

**WASHTENAW COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY**

**MICHIGAN PUBLIC ACT 381 OF 1996, AS AMENDED
WORK PLAN TO CONDUCT MDEQ AND MEGA
REDEVELOPMENT ACTIVITIES
512, 516, 522, & 540 NORTH MAPLE ROAD, AND
2330, 2340, 2344, 2356, 2358, 2366, 2380 & 2390 DEXTER AVENUE
CITY OF ANN ARBOR, MICHIGAN**

for

**CHELSEA LAND COMPANY MAPLE, LLC
ANN ARBOR, MICHIGAN**

and

**ALDI, INC.
WEBBERVILLE, MICHIGAN**

**AKT PEERLESS PROJECT NO. 5108F-5-25
NOVEMBER 6, 2008
REVISED JANUARY 21, 2009**

Approved by MDEQ on:

Approved by MEGA on:
December 15, 2008

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**WORK PLAN TO CONDUCT
MDEQ AND MEGA
ELIGIBLE ACTIVITIES**

**512, 516, 522, AND 540 NORTH MAPLE ROAD, AND
2330, 2340, 2344, 2350, 2356, 2366, 2380, AND 2390 DEXTER ROAD
CITY OF ANN ARBOR, MICHIGAN**

1.0 INTRODUCTION

The Washtenaw County Brownfield Redevelopment Authority is submitting this Act 381 Work Plan on behalf of Chelsea Land Company Maple, LLC (“Chelsea Land”) and Aldi, Inc. (Michigan) (“Aldi”) for the property located at 512, 516, 522, and 540 North Maple Road and 2330, 2340, 2344, 2350, 2356, 2366, 2380, and 2390 Dexter Road (AKA Maple Shoppes Development) in Ann Arbor, Michigan that is comprised of three parcels, consisting of approximately 2.7 acres of land (hereinafter referred to collectively as the “Property”). The Brownfield Plan was approved by the Washtenaw County Board of Commissioners on December 3, 2008. See Appendix A for the Brownfield Plan.

Chelsea Land and Aldi (hereinafter referred to as the “Development Team”) purchased the Property in March of 2008 and November of 2008, respectively. The Development Team intends to demolish the existing buildings and construct an Aldi Food Center on the east end of the property and additional retail shops along Maple Road. Based on the current site conditions, certain activities are necessary to prepare the property for redevelopment. The following sections present site background information, current property conditions, the proposed non-environmental activities, and the costs associated with the proposed activities.

1.1 ELIGIBLE PROPERTY INFORMATION

1.1.1 Location

The property is located in the northwest quarter of Section 30 and the southwest quarter of Section 19, in the City of Ann Arbor (T. 2S., R. 6E.), Washtenaw County, Michigan. The property is situated on the northeast corner of North Maple Road and Dexter Avenue. The property consists of three irregularly shaped parcels and contains approximately 2.7 acres (Parcel Identification Numbers 09-09-30-227-001, 09-09-19-310-024, and 09-09-30-227-036). Please refer to the Brownfield Plan located in Appendix B for the legal description. See Figure 1 for a Scaled Property Location Map. See Figure 2 for a Surrounding Property Area Map. See Figure 3 for the Redevelopment Plans. See Figure 4 for Site Photographs.

1.1.2 Current Ownership

The Property is currently owned by Chelsea Land Company Maple, LLC and Schultz Holdings, LLC.

Contact information is as follows:

Mr. Rene Papo
206 S. Fifth Avenue, Suite #175
Ann Arbor, MI 48104

Telephone: 734-663-0645
Fax: 734-663-0644

Mr. Robert Schultz
Schultz Holdings, LLC
4285 Upper Glade Ct.
Ann Arbor, MI 48103

Telephone: 313-304-1094

1.1.3 Proposed Future Ownership

Aldi, Inc. anticipates purchasing the property located at 2330-2344 Dexter Avenue (Parcel Identification Number 09-09-30-227-036) in late November to December 2008.

Contact information is as follows:

Mr. David Kapusansky
2625 N. Stockbridge Road
Webberville, MI 48892

Telephone: 517-521-3907 x122

1.1.4 Delinquent Taxes, Interest, and Penalties

No delinquent taxes, interest, or penalties are known to exist for the property.

1.1.5 Existing and Proposed Future Zoning For Each Eligible Property

The property was designated C1B Community Convenience Center zoning on October 20, 2008.

1.2 HISTORICAL USE OF EACH ELIGIBLE PROPERTY

East Portion of the Property

The east portion of the property was first developed in approximately 1929 with the construction of an apparent commercial building (2330 Dexter Avenue) that was located in the southeastern portion of the subject property. An apparent addition to the 2330 Dexter Avenue building was completed in approximately 1942. Due to data failure, AKT Peerless was unable to determine the former owners/occupants of the 2330 Dexter Avenue building from 1929 through 1967. Occupants of the 2330 Dexter Avenue subject building since 1967 include Jackson Welding Supply (1967-1968), Alpine Glass (1970-2000), and Fox Auto Service (2000-2008).

Building department records indicated that a small (180 square foot) building was located at the property in 1942 and was addressed 2344 Dexter Avenue. Based on available information, it is AKT Peerless' opinion that the 180 square foot building was occupied by Gene's Auto Sales. Aerial photographs did not indicate the location of the former building.

The northern portion of the property was developed in approximately 1961 with the construction of a commercial building (2344 Dexter Avenue). Due to data failure, AKT Peerless was unable to determine the former owners/occupants of the 2344 Dexter Avenue building from 1961 through 1967. Occupants of the 2344 Dexter Avenue building since that time included Gene's Auto Sales (1967-1976), Amfour Automobile (1980-1981), and Imperial Auto Service (1985-2008).

The western portion of the property was first developed in approximately 1970 with the construction of the 2340 Dexter Avenue subject building (formerly addressed 2338 Dexter Avenue). Identified occupants since that time include OK Auto Service (1970-2005), Imperial Auto Service (2005-2006), and Schultz Holdings, LLC (2005-2008).

The most recent occupants at the property included: Fox Auto Service at 2330 Dexter Avenue; Imperial Auto Service at 2344 Dexter Avenue; and Schultz Holding, LLC and Imperial Auto at 2340 Dexter Avenue.

