:**

On September 18, 2008, Council was presented with the details of the vetting process, which includes a three pronged process: pricing structure, appropriate location of development and the marketing study. It was decided that more discussion was required about what the City's goals are regarding the Water Street Property. Due to the fact that a new Council started on November 10, 2008, staff has decided to hold off any more discussion. **We will ask of Council a work session in November or early December with the sole purpose of discussing and creating a vetting process for the Water Street Project.**

**Demolition and remediation of Water Street:** EPA Grant Application Due November 14, 2008.

The City of Ypsilanti (with assistance of Washtenaw County) is preparing applications for grant funding from the Environmental Protection Agency for Brownfield clean-up funding for remaining environmental contamination in the Water Street redevelopment project area. If the City is awarded the funding, three grants of approximately \$200,000 each, it would be used to remediate some of the remaining contamination on the site, including the demolition of buildings located atop contaminated soil.

As part of the grant application process, staff from the City's Planning Department and the Washtenaw County Brownfield Redevelopment Authority, will hold a public meeting to receive comments on the draft applications. The meeting will be held on Wednesday, November 12, 2008, at 6:00 pm, in the City Council Chambers at City Hall.

The City had applied for a Revolving Fund Loan through the Washtenaw County Brownfield Authority; however, we were unable to secure the funds before the August 31, 2008 deadline.

We are still exploring options to begin demolition of properties that are not eligible for the EPA Revolving Loan Fund, i.e. the former State Police Building, Chinese Restaurant, a few pole barns and the Huron Trade Center. The Fire Department is evaluating the possibility of doing live burns for Firefighter training on the smaller buildings, which would leave only the hauling costs.

Also, staff has been working with Recycle Ann Arbor to identify opportunities for deconstructing and resale, or recycling of materials from buildings on Water Street. Due to labor costs, deconstruction may or may not be cheaper than demolition and land filling, but could be considered more environmentally desirable at similar cost.

### **Marketing of Water Street:**

CBRE continues to market the Water Street Property. They have been very pleased with the amount of interest they have been receiving. They are using all of their marketing tools and lists to promote the Water Street property. City staff meets with CBRE each month to receive updates and to share communication. They will be meeting with SPARK in the next few weeks as well to ensure information is shared as needed with potential developers.

### **General Clean up of the Water Street Site:**

**General Clean-up:** Staff continues to work with the Washtenaw County Sheriff's Department Work Program. The Sheriff's Department inmates come to the site about once a week to help keep the property as clean as possible. Staff continues to monitor the site and complete safety checks on a regular basis. We encourage anyone who is walking the property to use caution and to report any criminal activity or illegal dumping of garbage immediately.

### **Miscellaneous:**

**State Historic Preservation Offices:** No new updates. We are still waiting on word from the Michigan Economic Development Corporation (MEDC).

**Infrastructure:** It has been discussed to hold off until we have a better understanding of potential development on the Water Street Redevelopment Project. It will be hard to determine infrastructure costs since it changes depending on the type of construction taking place.

**Water Street DDA Tax Increment Financing Plan** – The Water Street project financing is based upon a tax increment financing district, where debt and other project expenses are paid for with revenues generated from vertical construction within the development. Unfortunately, no development has taken place and the city's general fund has been used to pay expenses. Council has asked staff to determine if the

existing TIF plan may be amended to reimburse the city for general fund expenses related to the project. These expenses may include the settlement with Biltmore Properties, any debt retirement payments to retire the existing bonds, consultants or other related fees. Staff will begin the research on this issue and provide a report.

### ***Development Updates:***

#### **October/November 2008:**

CBRE is attempting to negotiate with a retail developer for parcels A through C with parts of these parcels as a 15,000 s.f. grocery. In addition, we have a single-user looking at a portion of parcel A independent of the developer. CBRE is in discussions with a 12-14 acre multi-family housing developer and are in discussions with a 7-8 acre senior housing developer. All conversations are still preliminary and should move to formal meetings and/or offers before year's end.

#### **Development and today's economy.....**

No doubt the most recent issues with our economy will affect the Water Street Redevelopment Project. CBRE has indicated that they are pleasantly surprised at the amount of interest in Water Street given this current economic climate. They did state that we will see longer periods of due diligence and longer negotiation periods as developers seek innovative ways to seek financing. We will need to continue to be patient since credit for development is not as readily available as it once was.

**Six Month Progress Report:** A six month progress report from May 1-October 31, 2008 will be presented at the December 1, 2008 Council Meeting.

### **Completed Action Items**

#### **Amendment of Master Plan:** Completed

**Final Action:** Planning Staff attended the Washtenaw County's August Planning Advisory Board meeting to receive comments and answer questions about the Master Plan Amendment for the Water Street Target Area. This action is consistent with recent State plan law changes. Some revisions have been made to the proposed text in response to the regional review; these revisions generally clarify the intent of broadening the use options and development process. The amendments returned to the City's Planning Commission on September 17<sup>th</sup> for a public hearing and were adopted. Written comments from the Washtenaw County Planning & Environment, Public Health, and Drain Commissioner's departments, as well as Washtenaw Area Transportation Study, were provided to the Planning Commission for this meeting.

**Signage:** Completed.

**Final Action:** The "For Sale" signs have been placed on the property. According to CBRE, they have had over ten phone calls inquiring about the property since the signs were installed.

**Fence removal:** Completed.

**Final Action:** The fence was removed the week of August 4, 2008. Staff is currently working on a plan to block entrances to some of the areas of Water Street where people are dumping garbage and also to try and keep criminal activity off the property.

**Vacation of Plats:** Completed.

**Final Action:** A settlement conference was held on June 30, 2008 with Mayor Paul Schreiber, Councilmember Brian Filipiak, and Councilmember Nickels in attendance. A settlement was reached.

**DDA Concerns:** Completed.

**Final Action:** A question was raised regarding the Ypsilanti DDA's use of future tax increment financing (TIF) revenues from Water Street. A Development Plan and TIF Plan were approved in 2001, addressing the use of TIF revenues for projects within the Water Street project area. The intent was that the Development and TIF Plan for the Water Street Development Area should be terminated at such a time as the related bond obligations are paid. This was based on their desire that tax revenues for the Water Street Redevelopment project should be returned to the City of Ypsilanti and other taxing jurisdictions at the earliest opportunity once bond obligations are satisfied.

If there is anything that I missed or other items you would like to know about in greater detail, please do not hesitate to contact me at [amcgrath@cityofypsilanti.com](mailto:amcgrath@cityofypsilanti.com) or (734) 743-7290.