

Dexter, Michigan
Downtown Development Authority

MEETING NOTICE

APRIL 19, 2012

7:30 AM

**DEXTER SENIOR CENTER
7720 ANN ARBOR STREET
DEXTER, MICHIGAN 48130**

Dexter Downtown Development Authority

Meeting Agenda

April 19, 2012 <> 7:30 AM

Dexter Senior Center

7720 Ann Arbor Street

Dexter, MI 48130

1. Call to Order:
2. Roll Call

Bellas, Rich	Brouwer, Steve	Covert, Tom
Darnell, Don	Finn, Doug	Jones, Carol
Keough, Shawn	Lundy, Dick	Model, Fred
O'Haver, Dan	Schmid, Fred	Willis, Randy
3. Approval of Minutes from March 15, 2012:
4. Approval of Agenda:
5. Arranged Audience Participation:
6. Non-Arranged Citizen Participation:
7. Treasurer's Report: **SENT IN SEPARATE EMAIL**
 - a) Invoices: US Bank \$76,826.25 and \$73,139.38 **TOTAL \$149,965.63**
 - b) Approval of Treasurer's Report
 - c) Review Draft 2012-13 Budget
 - d) Approve the Village of Dexter Downtown Public Service Invoice \$9,100. Vote at March meeting didn't have a quorum.
8. Correspondence / Communications:
9. Action Items:
 - a.) RESOLUTION TO APPROVE THE REIMBURSEMENT OF FUNDS TO THE VILLAGE OF DEXTER FOR PROJECTS RELATED TO 3045 BROAD STREET SITE
10. Discussion Updates:

a) Mill Creek Park Update.

b.) Old DAPCO Site Redevelopment Update.

- 1) Copy of ASTI Services Proposal. Village Council will consider approval of the proposal at the 4-23-12 meeting.
- 2) Copy of the DRAFT Economic/Market Feasibility Analysis.
- 3) A report updating the status of leases at 3045 Broad Street.

c.) Wind Turbine request from Lafontaine- reminder to get comments to Allison.

d.) 8099 Main Street- Access across public pedestrian walkway

11. Village Reports:

- a) President
- b) Staff Update

12. Chairman's Report:

13. Non-Arranged Citizen Participation:

14. Adjournment:

Dexter Downtown Development Authority

March 15, 2012 <> 7:30 AM

Dexter Senior Center
7720 Ann Arbor Street
Dexter, MI 48130

MINUTES

1. Call to Order: Called to order at 7:33 by Chairman Steve Brouwer.

2. Roll Call

Bellas, Rich-ab	Brouwer, Steve	Covert, Tom
Darnell, Don	Finn, Doug	Jones, Carol
Keough, Shawn-ab	Lundy, Dick-ab	Model, Fred-ab
O'Haver, Dan-ab	Schmid, Fred-ab	Willis, Randy

Also in attendance: Donna Dettling, Dexter Village Manager.

3. Approval of Minutes from February 16, 2012: Motion by Randy, second by Tom to approve the minutes of February 16, 2012 as presented. Motion carries.

4. Approval of Agenda: Motion by Randy, second by Doug to approve the agenda as presented. Motion carries.

5. Arranged Audience Participation: None

6. Non-Arranged Citizen Participation: None

7. Treasurer's Report:

a) Invoices: #D0691, Downtown Public Works for the Village of Dexter for \$9,100. Motion by Randy, second by Doug to approve the payment of the invoice. By voice vote: Ayes – Steve Brouwer, Tom Covert, Don Darnell, Doug Finn, Carol Jones, and Randy Willis; and by email vote: Aye – Rich Bellas; Nays – None. Motion carries.

b) Approval of Treasurer's Report: Motion by Randy, second by Doug to accept the Treasurer's Report for March. Motion carries.

8. Correspondence / Communications: None

a) Proof of publication of the annual report.

9. Action Items:

None

10. Discussion Updates:

a) Mill Creek Park Update. A copy of the Mill Creek Park construction schedule is attached. *The boardwalk is going in fast and the railings will not be the entire length of the walkway. They will only be placed as needed.*

b) B2B/Subdivision Connector Update. A community walk and ribbon cutting ceremony will be held on Saturday, March 24, 2012 starting at 10:00 a.m. Additional details will be emailed. *Already the connector is being used a lot.*

c) Old DAPCO Site Redevelopment – Meeting with ASTI Environmental to review environmental next steps for the Old DAPCO site. The Economic/Market Feasibility Analysis will be completed by the end of March. A report updating the status of leases at 3045 Broad Street will be provided at the next meeting. *Still working on the leases. A suggestion was made that there be geo-tech borings when the environmental study is done.*

d) Street Name Signage in the Downtown. *Examples were presented and the desire is to keep the signage uniform within the Village.*

11. Village Reports:

a) President – None

b) Staff Support Update – Donna reported on the unique proposal from LaFontaine for lighting on their building project for LEED Certification in which they would install 7 wind turbine solar lighting units. They will be presenting a proposal to the Planning Commission. Donna also mentioned a request by a possible new owner at 8099 Main Street for a change in the parking. More information will be coming.

12. Chairman's Report: None

13. Non-Arranged Citizen Participation: None

14. Adjournment: Motion by Randy and second by Tom to adjourn the meeting at 8:00 AM. Motion carries.

**RESOLUTION TO APPROVE THE
REIMBURSEMENT OF FUNDS TO THE
VILLAGE OF DEXTER FOR PROJECTS
RELATED TO 3045 BROAD**

Dexter Downtown Development Authority
County of Washtenaw
State of Michigan

Minutes of a regular meeting of the Downtown Development Authority of the Village of Dexter, County of Washtenaw, State of Michigan, held on the 19th day of April, 2012, Eastern Time.