West Portion of the Property

The west portion of the property consisted of unimproved, vacant land until 1948 when it was developed as a gasoline station with an automotive repair service facility, and a building for use by the University of Michigan for painting iron lungs. In 1951, a warehouse building was constructed for use as a collision shop, automotive repair, warehousing, and distributing. A sales office building and an additional gasoline station were constructed in 1957 and 1958, respectively.

The property was formerly used for sales and storage of pools and equipment, television and small electronic repair, cabinet and countertop finishing, automobile repair, maintenance and towing, vacuum repair and sales, and for the storage of automobile parts, electronic equipment, caravans, trailers, pool installation equipment, and semi-trailers.

The most recent occupants at the property included: Ann Arbor Pool Builders and Loys TV Center at the 512 and 522 N. Maple Road; Kem Kraft (cabinet and countertop maker) at the 516 N. Maple Road; a warehouse providing storage for the various occupants on the property at 2350-2358 Dexter Avenue; The Vacuum Shop at 2380 Dexter Avenue; and United Auto & Fleet Repair and Fox's Towing at 2390 Dexter Avenue.

1.3 CURRENT USE OF EACH ELIGIBLE PROPERTY

The property is currently occupied by eight vacant buildings. Operations at the property ended between May of 2008 and October of 2008.

1.4 SUMMARY OF PROPOSED REDEVELOPMENT AND FUTURE USE FOR EACH ELIGIBLE PROPERTY

The project will include the demolition of existing buildings, construction an Aldi Food Center on the east end of the property, and construction of additional retail shops along Maple Road.

This project represents an overall investment estimated at approximately \$8 million in real and personal property. This Plan is being prepared to provide Tax Increment Financing, including the capture of taxes levied for school operating purposes, for reimbursement of eligible costs to be incurred as part of the project. An Act 381 Work Plan will be submitted by the Authority to the Michigan Economic Growth Authority (MEGA) and the Michigan Department of Environmental Quality (MDEQ) for approval of the capture of school taxes for reimbursement of a portion of the eligible activity costs listed below.

1.5 INFORMATION REQUIRED BY SECTION 15(15) OF THE STATUTE

1.5.1 Public Benefit

Redevelopment of this property will establish a quality community environment which will counter the existing deterioration and blight still present at this corner of Ann Arbor. In siting stores, Aldi considers its demographic market area of only three miles as experience has shown that customers will not regularly travel further. Aldi markets contribute to reducing urban sprawl and improving the quality of life within densely populated areas by providing affordable food choices within the City limits and decreasing the need to travel to supercenters outside the city. Locating in neighborhoods provides customers with the option to shop by walking and bicycles, reducing travel times and easing the impact on our environment. Aldi will fill a gap within this underserved market of commerce by providing affordable groceries to a population within this area that currently has no "affordable grocery" alternatives.

In addition, design elements will include various roof heights, high quality architectural detail and material types, such as brick, stone, wood and stucco, to provide an attractive and distinctive streetscape.

1.5.2 Reuse of Vacant Buildings and Redevelopment of Blighted Property

The project will include the demolition of eight existing buildings and the construction of an Aldi Foods Center (~17,469 sq. ft.) and additional retail shops (7,750 sq.ft.)

1.5.3 Job Creation

The total number of permanent, full-time jobs to be added as a result of this project is estimated to be 25-30.

1.5.4 Unemployment Status

According to the Michigan Department of Labor and Economic Growth, Office of Labor and Market Information, the State of Michigan is experiencing a steady increase in the rate of unemployment. Unemployment statistics for the State of Michigan since 2006 have increased from 6.3% in 2006 to 7.9% in 2008, compared to a Nationwide unemployment rate of 4.5%. Washtenaw County has recently lost some key businesses and jobs including Pfizer, Inc., in the Ann Arbor area.

1.5.5 Contamination Alleviation

The Property will be prepared to make it suitable for development, and appropriate due care and additional response activities will be performed to prevent exposure to materials hazardous to human health, safety, and the environment. The Developer shall be reimbursed for all environmental eligible activities, as allowed by Act 381, as amended. Refer to Sections 2.2 and 3.0 for additional information.

1.5.6 Private Sector Contribution

Private developer investment is estimated at approximately \$8 million in improvements to land, buildings and personal and real property.

1.5.7 Cost Gap Comparison

No alternative Greenfield site was considered for the project. See the Brownfield Plan in Appendix A for information related to Brownfield costs.

1.5.8 Brownfield Creation

This Project will not create a new brownfield site.

1.5.9 Project Financial Data

The Development Team anticipates making an investment of approximately \$8 million in real and personal property improvements on the Property. The Development Team will finance all eligible activities under this Plan related to improvements on the Property.

1.5.10 Incentives

The total estimated cost of the eligible activities to be reimbursed through the capture of tax increment revenues is provided in Table 1. The Development Team anticipates making an investment of approximately \$8 million in real property improvements on the Property. Redevelopment of the Property is expected to subsequently generate increases in taxable value and result in incremental taxable value in the fall of 2010. The Development Team will finance all eligible activities under this Plan related to improvements on the Property.

1.5.11 Additional Information

None.

2.0 CURRENT PROPERTY CONDITIONS

2.1 PROPERTY ELIGIBILITY

The Property is considered an “eligible property” as defined by Act 381, Section 2 because (a) the Property was previously utilized for a commercial purpose, (b) is located within the City of Ann Arbor, a qualified local governmental unit under Act 381, (c) the Property is determined to be a “facility” as defined under Part 201 of Michigan Public Act 451 of 1994, as amended. See Section 2.3 below for further details.

2.2 SUMMARY OF ENVIRONMENTAL CONDITIONS

Under Part 201, a “facility” is defined as “any area, place, or property where a hazardous substance in excess of the concentrations which satisfy the requirements of section 20120a(1)(a) has been released, deposited, disposed of, or otherwise comes to be located.” MCL §

324.20101(1)(o). A “release” is defined to include “spilling” or “leaking” of a hazardous substance into the environment. In addition, a “release” includes the abandonment of containers or other closed receptacles containing hazardous substances. MCL § 324.20101(1)(bb).

The Property is considered “eligible property” as defined by Act 381, Section 2 because (a) the Property was previously utilized for a commercial purpose; (b) it is located within the City of Ann Arbor, a qualified local governmental unit under Act 381; and (c) the Property is determined to be a facility as defined by Part 201.