PRESENT: Members:

ABSENT: Members:

The following preamble and resolution were offered by Member ____ and supported by Member ____

WHEREAS, the Downtown Development Authority will take ownership of 3045 Broad in September 2012, and

WHEREAS, the Village of Dexter has assisted the Downtown Development Authority by agreeing to pay for an environmental survey, bearing analysis, well removal and site analysis of the property located at 3045 Broad, and

WHEREAS, the village will not invoice the DDA for reimbursement for cost associated with environmental and analysis of the site until September 2012, and

WHEREAS, the Downtown Development Authority anticipates receiving interest revenue from the money that has been held in escrow for the purchase of the property,

BE IT RESOLVED that the Downtown Development Authority hereby agrees to repay the Village of Dexter for the following expenses using the interest revenue anticipated in September 2012:

- Environmental Assessment of the Property (ASTI), Well Removal, Bearing Analysis – not to exceed \$20,000
- Evaluation of the Potential Property Uses (OHM/Bird Houk) – not to exceed \$13,500

AYES:

NAYS:

ABSENT:

RESOLUTION DECLARED ADOPTED THIS 19th DAY OF APRIL, 2012

Chairman – Steve Brouwer

CERTIFICATION

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Downtown Development Authority of the Village of Dexter, County of Washtenaw, State of Michigan, at a regular meeting held on the 19th day of April, 2012.

Secretary – Carol J. Jones

VILLAGE OF DEXTER

ddettling@villageofdexter.org

8140 Main Street Dexter, MI 48130-1092

Phone (734)426-8303 Fax (734)426-5614

MEMO

To: DDA Board
From: Donna Dettling, Village Manager
Date: April 19, 2012
Re: ASTI Environmental Update

Please review the attached documents for an environmental update of the Broad Street Property. A copy of the memo Village Council will consider at their April 23, 2012 meeting is attached along with several support documents. The March 14, 2012 ASTI proposal for services and the March 8, 2012 environmental site history prepared by ASTI.

VILLAGE OF DEXTER

ddettling@villageofdexter.org

8140 Main Street Dexter, MI 48130-1092

Phone (734)426-8303

Fax (734)426-5614

MEMO

To: President Keough and Council
From: Donna Dettling, Village Manager
Date: April 23, 2012
Re: ASTI Environmental Services Proposal

The Village will close on the property at 3045 Broad Street, the Old DAPCO facility in September, and environmental analysis needs to be completed as part of our due diligence. The attached proposal dated March 14, 2012 from ASTI includes; Phase I at \$2,000, Phase II \$6,795, Baseline \$2,000, Due Care Plan \$1,500, Asbestos Containing Materials (ACM) Inspection and 75 samples \$3,300, any additional asbestos and soil gas samples \$1,100, totaling \$16,695.

Also attached is a site history prepared by ASTI dated March 8, 2012, which includes their recommendation to complete the necessary environmental analysis in the proposal they submitted.

A resolution that will be adopted by the DDA at their April meeting supporting repayment of these services in September when the DDA receives the interest from the DAPCO transaction is also included for your review.

ASTI will work with Cribley Drilling Company to properly abandon the water well on site. A quote of \$415 from Cribley to plug the well, remove the pump, and complete an abandonment log to the health department was secured by ASTI.

The DDA asked if bearing capacity analysis could be included with the ASTI services. ASTI provided an email quote of \$2,700 for a Bearing Capacity Analysis, which includes 5 soil borings 20 feet below grade. This item was requested to determine how heavy a building can be built on the site.

Motion: Staff recommends that Council make a motion to approve the ASTI services proposal in an amount not to exceed \$20,000 to be expensed from line item 101.728.000.802.000. A budget amendment will be proposed with the 3rd quarter budget amendments moving funds from reserves to cover this expense.

- ASTI Phase I and Phase II Environmental Site Assessment as Proposed, Baseline Environmental Assessment, Due Care plan, ACM Inspection 75 Samples, Any Additional Asbestos Samples, and Optional Soil Gas Sampling. **Estimated Cost \$16,695**
- Bearing Capacity Analysis **\$2,700**
- Abandon Well **\$415**

Sent Via Email

March 14, 2012

Ms. Donna Dettling
Village of Dexter
8140 Main Street
Dexter, MI 48130

*RE: Phase I Environmental Site Assessment, Phase II Investigation, Baseline
Environmental Assessment, and Asbestos-Containing Materials Inspection,
3045 Broad Street, Dexter, Michigan (ASTI File No. BMK586-11)*

Dear Ms. Dettling:

Thank you for your interest in the environmental services offered by ASTI Environmental (ASTI). Per our meeting on March 8, 2012, this letter is a cost quotation to conduct a Phase I Environmental Site Assessment (ESA), additional Phase II Investigation, Baseline Environmental Assessment (BEA), Due Care Plan, and Asbestos-Containing Materials (ACM) inspection of the above referenced Property. ASTI previously completed a Phase I ESA and Phase II ESA during 2007 and 2008 that identified impacts in groundwater and soil from historical and current uses of the Property. Based on the findings, the Property is considered a facility. This proposal is being completed for the potential redevelopment of the Property.

The objectives of this investigation are to (1) complete a Phase I ESA utilizing information from the 2007 Phase I ESA, (2) complete a Phase II ESA, (3) prepare the necessary due diligence documentation for a BEA, (4) complete a Due Care Plan for future site use, and (5) complete an ACM inspection for potential demolition/renovation.