Investigation at the Property was split between the west portion of the property and the east portion of the Property. Basis of Eligibility for each portion of the property is described in the following sections.

2.2.1 West Portion of the Property

The west portion of the Property is located at the northeast corner of North Maple Road and Dexter Avenue and is addressed 512, 516, 522, and 540 North Maple Road, and 2350, 2356, 2358, 2366, 2380, and 2390 Dexter Avenue in Ann Arbor, Michigan. This portion comprises two, irregularly shaped parcels (Parcel Identification Numbers 09-09-30-227-001 and 09-09-19-310-024) consisting of approximately 1.6 acres. The following sections summarize previous environmental activities conducted at this portion of the Property. Refer to Appendix C for documentation regarding the environmental activities summarized below.

2.2.1.1 AKT Peerless’ Phase I ESA, dated June 29, 2006

AKT Peerless completed a Phase I ESA on June 29, 2006 that conformed to the scope and limitations of ASTM Standard Practice E 1527-00. In the professional opinion of AKT Peerless, an appropriate level of inquiry had been made into the previous ownership and uses of the subject property consistent with good commercial and customary practice in an effort to minimize liability, and no evidence or indication of recognized environmental conditions (RECs) had been revealed, except for the following:

REC 1. Operations within the building addressed 512 and 522 North Maple Road included a collision shop and auto repair from 1948 until 1957. In addition, a 1,000-gallon underground storage tank (UST), a 3,000-gallon UST, and a 250-gallon UST were installed in 1948 at Building 1. Other than a reference on a field sheet that these tanks were apparently removed in 1988, AKT Peerless identified no records of the removal,

content, or location of these USTs. In addition to the USTs, a septic tank was installed in 1948. AKT Peerless identified no record of the removal or location of this tank.

- REC 2.** Operations within the building addressed 516 North Maple Road included manufacturing of cabinets and countertops. A gasoline containing UST and an associated pump were located on the northwest side of the building. In addition to the UST, it is likely that a septic tank and heating oil AST/UST were present near the building. AKT Peerless identified no records of the removal or location of these tanks.
- REC 3.** Operations within the building addressed 2380 Dexter Avenue included sales and service of vacuum cleaners since the late 1950s. It is likely that a septic tank and heating oil AST/UST was present near the building. AKT Peerless identified no records of the removal or location of these potential tanks.
- REC 4.** A gasoline filling station operated at the building addressed 2390 Dexter Avenue from at least 1948 until at least the early 1980s. During the site reconnaissance, AKT Peerless observed vent pipes, fill pipes and areas of patched concrete. Since the filling station is no longer present at the subject property, AKT Peerless was unaware of the automobile fuel storage practices that formerly occurred at the subject property. In addition, during the time period of operation of the gasoline filling station there were no environmental regulations governing the former USTs present at the subject property or the proper storage/use/disposal of hazardous and/or petroleum-based substances. In addition, no records were available on the content, location and size of the USTs associated with this building on the subject property.
- REC 5.** Current and historical automotive service, maintenance and repair activities were conducted in the building addressed 2390 Dexter Avenue since at least 1948. Operations utilized hazardous substances and/or petroleum based products. Former hydraulic hoists, former fill pipes associated with potential waste oil heating oil USTs were observed during the site reconnaissance. In addition, a parts washer was utilized and septic systems and floor drains associated with the former building may still remain.
- REC 6.** During the site reconnaissance, AKT Peerless observed stains within the interior garage of the building addressed 2390 Dexter Avenue. In many cases, the larger stains were present on corroded concrete or along engineered floor seams
- REC 7.** During the site reconnaissance, AKT Peerless observed a large number of trucks, various automobiles, and equipment that contain petroleum products parked throughout the gravel parking areas and driveways on the property.
- REC 8.** Fill dirt of unknown origin has been brought onto the property.
- REC 9.** Current and historical automotive service, maintenance and repair activities were conducted on the east adjoining property since at least the 1960s. Operations most likely utilized hazardous substances and/or petroleum based products.

Because RECs were identified during the performance of the Phase I ESA, AKT Peerless recommended further investigation and/or assessment in order to determine the nature, extent, magnitude, and materiality of the RECs associated with the subject property.

2.2.1.2 AKT Peerless' Phase II ESA, dated September 28, 2006

To further evaluate the RECs identified in AKT Peerless' Phase I ESA, AKT Peerless conducted a subsurface investigation of the subject property that included: (1) completion of a geophysical survey, and (2) the completion of a subsurface investigation.

On September 14 and 15, 2007, AKT Peerless retained Geophysical Imaging, Inc. (GII) to conduct a geophysical survey at the subject property. GII conducted a magnetometer and ground penetrating radar survey around the on-site structures and parking areas. The results of geophysical survey identified five anomalies, three of which were consistent with USTs. The results of the geophysical survey were inconclusive surrounding the suspected fill ports located near the building addressed 2390 Dexter Avenue due to the presence of junked cars.

On September 18 and 19, 2007, AKT Peerless conducted a subsurface investigation at the subject property to address the environmental conditions identified during the previous environmental investigation. AKT Peerless (1) advanced 22 soil borings, (2) installed five temporary monitoring wells, and (3) collected soil and groundwater samples for laboratory analyses. AKT Peerless submitted soil and groundwater samples for laboratory analysis of select parameters, including: waste oil parameters¹, leaded gasoline parameters², or volatile organic compounds (VOCs). The following samples were submitted for laboratory analyses:

1. 20 soil and three groundwater samples for waste oil parameters
2. 24 soil and two groundwater sample for leaded gasoline parameters
3. One groundwater sample for volatile organic compounds (VOCs)

AKT Peerless compared the laboratory analytical data to the Part 201 Generic Residential Cleanup Criteria (GRCC) as published by the MDEQ-RRD including: Drinking Water Protection Criteria (DWP)/Drinking Water Criteria (DW); Groundwater Surface Water Interface Protection Criteria (GSIP)/Groundwater Surface Water Interface Criteria (GSI); Groundwater Contact Protection Criteria (GCP); Soil Volatilization to Indoor Air Inhalation (SVIAI)/Groundwater Volatilization to Indoor Air Inhalation (GVIAI); Infinite Source Volatile

¹ Waste oil parameters include: VOCs, volatile organic halocarbons, polynuclear aromatic hydrocarbons (PNAs), polychlorinated biphenyls (PCBs), cadmium, chromium, and lead.

² Leaded gasoline parameters include: benzene, toluene, ethylbenzene, xylenes (BTEX), 1,2,3-trimethylbenzene, 1,2,4-trimethylbenzene, 1,3,5-trimethylbenzene (TMBs), isopropylbenzene, n-propylbenzene, 1,2-dibromoethane (EDB), 1,2-Dichloroethane (EDC), naphthalene, 2-methylnaphthalene, and lead.

Soil Inhalation (VSIC); Particulate Soil Inhalation (PSI), and; Soil Direct Contact (DC)/Groundwater Direct Contact (GC).

The results of the laboratory analyses of the soil samples are summarized in the table below:

Summary of Soil Analytical Results

Soil Boring Location & Depth	Parameter	DWP	GSIP	GCP	SVIAI	VSIC	PSI	DC
B-6 (2-4)	Lead Total (calculated)*	☑	-	-	-	-	-	☑
	Lead fine fraction*	-	-	-	-	-	-	☑
B-7 (4-5)	Lead Total (calculated)*	☑	-	-	-	-	-	☑
	Lead fine fraction*	-	-	-	-	-	-	☑
B-8 (1-3)	Lead fine fraction*	-	-	-	-	-	-	☑
B-14 (1-3)	Ethylbenzene	☑	☑	-	-	-	-	-
	Xylenes	☑	☑	-	-	-	-	-
	1,2,4-TMB	☑	☑	-	-	-	-	-
	1,3,5-TMB	☑	☑	-	-	-	-	-
	n-Propylbenzene	☑	-	-	-	-	-	-
	Lead Total (calculated)*	☑	-	-	-	-	-	☑
	Lead fine fraction*	-	-	-	-	-	-	☑
B-15 (6-8)	1,2,4-TMB	☑	-	-	-	-	-	-
B-15 (14-16)	1,2,4-TMB	☑	☑	-	-	-	-	-

Sample identification: B-# indicates soil boring and (#-#) indicates sample depth in feet.

*Based on Analytical results, sample was submitted for additional analysis of fine/coarse fraction lead.

The VOC contamination in soil appears to be associated with the former UST located on the southwest side of the building addressed 2390 Dexter Avenue. This contamination appears to be horizontally delineated to the north by B-20 and B-21, and to the east by B-16. The contamination could not be delineated to the west or south due to the presence of several parked vehicles. The lead contamination in soil appeared to be associated locations surrounding the building addressed 2390 Dexter Avenue, including the former UST located on the southwest side, the UST located on the northeast side, and the junked vehicle storage on the east side.

The results of the laboratory analyses of the groundwater samples are summarized in the table below:

Summary of Groundwater Analytical Results

Soil Boring Location & Depth	Parameter	DW	GSI	GC	GVIAI
B-3w	Lead	<input checked="" type="checkbox"/>	-	-	-
B-7w	Chromium	-	<input checked="" type="checkbox"/>	-	-
	Lead	<input checked="" type="checkbox"/>	-	-	-
B-9w	Lead	<input checked="" type="checkbox"/>	-	-	-
B-10w	Chromium	-	<input checked="" type="checkbox"/>	-	-
	Lead	<input checked="" type="checkbox"/>	-	-	-
B-13w	Chromium	-	<input checked="" type="checkbox"/>	-	-
	Lead	<input checked="" type="checkbox"/>	-	-	-
B-14w	Ethylbenzene	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-
	Xylenes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-
	1,2,4-TMB	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-
	1,3,5-TMB	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-
	n-Propylbenzene	<input checked="" type="checkbox"/>	-	-	-
	Naphthalene	-	<input checked="" type="checkbox"/>	-	-
	2-Methylnaphthalene	<input checked="" type="checkbox"/>	-	-	-
	n-Butylbenzene	<input checked="" type="checkbox"/>	-	-	-

The VOC contamination in the groundwater appears to be associated with the former UST located on the southwest side of the building addressed 2390 Dexter Avenue. The lead and chromium contamination in groundwater appears to exist throughout the subject property.

Based on laboratory analytical results, the Property meets the definition of a “facility”, as defined in Part 201 of Natural Resources and Environmental Protection Act (NREPA), Michigan Public Act (PA) 451, 1994, as amended.

2.2.1.3 AKT Peerless’ Baseline Environmental Assessment, completed in April 2008

Chelsea Land Company Maple, LLC retained AKT Peerless to prepare a Category “N” Baseline Environmental Assessment (BEA) for the Property. The purpose of the BEA is to (a) provide an independent, professional evaluation and opinion regarding existing environmental conditions associated with the subject property, and (b) maintain a liability exemption for cleanup of existing contamination. The BEA was submitted to the MDEQ Jackson District Office on April 29, 2008 (BEA ID#: B200800895JK).

2.2.1.4 AKT Peerless' UST Closure Activities conducted in May 2008

On May 1, 2008, AKT Peerless supervised the excavation of six exploratory test pits to determine if abandoned USTs were present at the subject property. The test pit locations were based on the results of the geophysical survey completed during the Phase II subsurface investigation. During test pitting activities, AKT Peerless identified three, approximately 1,000 gallon USTs with varying amounts of liquid remaining. AKT Peerless collected liquid from each of the tanks for waste characterization prior to disposal.

On May 16, 2008, AKT Peerless retained HM Environmental Services, Inc. to expose the three tanks in order to pump the liquid. The USTs were pumped, and approximately 2,000 gallons of liquid was manifested, transported and disposed of at Usher Oil Company.

In addition to the three USTs identified during the test pitting activities, two other USTs located under the buildings were noted. These two USTs had been previously pumped, and the liquid was manifested, transported and disposed of at Bucks Oil Co.

2.2.2 East Portion of the Property

The east portion of the property is located at 2330, 2340, and 2344 Dexter Avenue in Ann Arbor, Washtenaw County, Michigan, and comprises one parcel that contains approximately 1.13 acres (Parcel Identification Number 09-09-30-227-036). The following sections summarize previous environmental activities conducted at this portion of the Property. Refer to Appendix C for documentation regarding the environmental activities summarized below.