Scope of Services

Phase I Environmental Site Assessment

ASTI will complete a site assessment at the above site according to the *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process* issued by the American Society for Testing and Materials (ASTM) E 1527-05. The Phase I ESA will also be included in the BEA.

Report

At the completion of the assessment, two copies of the final report will be issued along with an electronic copy. The report will include an outline of the work completed during the investigation, a discussion of the items identified during the investigation, the results of the investigation, and appended copies of all supporting materials. Meetings or additional copies of the report are not included in this project, but can be provided on request.

The results of this assessment and any material provided by you will be kept confidential. Additional copies of the assessment report will not be provided without your prior written authorization.

Schedule

The final report will be provided three weeks after project initiation.

Phase II Investigation

A subsurface investigation is proposed in order to determine the current status of soil and groundwater. ASTI proposes the completion of seven soil borings to a maximum depth of 12-16 feet and the collection of one soil or groundwater sample from each boring location. The samples will be analyzed and completed in the following areas.

- Three soil borings will be completed in the area of Klapperich Welding where the 2008 Phase II investigation identified solvents in soil and groundwater. Due to the heavy machinery in the building, ASTI was unable to complete soil borings in the building section where Klapperich Welding operates. A total of three samples will be collected and analyzed for volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons (PNAs), and 10 Michigan metals. ASTI anticipates collecting one groundwater sample from the borings.
- Two soil borings will be completed on the northern portion of the Property in area where solvents were identified in a soil sample completed by building Section 12. A total of two samples will be collected for VOCs, PNAs, and 10 Michigan metals.
- Two soil borings will be completed to eight feet bgs adjacent the electrical substation along the central portion of the Property. A total of two soil

samples will be collected and analyzed for polychlorinated biphenyls (PCBs). A duplicate samples will also be analyzed for PCBs.

All samples collected from each of the borings will be visually inspected and scanned with a photoionization detector (e.g. PID and/or OVA). One trip blank and one duplicate will be analyzed for quality assurance/quality control purposes.

Any groundwater samples will be collected using low flow sampling methods following proper development of the temporary wells. Sampling and analysis will be conducted according to USEPA and DEQ guidelines. Analytical results will be compared to Residential Closure Standards provided by DEQ.

An additional option that may be completed at the time of the Phase II investigation is completion of one sub-slab soil gas sample in the area of Klapperich Welding. This area was identified as containing the solvent trichloroethene in the groundwater. This location is also proposed for a residential/commercial structure as indicated in a proposed development sketch. The soil boring would be completed to three inches below the slab of the building with the collection of one soil gas sample and one duplicate soil gas sample for TO-15 parameters. The cost for this sampling assumes that it would be completed at the same time as the Phase II investigation.

Report

Two copies of the Phase II ESA report will be provided along with an electronic copy within the cost of this project. Additional copies or revisions to the text will be charged on a time and materials basis according to rates in effect at the time of the request.

Schedule

The investigation can be scheduled within five to seven working days of authorization to proceed. Laboratory analysis will require one week. The final report will be provided four to five weeks after authorization to proceed. Expedited analysis can be provided at additional cost.

Required Materials

In order to initiate the project, we require authorization in the spaces provided at the end of this proposal. We will schedule this project upon receipt of a signed copy of this proposal or a purchase order referencing this proposal.

Baseline Environmental Assessment

ASTI will use the Phase I ESA and Phase II info to complete a separate BEA for the above property according to DEQ requirements. ASTI will use the existing site data from the prior Phase II ESA along with any results from the proposed Phase II ESA that exceed Generic Residential Cleanup Criteria for the above

referenced Property.

Report

Two copies of the BEA will be provided along with an electronic copy within the cost of this project. Additional copies or revisions to the text will be charged on a time and materials basis according to rates in effect at the time of the request

Schedule

The BEA can be completed two to three weeks after completion of the soils investigation described above.

Due Care Plan

Purchasers of a facility that follow the procedures of Part 201, and have not caused the impact, are not liable for any historic contamination identified. However, in accordance with Part 201, a person who owns a property and has knowledge that it is a facility must prepare a written due care plan and must comply with the following due care obligations:

- undertake measures as necessary to prevent exacerbation of the existing contamination.
- exercise due care by undertaking response activities necessary to mitigate unacceptable exposure to hazardous substances and allow for the intended use of the facility in a manner that protects the public health and safety.
- take reasonable precautions against the foreseeable acts or omissions of a third party and the resultant consequences of those acts or omissions.
- provide reasonable cooperation, assistance, and access to the persons that are authorized to conduct response activities at the facility, including the cooperation and access necessary for the installation, integrity, operation, and maintenance of any complete or partial response activity at the facility. Nothing in this subdivision shall be interpreted to provide any right of access not expressly authorized by law, including access authorized pursuant to a warrant or a court order, or to preclude access allowed pursuant to a voluntary agreement.
- comply with any land use or resource use restrictions established or relied on in connection with the response activities at the facility; and take reasonable precautions against the foreseeable acts or omissions of a third party and the resultant consequences of those acts or omissions.
- not impede the effectiveness or integrity of any land use or resource use restriction employed at the facility in connection with response activities.

Therefore, ASTI will prepare a Section 7a Compliance Analysis, better known as a Due Care Plan to describe measures that will be taken to avoid exacerbating contamination, prevent or mitigate exposures to contamination, and to guard

against acts or omissions of a third party. The Due Care Plan will include due care measures during new construction and long-term commercial use. Based on preliminary information provided to ASTI, the proposed use of the Property includes a mixed residential/commercial development.

Report

Two copies of the Due Care Plan will be provided along with an electronic copy within the cost of this project. Additional copies or revisions to the text will be charged on a time and materials basis according to rates in effect at the time of the request

Schedule

The Due Care Plan can be completed two to three weeks after completion of the soils investigation described above.