2.2.2.1 Applied Science and Technology Inc. (ASTI) Phase I ESA and Subsurface Investigation, completed in November 2004

ASTI completed a Phase I ESA of the property in November 2004 and concluded that the potential exists for the subject property's soil and/or groundwater to have been adversely impacted by the (1) historical use and storage of hazardous substances and/or petroleum products in all three of the subject buildings, (2) heavy staining observed beneath an AST inside the 2330 Dexter Avenue building, (3) sumps and an in-ground hydraulic hoist located within the 2344 Dexter Avenue building, and (4) an in-ground hydraulic hoist located in the northern portion of the 2340 Dexter Avenue building. An interview conducted with Mr. Jack Taylor (subject property owner in 2004) indicated that he discovered a UST located to the northeast of the 2330

Dexter Avenue subject building and had it removed by a contractor. No verification sampling was conducted as part of the UST removal activities.

In addition, a limited subsurface investigation was completed subsequent to the completion of the Phase I ESA investigation. ASTI completed thirteen soil borings and installed one temporary groundwater monitor well to evaluate the subject property's soil and groundwater. Visual, olfactory and/or photoionization detector (PID) unit evidence of contamination was observed in six of the thirteen soil borings. Soil and groundwater laboratory analytical results indicated that and fluoranthene was detected in the HA-1 (0.5-1 foot) soil sample at a concentration of 370 parts per billion (ppb). This contaminant concentration is below MDEQ GRCC. Further, tetrachloroethene, 1,2,4-trimethylbenzene (1,2,4-TMB), and 1,3,5-trimethylbenzene (1,3,5-TMB) were detected in the groundwater sample at concentrations below MDEQ GRCC.

Based on laboratory analytical results, the subject property did not meet the definition of a "facility".

2.2.2.2 AKT Peerless' Phase I ESA, completed on January 10, 2008

AKT Peerless completed a Phase I ESA on June 29, 2006 that conformed to the scope and limitations of ASTM Standard Practice E 1527-00. In the professional opinion of AKT Peerless, an appropriate level of inquiry had been made into the previous ownership and uses of the subject property consistent with good commercial and customary practice in an effort to minimize liability, and no evidence or indication of RECs had been revealed, except for the following:

- REC 1.** A UST was removed near the northeastern corner of the 2330 Dexter subject building. In addition, a suspicious pipe was observed along the western portion of the 2344 Dexter subject building.
- REC 2.** All three of the subject building occupants performed various automobile maintenance activities and stored hazardous substances and/or petroleum products and/or waste products related to automotive maintenance and repair. Therefore, the potential exists for the subject property's soil and/or groundwater to have been impacted from the (1) direct discharge of a utility sink to the ground surface at the 2344 Dexter Avenue subject building, (2) exterior storage of hazardous substances and/or petroleum products along the eastern and southern portions of the 2344 Dexter Avenue subject building, (3) former use of floor drains located in the garage bays of the subject buildings, (4) use of hydraulic hoists, (5) several areas where apparent staining was observed during AKT

Peerless' site reconnaissance, and (6) use of two on-site sewage disposal systems (septic fields).

- REC 3.** The subject property occupants have historically stored several automobiles in the northeastern, central, and southwestern portions of the subject property.
- REC 4.** The occupants of the western adjoining property have historically conducted automotive repair, maintenance, and service operations. In addition, during AKT Peerless' site reconnaissance, a former UST and AST were observed to be located to the south of the 516 N. Maple subject building.
- REC 5.** The eastern adjoining property occupants operated a painting business in at least 1975-1976.

Because RECs were identified during the performance of the Phase I ESA, AKT Peerless recommended further investigation and/or assessment in order to determine the nature, extent, magnitude, and materiality of the RECs associated with the subject property.

2.2.2.3 AKT Peerless' Phase II ESA, completed in May 2008

To further evaluate the RECs identified in AKT Peerless' Phase I ESA, AKT Peerless conducted a subsurface investigation of the subject property that included: (1) completion of a geophysical survey, (2) the advancement of 17 soil borings, (3) the installation of five temporary monitoring wells, and (4) the collection of 18 soil and five groundwater samples for laboratory analyses. AKT Peerless submitted soil and groundwater samples for laboratory analyses of waste oil parameters.

On April 17, 2008, AKT Peerless retained GII to conduct a combined electromagnetic induction (EM) and ground-penetrating radar (GPR) survey on the northwestern, northeastern, southeastern, and southwestern portions of the subject property to determine if abandoned USTs associated with the former operations are present.

The results of the geophysical survey identified the following anomalies: (1) one anomaly located in the southwestern portion of the subject property interpreted to represent a possible septic tank, (2) two large anomalies in the northwestern and southwestern portions of the subject property interpreted to represent possible leachate fields, (3) one anomaly located in the northwestern portion of the subject property interpreted to represent a possible septic tank cavity, and (4) one anomaly located in the southeastern portion of the subject property interpreted to represent an UST cavity.

On April 21 and 22, 2008, AKT Peerless conducted a subsurface investigation at the subject property to address the environmental concerns identified during previous environmental investigations. AKT Peerless (1) advanced 17 soil borings, (2) installed five temporary monitoring wells, and (3) collected soil and groundwater samples for laboratory analyses. AKT Peerless submitted soil and groundwater samples for laboratory analyses of waste oil parameters.

AKT Peerless compared the laboratory analytical data to the Part 201 GRCC as published by the MDEQ-RRD including: DWP/DW; GSIP/GSI; GCP; SVIAI/ GVIAI; VSIC; PSI, and; DC/GC.

The results of the laboratory analyses of the soil samples are summarized in the table below:

Summary of Soil Analytical Results

Soil Boring Location & Depth	Parameter	DWP	GSIP	GC	SVIAI	VSIC	PSI	DC
SB-9 (2-4)	Chromium	-	<input checked="" type="checkbox"/>	-	-	-	-	-

*- Sample identification: B-# indicates soil boring and (#-#) indicates sample depth in feet.

The contamination identified in soil appears to be associated with the shallow fill material located on the southwest portion of the subject property.

The results of the laboratory analyses of the groundwater samples are summarized in the table below:

Summary of Groundwater Analytical Results

Soil Boring Location & Depth	Parameter	DW	GSI	GVIAI	GDC
SB-2W	Benzene	<input checked="" type="checkbox"/>	-	-	-
	Chromium	-	<input checked="" type="checkbox"/>	-	-
	Lead	<input checked="" type="checkbox"/>	-	-	-
SB-3W	1,1-Dichloroethane	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-
	cis-1,2-Dichloroethylene	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	-
	Vinyl chloride	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Chromium	-	<input checked="" type="checkbox"/>	-	-
SB-6W	Chromium	-	<input checked="" type="checkbox"/>	-	-
SB-8W	Chromium	-	<input checked="" type="checkbox"/>	-	-
SB-14W	Chromium	-	<input checked="" type="checkbox"/>	-	-

Based on the laboratory analytical results, chromium was detected in all groundwater samples exceeding the GSI criteria. The lead and benzene contamination appears to be limited to the groundwater outside of the northeast portion of the building addressed 2330 Dexter Avenue. Additional VOCs contamination appears to be associated with the shallow groundwater located beneath the building addressed 2344 Dexter Avenue.

Based on laboratory analytical results, the Property meets the definition of a “facility”.

Vinyl chloride was identified in excess of MDEQ GRCC for groundwater volatilization to indoor air. In addition, the proposed site redevelopment plans indicate the Aldi Food Center building would be located on this area. Based on the presence of high concentrations of vinyl chloride and the proposed structure, AKT Peerless recommended completing a supplemental subsurface investigation to delineate the contamination in order to determine what additional response activities would be necessary.

In addition, chromium was identified in all of the groundwater samples collected at the property. Total chromium is typically compared to the most restrictive MDEQ GRCC, therefore, AKT Peerless recommended collecting additional groundwater samples for laboratory analysis of hexavalent chromium.

2.2.2.4 AKT Peerless’ Supplemental Phase II ESA, completed in June 2008

On June 26, 2008, AKT Peerless conducted a supplemental subsurface investigation at the subject property. A total of nine soil borings were advanced throughout the eastern portion of the Property.

Four of the soil borings were advanced (SB-18 through SB-21) surrounding the previous soil boring, SB-3, located along the northeastern portion of the subject property. Groundwater was not encountered in any of the four soil borings advanced; therefore, AKT Peerless collected soil samples from each of the boring locations. The soil samples were submitted for laboratory analysis of VOCs, including vinyl chloride. The laboratory analytical results of the soil samples collected from SB-18 through SB-21 did not indicate the presence of target compounds above laboratory detection limits. Therefore, the vinyl chloride contamination appears to be limited to a small area beneath the building.

The remaining five soil borings were advanced (SB-2A, SB-6A, SB-8A, SB-9A, and SB-14A) across the eastern subject property. These borings were placed at locations where previous groundwater samples were collected (SB-2, SB-6, SB-8, SB-9, and SB-14, respectively). These locations previously identified either soil or groundwater with total chromium concentrations above MDEQ's GRCC Groundwater Surface Water Interface Criterion. Groundwater was only encountered in SB-2A and SB-6A. A temporary monitoring wells was set at these two locations, and groundwater samples were collected. Soil samples were collected from each of the remaining soil boring locations. The soil and groundwater samples were submitted to a fixed based laboratory for hexavalent chromium analysis.

The laboratory analytical results for the soil and groundwater samples collected from SB-2A, SB-6A, SB-8A, SB-9A, and SB-14A did not indicate the presence of hexavalent chromium above laboratory method detection limits. Therefore, the total chromium identified during the initial subsurface investigation was determined to be trivalent chromium, and subsequently did not exceed its respective MDEQ GRCC for Groundwater Surface Water Interface Criterion.

In addition, based on the presence of fill materials located across both the western and eastern portions of the Property, it is in AKT Peerless' opinion that the chromium identified on the western portion of the Property is likely trivalent chromium.

2.3 SUMMARY OF FUNCTIONALLY OBSOLETE OR BLIGHTED CONDITIONS

Not Applicable.

3.0 SCOPE OF WORK

3.1 MDEQ ELIGIBLE ACTIVITIES

Based on the current site assessment work completed at the property, as described in Section 2.2, the Property will be prepared to make it suitable for redevelopment. A BEA, appropriate due care activities, and additional response activities will be performed to prevent exposure to materials hazardous to human health, safety, and the environment. The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the Authority and used to reimburse the cost of the eligible activities

completed on the Property, as authorized by Act 381, as amended, and pursuant to the terms of a Reimbursement Agreement (see Appendix B) with the Authority. See Table 1 for a detailed description of the Eligible Activities for the Project and Table 3 for the TIF information.

3.1.1 Baseline Environmental Assessment

Since the eastern portion of the Property, meets the definition of a “facility”, a Baseline Environmental Assessment (BEA) will be completed on behalf of Aldi, Inc., within 45 days of closing on the property.

3.1.2 Due Care

To demonstrate compliance with Section 20107a (“Due Care”), minimum “response activity plans”, which may be necessary during site use and ownership, will be outlined. The response activities proposed are related to (1) mitigation of exposure to soil that exceeds Residential and Commercial IV Soil Volatilization to Indoor Air Inhalation criteria and (2) Residential and Commercial IV Soil Direct Contact.

A “due care” plan will be completed prior to soil removal in accordance with Section 20126(1)(c) of Part 201 of the Natural Resources and Environmental Protection Act (NREPA), 1994 Public Act (PA) 451, as amended, and *Michigan Department of Environmental Quality (MDEQ) Instructions for Preparing and Disclosing Baseline Environmental Assessments and Section 7a Compliance Analyses*, effective March 11, 1999. Subsequent to the soil removal, the due care plan will be revised with a summary of the due care activities conducted, an analysis of exposure pathways, and an update regarding the status of redevelopment. This report will document removal activities, such as, size of excavation, quantity of excavation, shipping papers (manifests) of hauled soil, and VSR sample results. A detailed breakdown of the costs associated with this task is provided later in this plan.