Asbestos Inspection

No known ACM inspections have been completed on the Property. ASTI staff will perform sampling of suspect homogenous ACMs in accordance with the U.S. EPA Asbestos Hazard Emergency Response Act (AHERA) assessment protocol (40 CFR Part 763), which is also referred by the OSHA regulations. ASTI will submit the suspect ACM samples to an accredited laboratory for analysis via Polarized Light Microscopy (PLM) to determine those materials that contain one percent (1%) or more asbestos by the visual estimation method. Samples found to contain less than 10 percent (10%) asbestos via the visual estimation method of PLM will be further verified via the "Point Count Method" as defined by the AHERA regulations. ASTI estimates up 75 asbestos sample layers will be collected during the survey and are included in the cost. Any additional sample layers collected and analyzed beyond 75 will be billed at \$10 each.

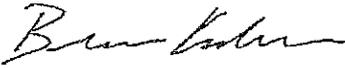
Fee

Our fees for conducting the services discussed in this proposal are provided below. Where indicated, services will be provided on a fixed fee basis. All other fees are estimates and will be invoiced on a time and materials basis for actual work performed. Any additional work outside the above scope of services will be performed at our standard fees, however, any additional work will not be performed without your prior authorization. This proposal is subject to the terms and conditions contained in Attachment A, which is made part of this agreement.

<u>Service</u>	<u>Fixed Fee</u>
Phase I ESA	\$2,000
Phase II ESA as Proposed	\$6,795
Baseline Environmental Assessment	\$2,000
Due Care Plan	\$1,500
ACM Inspection and 75 Samples	\$3,300
Any Additional Asbestos Samples at \$10 each	
Optional Soil Gas Sampling (During Phase II)	\$1,100
Estimated Cost	\$15,595-16,695

Thank you again for your interest in ASTI. If you have any questions or comments, please do not hesitate to call me at **800.395.ASTI**. We greatly appreciate the opportunity to work with you on this project.

Sincerely yours,



Brian Kuberski
Environmental Professional

Client Authorization:
ASTI File BMK586-11

Signature
For: Village of Dexter

Date _____
Federal ID Number _____

Attachment A Terms and Conditions

ASTI Environmental (CONSULTANT) shall perform for Village of Dexter (CLIENT) the services described in the proposal titled *Phase I Environmental Site Assessment, Phase II Investigation, Baseline Environmental Assessment, and Asbestos-Containing Materials inspection, 3045 Broad Street, Dexter, Michigan*, and dated March 14, 2012 by CONSULTANT (PROPOSAL) which is made a part of this agreement (ASTI File No. BMK586-11). Such services shall be performed during the period mutually agreed upon by CLIENT and the CONSULTANT, and as described in the PROPOSAL.

The services will be performed on behalf of and solely for CLIENT'S exclusive use and not for others. The services performed by CONSULTANT shall be conducted in a manner consistent with the level of care and skill ordinarily exercised by members of the consulting profession in the same locale and acting under similar circumstances and conditions. Except as set forth herein, CONSULTANT makes no other representation, guarantee, or warranty, expressed or implied, in fact or by law, whether of merchantability, fitness for any particular purpose or otherwise, concerning any of the services which may be furnished by CONSULTANT to CLIENT.

Reports, maps, data, or any pertinent information or documents prepared or assembled by CONSULTANT under this Agreement are confidential, and CONSULTANT agrees that they shall not be made available to any individual or organization without prior written approval of CLIENT. CONSULTANT retains the right to destroy all historic project materials according to the time frames established by CONSULTANT in its document destruction policy.

The CLIENT shall grant or obtain a right of entry for CONSULTANT, its agents, staff, consultants, and contractors or subcontractors, for the purpose of performing and with the right to perform all acts, studies, evaluations, pursuant to the agreed services. CONSULTANT personnel will not access those portions of the subject property or adjacent properties where prearranged access has not been granted, or where personnel health and safety issues preclude entry.

CLIENT will provide CONSULTANT all information regarding the subject property that is known to or reasonably ascertainable by CLIENT, which may be necessary for completion of the services to be performed by CONSULTANT. Such information includes all records of any environmental assessment activities undertaken previously at the subject property. If, during the performance of these services, information within the description of the requested information referenced in the attached PROPOSAL becomes available to the CLIENT, the CLIENT shall provide prompt, full and complete disclosure to CONSULTANT of such new information if it could affect CONSULTANT's performance of its services or could pose potential hazardous conditions or risk to the health or safety of CONSULTANT's employees, agents, and subcontractors.

CONSULTANT COMPENSATION

Unless otherwise indicated the PROPOSAL, billings will be based on actual accrued time, reimbursables, and expenses incurred and will include additional costs for all applicable sales and use taxes. Unless otherwise indicated in the PROPOSAL, progress billings will be provided to the CLIENT at least monthly. For performance of the services described in the PROPOSAL, CLIENT shall pay to CONSULTANT according to the fees provided for in the PROPOSAL, payable upon receipt of invoice. CONSULTANT reserves the right to increase the unit rates included in this Agreement on the anniversary(s) of the effective date of this agreement.

All invoices are net 15 days. An additional 1.5% monthly service charge will be applied to all delinquent accounts. In the event CONSULTANT is required to pursue collection of any amount

due from CLIENT in connection with the scope of services contained in this letter, then CLIENT agrees to payment of all reasonable costs and attorney fees incurred in such collection efforts. CLIENT agrees Washtenaw County, Michigan will be proper venue for collection action.

Unless otherwise stated in the PROPOSAL, notice of cancellation of these services must be provided to CONSULTANT within 5 business days, and upon cancellation CLIENT will be charged 10 percent of PROPOSAL amount or at our standard fees for actual time, reimbursables and expenses incurred, whichever is greater. The PROPOSAL will remain in effect for a period of 30 days.

SITE ACTIVITIES

CONSULTANT will take reasonable precautions to minimize damage to the site due to the performance of its operations, but it shall be understood by CLIENT that in the normal course of performing these operations some damage may occur. CLIENT accepts the fact this is inherent to our work and will not hold CONSULTANT liable or responsible for any such effect, damage or alteration. Except as provided in the PROPOSAL, the costs of restoration for any damage resulting from CONSULTANT's operations are not included in the fees for the attached proposal. Upon request, and at CLIENT's sole cost and expense, CONSULTANT will provide additional services to restore the site to conditions reasonably similar to those existing prior to CONSULTANT's operations.

Unless otherwise indicated in the PROPOSAL, all site work is expected to be performed under Level D health and safety conditions. If the work is upgraded to Level C or higher, all pricing will be re-negotiated.

DISCOVERY OF UNANTICIPATED HAZARDOUS MATERIALS OR CONDITIONS

CONSULTANT and the CLIENT agree that the discovery of unanticipated hazardous materials or conditions may make it necessary for CONSULTANT to take immediate measures to protect the health and safety of its employees, agents or subcontractors. CLIENT agrees to pay the reasonable costs of such protective measures as well as any equipment decontamination or other costs incident to the discovery of unanticipated hazardous materials or conditions. CONSULTANT will notify CLIENT of such discovery as soon as practically possible.

LIMITATION OF LIABILITY

Except for circumstances caused by the willful misconduct of CONSULTANT, any and all liability or claim for damages asserted against CONSULTANT by CLIENT, whether based upon contract, tort, breach of warranty, professional negligence, or otherwise, including claims against CONSULTANT's directors, officers, shareholders, employees, and agents, is limited to 50% of CONSULTANT's available insurance coverage, not to exceed \$1,000,000. CONSULTANT is not responsible for any special, incidental, indirect, or consequential damages (including lost profits) incurred by CLIENT as a result of CONSULTANT's performance or nonperformance of services. Any claim shall be deemed waived unless made by CLIENT in writing and received by CONSULTANT within one (1) year after completion of the services with respect to which the claim is made.

CLIENT shall indemnify CONSULTANT from and against claims associated with or arising out of hazardous substances or other environmental conditions at the subject property, except to the extent of any release of a hazardous substance caused by CONSULTANT at the subject property.

COMPLIANCE WITH LAWS

CONSULTANT shall observe and abide by all applicable laws, ordinances, and regulations of federal, state and local governments, and any subdivision thereof, and the rules and regulations of any lawful regulatory body acting thereunder in connection with the service performed hereunder.

CLIENT represents that CLIENT possesses all necessary permits and licenses required for the continuation of CONSULTANT's activities at the site.

MEMO

ASTI Environmental

Date: 3/8/2012
To: Village of Dexter Downtown Development Authority
From: Brian Kuberski
Subject: 3045 Broad Street, Dexter, MI

Site History

According to Sanborn maps, the central portion of the Property was developed with an electrical company building, a creamery, butter tub house, and residence in 1912. The western portion of the Property was reportedly a sawmill in the early 1800s and early 1900s. The 1929 Sanborn map depicts the eastern portion of the Property as developed with a laundry building, outhouse, and a vacant building. The current building was constructed on the Property in 1951 with additions in 1956, 1958, 1972, 1974, 1977, and 1980. The building was primarily used for manufacturing from 1951 until current. Manufacturers that have operated on the Property consisted of Dexter Automotive Products (1970s), Dapco Industries (late 1970s and 1980s), and Klapperich Welding (1980 to current). Dexter Automotive Products and Dapco Industries made fittings, valves, filters, and pumps for engines. The eastern portion of the building was converted to a gym in approximately 1992, the Artist Collective in 1992, and a dance studio in approximately 1997.

Phase I ESA, ASTI Environmental, August 17, 2007

ASTI Environmental completed a Phase I ESA on the Property and identified the following Recognized Environmental Conditions (RECs). Access to the Property was not limited at the time of the assessment, except that ASTI did not have access to Section 7 of the building. In addition, the storage of miscellaneous materials in the interior of the building operated by Klapperich Welding and exterior storage of vehicles, boats, and trailers limited visual observations.

- use of the Property as a factory/metal fabrication/machine shop from 1951 to current
- oil stained areas within and near the exterior of section 6 of the building
- use of the northern portion of the Property for light vehicle repair
- past release of phenols and hydrocarbons on the western portion of the Property
- past historic use of one gasoline UST and two fuel oil USTs at the Property
- the designation of the eastern adjoining 8090 Grand Street property as a BEA and Brownfield site with a potential of contaminant migration onto the Property.

Phase II ESA, ASTI Environmental, May 1, 2008

On April 2 and 3, 2008, ASTI completed 17 soil borings on the Property in regard to the RECs identified during the Phase I ESA. A total of 12 soil samples and five groundwater samples were collected during the investigation. Analytical results reported concentrations of arsenic above the Generic Residential Cleanup Criteria (GRCC) for direct contact (DC) at two sample locations on the western portion of the Property. Additional metals were reported above the GRCC for drinking water protection (DWP) and groundwater surface water interface protection (GSIP). PNAs were reported in several samples but at concentrations below the GRCC. Volatile organic compounds (VOCs) were reported above the DWP

and GSIP in five soil samples. Included in the VOCs detected was the solvent trichloroethane, which is used as an industrial cleaner. One groundwater sample collected along the northwestern exterior of Klapperich Welding reported two VOC solvents above the GRCC for GSI.