3.1.3 Additional Response Activities

Removal of Impacted Soil and Dewatering Activities

During the previous environmental investigations of the property, select contaminant concentrations in the soil and groundwater were detected above MDEQ Part 201 GRCC protective of Drinking Water, Groundwater Surface Water Interface, Volatilization to Indoor Air, and Direct Contact Cleanup Criteria. These areas include the following:

- Area 1 is located on the southwest corner of the parcel identified as 09-9-30-227-001. This area was identified during geophysical survey as a potential former UST cavity, and petroleum impacted soils have been identified at and surrounding the former UST cavity with concentrations above MDEQ's volatilization to indoor air, protective of Drinking Water and Groundwater Surface Water Interface cleanup criteria's. The excavation will be bounded to west by the eastern right-of-way (ROW) of Maple and to the south by the northern ROW of Dexter Avenue. This excavation area is estimated at 1,500 square feet by 20 feet deep. A total of five sidewall and four floor verification of soil remediation (VSR) samples will be collected for laboratory analysis. Based on the soil concentrations either source soil removal or a vapor intrusion system would be necessary. Source soil removal is proposed after a review of the cost analysis for each method of remedy. Refer to table below for the cost analysis breakdown. MDEQ will cover the excavation, transportation, and disposal costs of impacted soils.
- Areas 2 through 4 consist of the soils surrounding three USTs located throughout the parcel 09-0-30-227-001. Based on site investigations petroleum impacted source soils are anticipated to be identified at and surrounding each UST. The excavation areas are estimated to be approximately 100 square feet by 10 feet deep. A total of 16 sidewall and 8 floor VSR samples will be collected for laboratory analysis. MEGA will be covering the actual cost for the UST removals. MDEQ will cover the cost of excavation, transportation, and disposal of impacted soils. Refer to Tables 1 and 2 for a complete cost analysis breakdown.
- Area 5 has been omitted from the scope.
- Area 6 consists of the areas within the proposed storm water sewer and retention system located on the central portion of the Property. The contamination identified within this area included lead within the soils and groundwater above MDEQ's Direct Contact Cleanup Criteria. This soil must be excavated for the installation of the storm retention system; the cost of the excavation, transportation and backfill will be covered by the MEDC as a site preparation activity. Based on the large quantity of soil there is no place on-site to berm this soil and thus needs to be appropriately manifested, transported and disposed of at a Type II landfill. This excavation area is estimated to be approximately 14,000 square feet by 6 feet deep. MDEQ will only cover the soil disposal. Refer to Tables 1 and 2 for a complete cost analysis breakdown.
- Area 7 is located on the northeast portion of the parcel identified as 09-09-30-227-036. This area was identified to have various degraded chlorinated solvents including vinyl chloride in excess of MDEQ GRCC protective of Drinking Water, GSI, and Volatilization to Indoor Air Cleanup Criteria. This area was delineated by the area to the east by soil boring SB-18, to the south by SB-19, to the west by SB-20 and to the north by SB-21. This excavation area is estimated to be approximately 900 square feet by 8 feet deep. A total of five sidewall and four floor VSR samples will be collected for laboratory analysis. The perched groundwater, up to 20,000 gallons, under the existing building will be removed from the excavation and stored pending disposal characterization and approval. Approximately 500 cubic yards of soil is anticipated for disposal. This quantity was equated based on (1) site investigative data indicating the presence of chlorinated solvents within the shallow soils and (2) the potential for impacted soil to be encountered at a deeper depth based on the vertical migration potential of chlorinated solvents. Based on the soil concentrations either source soil removal or a vapor intrusion system would be necessary. Source soil removal is proposed after a review of the cost analysis for each method of remedy. Refer to table below for the cost

analysis breakdown.

Area 1 – Cost Benefit Analysis – Remedial Excavation Versus Vapor Intrusions System

Remedial Excavation			
Activity	Quantity	Cost	Subtotal
Remedial Excavation and backfill of ~1,500 cubic yards	1,500 cubic yards	\$29.00/ yard	\$43,500
Dewatering of ~25,000 gallons of perched groundwater	25,000 gallons	\$0.35/ gallon	\$8,750
Soil sample collection, analytical data, and QA/QC	29	\$310/sample	\$8,990
Field Oversight and Report Preparation	-	\$12,500	\$12,500
Total			\$73,740
Vapor Intrusion			
Activity	Quantity	Cost	Subtotal
System Installation	7,750 sq. ft building footprint	\$6.00/sq ft	\$46,500
Air Monitoring	-	\$20,000	20,000
Annual monitoring	-	\$10,000	\$10,000
Electrical, Operation and Maintenance	-	\$5,000	\$5,000
Field Oversight and Report Preparation	-	\$15,000	\$15,000
Vapor Intrus. Total			\$96,500
Excavation Total			\$73,740
Difference			\$22,760

Area 7 – Cost Benefit Analysis – Remedial Excavation Versus Vapor Intrusions System

Remedial Excavation

Activity	Quantity	Cost	Subtotal
Remedial Excavation and backfill of ~500 cubic yards	500 cubic yards	\$29.00/ yard	\$14,500
Dewatering of ~20,000 gallons of perched groundwater	20,000 gallons	\$0.35/ gallon	\$7,000
Soil sample collection, analytical data, and QA/QC	15	\$230/sample	\$3,450
Field Oversight and Report Preparation	-	\$12,500	\$12,500
Total			\$37,450
Vapor Intrusion			
Activity	Quantity	Cost	Subtotal
System Installation	17,500 sq. ft building footprint	\$6.00/sq ft	\$105,000
Air Monitoring	-	\$20,000	20,000
Annual monitoring	-	\$10,000	\$10,000
Electrical, Operation and Maintenance	-	\$5,000	\$5,000
Field Oversight and Report Preparation	-	\$15,000	\$15,000
Vapor Intrus. Total			\$155,000
Excavation Total			\$37,450
Difference			\$117,550

Refer to Figure 3 for a site map that depicts these locations.

The estimated quantity of contaminated soil is approximately (1) 1,650 cubic yards located in Area 1 through 4, (2) 5,860 cubic yards located in Area 6 and (3) 500 cubic yards located in Area 7. In addition to the above estimated excavation sizes, the following was assumed to calculate the total cubic yards:

- a swell factor of 15% due to excavation; and
- a density of 1.5 tons/cubic yard for the removed materials.

In addition, due to the presence of contaminated groundwater, a frac tank will be available for dewatering. Based on the previous environmental investigations, AKT Peerless anticipates encountering no more than 50,000 gallons of groundwater in addition to the 20,000 gallons estimated from Area 7. Groundwater will be removed from the excavations and stored pending disposal characterization and approval.