Recommendations

The following are recommendations for Dexter Downtown Development Authority for potential purchase and redevelopment of the Property.

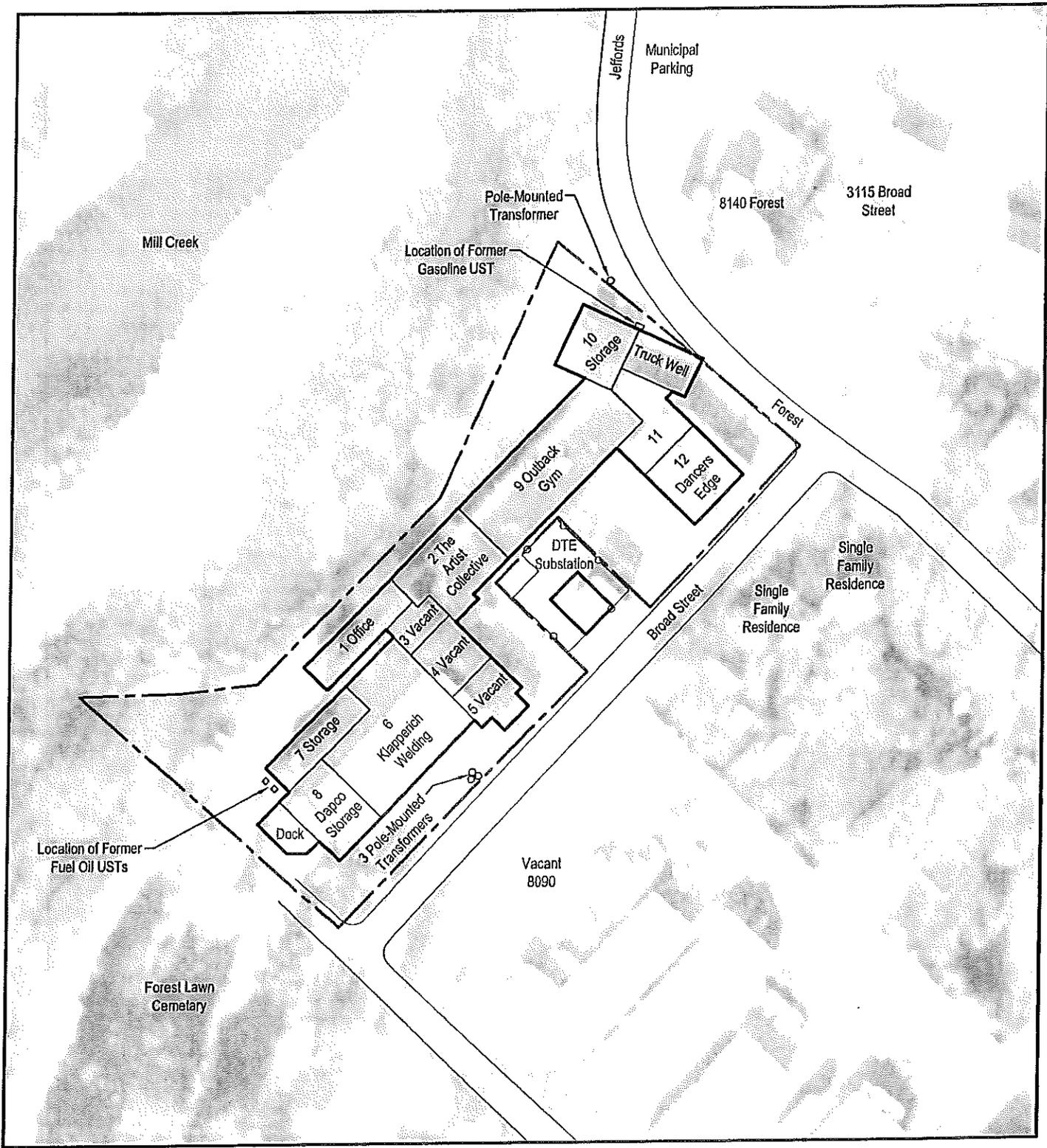
- ✓ • Completion of a new Phase I ESA
- ✓ • Completion of additional sampling for Due Care and for areas that were inaccessible during the 2008 subsurface investigation
- ✓ • Completion of Baseline Environmental Assessment for contamination liability protection. The report would be submitted to the Department of Environmental Quality.

Issues With Property Redevelopment

- The Property is a facility (a property where a hazardous substance in excess of the residential cleanup criteria has been released, deposited, or otherwise becomes located). Any soil removed from the Property during redevelopment would need to properly characterized and transported to an appropriate landfill.
- Current contaminant levels for arsenic are unacceptable for residential use for direct contact. The surface soils in excess of the direct contact criterion would need to be removed or capped with a layer of clean fill material.
- Soil removed for utility construction cannot be placed back in the excavation. Clean fill would be required to be placed in utility trenches.
- Any water produced from de-watering activities will need to be properly containerized and kept on site. The containerized water will need to be sampled to determine the proper characterization for off-site disposal.

Additional Concerns For Redevelopment

- Proper abandonment of the water well on the Property
- Completion of an asbestos-containing material inspection for building demolition

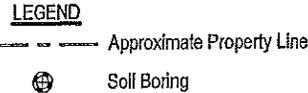
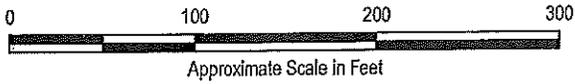
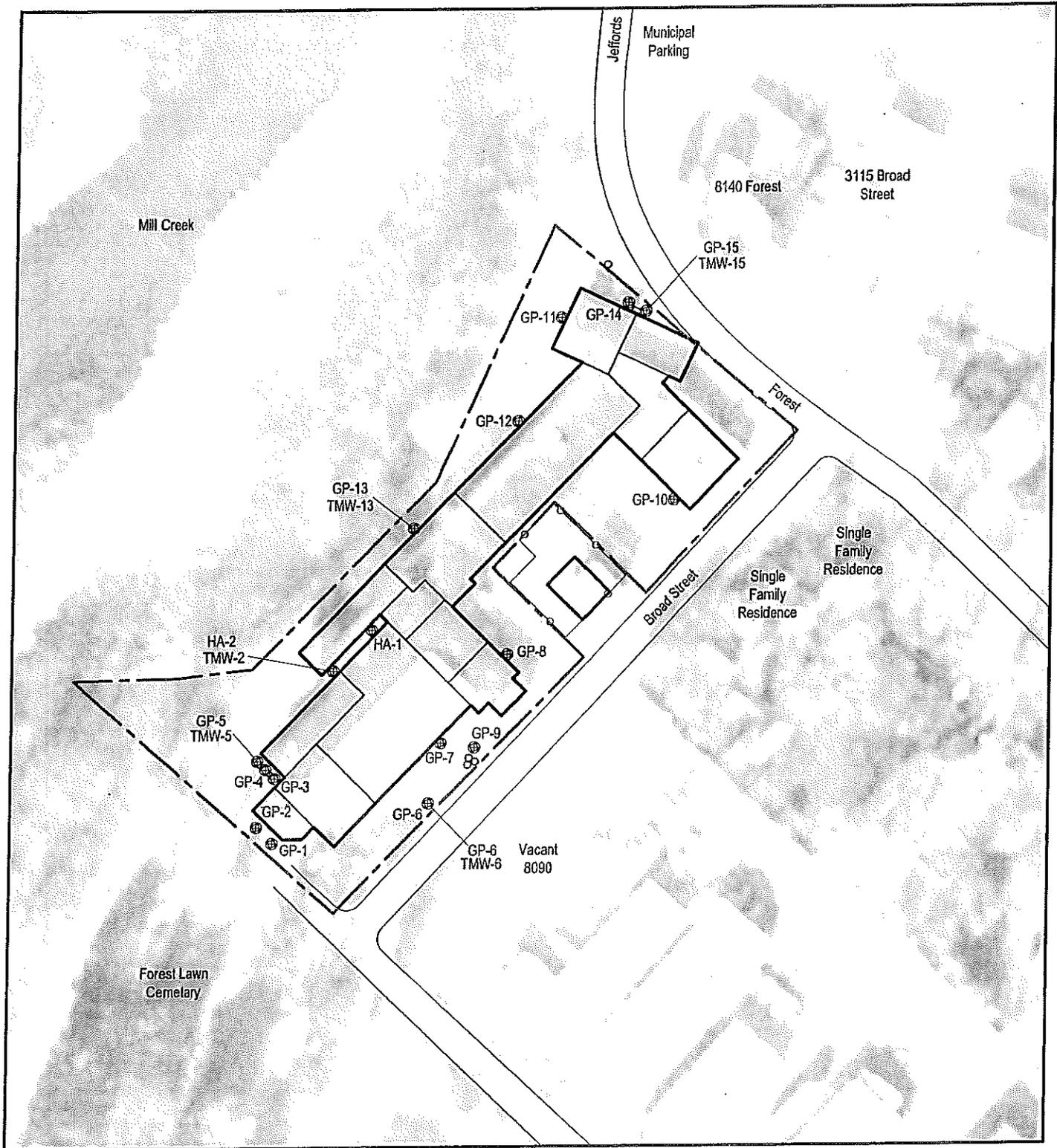


LEGEND
--- Approximate Property Line

Phase I - 3045 Broad St. Dexter, MI

Created for: Village of Dexter DDA/ Beckett & Raeder, Inc.
ASTI Project 1-6555, JMD, April 15, 2008

ASTI
Environmental
Site Features Map



Phase II - 3045 Broad St.