Verification soil sampling

Once the soil removal (and dewatering, if necessary) activities have been completed, soil samples will be collected in accordance with the “Sampling Strategies and Statistics Training Materials for Part 201 Cleanup Criteria (S3TM)” published by the DEQ. Samples will be collected based on the area of the sidewalls and floor of the final excavations.

Health and Safety Plan

A site-specific health and safety plan will be prepared to (1) prevent the spread of contaminants and (2) protect workers and residents. The Health and Safety Plan (HASP) will include the following elements:

- Authorized personnel and definition of responsibilities;
- personal protective equipment;
- decontamination procedures;
- work zone restrictions and delineations;
- personal protection upgrade/downgrade action limits;
- emergency information and telephone numbers;
- incident documentation procedures; and
- contingency plans.

A site-specific HASP will be completed for redevelopment activities at the site. The HASP will comply with appropriate guidelines including the following:

- Michigan Occupational Safety and Health Act;
- Section 111(c)(6) of CERCLA;
- Occupational Safety and Health Administration requirements 29 CFR 1910 and 1926;
- Standard Operating Safety Guide Manual (revised November 1984) by the Office of Emergency and Remedial Response; and
- Occupation Safety and Health guidance manual for Hazardous Waste Site Activities (NIOSH/OSHA/USCG/EPA, DHHS [NIOSH] Publication No. 85-115, October 1985).

3.2 MEGA ELIGIBLE ACTIVITIES

The non-environmental eligible activities will include the building demolition that includes pre-demolition asbestos and lead surveys, lead and asbestos abatement and air monitoring; and site preparation that may include related soil and fill removal/transportation/ disposal and backfill activities; soil erosion, compaction, and engineering and testing activities, and public infrastructure improvements; all which were approved by the Authority and City Council pursuant to the terms of the Reimbursement Agreement. A summary of the eligible activities and the estimated cost of each eligible activity intended to be reimbursed with Tax Increment Revenues from the Property are shown in the attached Table 1. Detailed breakouts of the non-environmental activities being requested for MEGA approval are described below:

1. Public Infrastructure Improvements. These activities are defined as improvements to a substructure or underlying foundation, basic installations, and facilities on which the growth of a community or state depend. This includes streetscapes located within the right-of-way or easement.
2. Demolition. All the current buildings located on the property will be demolished to accommodate the new development. Demolition activities will also include the removal of existing foundations in certain areas.
3. Asbestos Survey and Abatement. A hazardous material survey will be conducted in preparation of building demolition. The existing buildings may contain asbestos containing materials (ACM) that must be removed prior to demolition. Additionally, the structure may contain lead-based paint, therefore, some remediation may be necessary in conjunction with air monitoring before and during demolition.
4. Site Preparation. Site preparation activities will include the necessary removal and/or abandonment of on site utilities; site clearing and removal of existing site improvements such as paving, curb and gutter, manholes; existing trees; and the removal of subsurface construction debris, fill material, and soil to ready the site for construction activities, that is not an additional response activity. Transportation, disposal of these materials and backfill with engineered fill is also anticipated as a part of the site preparation activities to ready the site for construction. Site preparation also includes the following soft costs as allowable under Act 381: planning, engineering, testing, and design.
5. Consulting Services: Consulting services include administrative tasks such as invoicing and progress meetings, as well as Washtenaw County Brownfield Redevelopment Authority, MEGA and MDEQ fees.
6. Contingency: A 15% contingency factor has been included to accommodate unexpected conditions that may be encountered during the redevelopment.

4.0 SCHEDULE AND COSTS

The following subsections present the proposed schedule to complete the Project and the associated costs.

4.1 SCHEDULE OF ACTIVITIES

Project activities funded with the support of school tax capture will commence in January 2009 following the Ann Arbor City Council, the Washtenaw Brownfield Redevelopment Authority (BRA), Washtenaw County Board of Commissioners, MDEQ, and MEGA approvals. Completion of the Project is anticipated to be within approximately 18 months.

4.2 ESTIMATED COSTS

The itemized estimated costs to complete the Environmental and Non-Environmental eligible activities including all labor, equipment, subcontractors, and materials under this Work Plan are provided in Sections 4.4.1 and 4.4.2 below. The Eligible Activity costs attached in Table 1 provide a summary of the estimated costs to complete each task.

4.2.1 Description of MDEQ Eligible Activities Costs

The estimated cost for the activities plus contingency described in this section is \$326,022. A more detailed description of the costs associated with these activities is provided in the itemized MDEQ Eligible Activities Costs in the attached Table 1.

4.2.2 Description of MEGA Eligible Activities Costs

The estimated cost for the activities plus contingency described in this section is \$594,194. A more detailed description of the costs associated with these activities is provided in the itemized MEGA Eligible Activities Costs in the attached Table 1.

5.0 PROJECT COSTS AND FUNDING

The following subsections present the total estimated Project costs and the source and uses of funds.

5.1 TOTAL ESTIMATED PROJECT COSTS

The total costs of the Environmental and Non-Environmental Eligible Activities under this Work Plan are provided in Tables 1 through 3. The Developer anticipates making an investment of approximately \$8 million in real property improvements and acquisition of the land.

5.2 SOURCES AND USES OF FUNDS

The Developer anticipates making an investment of approximately \$8 million in real property improvements on the Property including acquisition of the land. Redevelopment of the Property is expected to subsequently generate increases in taxable value and result in incremental taxable value beginning in 2010. Tax increment revenue will be utilized to reimburse the cost of eligible activities. Table 3 provides an estimate of tax increment revenue. The Developer will finance all eligible activities under this Plan related to improvements on the Property.

6.0 LIMITATIONS

The taxable value on real property is estimated to increase at a rate of 1% each year. The incremental tax revenue estimates for the proposed development could vary from this estimate affecting the time period it takes to reimburse the Eligible Activities. The cost estimates included within this 381 Work Plan, are just that, estimates and may vary depending on site conditions. If in fact the eligible activity costs exceed the estimated amount for reimbursement the Developer and the Authority will submit an amended Brownfield Plan and Act 381 Work Plan. Please reference the Brownfield Plan in Attachment A for additional information