Dexter, MI



Figure 2 - Soil Boring Location Map

Table I Summary of Soil Sample Analytical Results
ASTI File No. 1-6555

Parameter	Statewide Default Background Levels*	Drinking Water Protection Criteria*	Groundwater Surface Water Interface Protection Criteria*	Groundwater Contact Protection Criteria*	Soil Volatilization to Indoor Air Criteria*	Direct Contact Criteria*	HA-2 4-3*	Dup 2 48/08	GP-1 8-10*
Total Arsenic	5,800	4,600	70,000 (X)	2,000,000	NLV	7,600	8,600	7,600	--
Total Barium	75,000	1,300,000	(G,X)	1,000,000,000	NLV	37,000,000	28,000	21,000	--
Total Cadmium	1,200	6,000	(G,X)	230,000,000	NLV	500,000	250	210	--
Total Chromium	18,000	30,000	3,300	1,000,000,000	NLV	790,000,000	8,300	10,000	--
Total Copper	32,000	5,800,000	(G)	1,000,000,000	NLV	20,000,000	12,000	16,000	--
Total Lead	21,000	700,000	(G,X)	ID	NLV	400,000	6,500	17,000	--
Total Mercury	130	1,700	50 (M)	47,000	48,000	160,000	<50	<50	--
Total Manganese	410	4,000	400	78,000,000	NLV	2,600,000	260	350	--
Total Silver	1,800	4,500	100 (M)	200,000,000	NLV	2,500,000	<100	<100	--
Total Zinc	42,000	2,400,000	(G)	1,000,000,000	NLV	170,000,000	46,000	39,000	--
Acenaphthene	NA	300,000	4,400	970,000	190,000,000	41,000,000	<330	<330	--
Acenaphthylene	NA	5,900	ID	440,000	1,600,000	1,600,000	<330	<330	--
Anthracene	NA	41,000	ID	41,000	1,000,000,000 (D)	230,000,000	<330	<330	--
Benzo (a) anthracene	NA	NLL	NLL	NLL	NLV	20,000	<330	<330	--
Benzo (a) pyrene	NA	NLL	NLL	NLL	NLV	7,000	<330	<330	--
Benzo (b) fluoranthene	NA	NLL	NLL	NLL	ID	20,000	<330	<330	--
Benzo (k,h,l) perylene	NA	NLL	NLL	NLL	NLV	2,500,000	<330	<330	--
Benzo (k) fluoranthene	NA	NLL	NLL	NLL	NLV	200,000	<330	<330	--
Chrysene	NA	NLL	NLL	NLL	ID	2,000,000	<330	<330	--
Dibenz (ah) anthracene	NA	NLL	NLL	NLL	NLV	2,000	<330	<330	--
Fluoranthene	NA	700,000	5,500	730,000	1,000,000,000 (D)	46,000,000	<330	<330	--
Fluorene	NA	390,000	5,300	890,000	580,000,000	27,000,000	<330	<330	--
Indeno (1,2,3-cd) pyrene	NA	NLL	NLL	NLL	NLV	20,000	<330	<330	--
2-Methylanthracene	NA	37,000	ID	5,500,000	ID	8,100,000	<330	<330	--
Naphthalene	NA	35,000	870	2,100,000	250,000	16,000,000	<330	<330	--
Phenanthrene	NA	56,000	5,300	1,100,000	2,800,000	1,600,000	<330	<330	--
Pyrene	NA	430,000	ID	480,000	1,000,000,000 (D)	25,000,000	<330	<330	--
Acetone	NA	15,000	34,000	110,000,000 (C)	110,000,000 (C)	23,000,000	<750	<750	<750
Acrylonitrile	NA	52	98 (X)	280,000	6,600	16,000	<100	<100	<100
Benzene	NA	100	4,000 (X)	220,000	1,600	180,000	<50	<50	<50
Bromobenzene	NA	550	NA	360,000	310,000	540,000	<50	<50	<50
Bromochloromethane	-	-	-	-	-	-	<50	<50	<50
Bromodichloromethane	NA	1,600 (W)	ID	280,000	1,200	110,000	<50	<50	<50
Bromoforn	NA	1,600 (W)	ID	870,000	150,000	820,000	<50	<50	<50
Bromobenzene	NA	200	700	1,400,000	800	300,000	<200	<200	<200
2,3-Dibromobenzene	NA	250,000	44,000	27,000,000 (C)	27,000,000 (C)	27,000,000 (C,DD)	<210	<210	<210
Carbon disulfide	NA	16,000	ID	280,000 (C)	76,000	280,000 (C,DD)	<50	<50	<50
Carbon tetrachloride	NA	100	900 (X)	92,000	190	96,000	<50	<50	<50
Chlorobenzene	NA	2,000	940	260,000 (C)	120,000	260,000 (C)	<50	<50	<50
Chloroethane	NA	8,600	ID	950,000 (C)	950,000 (C)	950,000 (C)	<250	<250	<250
Chloroform	NA	1,600 (W)	3,400 (X)	1,500,000	7,200	1,200,000	<50	<50	<50
Chloromethane	NA	5,200	ID	1,100,000 (C)	2,300	1,100,000 (C)	<250	<250	<250
cis-1,2-Dichloroethene	NA	1,400	12,000	640,000 (C)	22,000	640,000 (C)	<50	<50	<50
cis-1,3-Dichloropropene	-	-	-	-	-	-	<50	<50	<50
Cyclohexane	NA	5,200,000	NA	230,000,000	17,000	220,000,000	<500	<500	<500
Dibromochloromethane	NA	1,600 (W)	ID	360,000	3,900	110,000	<50	<50	<50
1,2-Dibromo-3-chloropropane	-	-	-	-	-	-	<250	<250	<250
Ethylene Dibromide	NA	250 (M)	250 (M)	500	670	250 (M)	<20	<20	<20
Dibromomethane	NA	1,600	NA	2,000,000 (C)	ID	2,000,000 (C)	<50	<50	<50
1,2-Dichlorobenzene	NA	14,000	360	210,000 (C)	210,000 (C)	210,000 (C)	<50	<50	<50
1,3-Dichlorobenzene	NA	170	1,100	51,000	ID	170,000 (C)	<5	<5	<5
1,4-Dichlorobenzene	NA	1,700	290	140,000	19,000	400,000	<50	<50	<50
Dichlorodibromomethane	NA	95,000	ID	1,000,000 (C)	900,000	1,000,000 (C)	<100	<100	<100
1,1-Dichloroethane	NA	18,000	15,000	890,000 (C)	230,800	890,000 (C)	<50	<50	<50
1,2-Dichloroethane	NA	100	7,200 (X)	380,000	2,100	91,000	<50	<50	<50
1,1-Dichloroethene	NA	140	1,300 (X)	220,000	62	200,000	<50	<50	<50
1,2-Dichloropropane	NA	100	5,800 (X)	320,000	4,000	140,000	<50	<50	<50
Dibutyl ether	NA	200	ID	7,400,000 (C)	7,400,000 (C)	7,400,000 (C)	<200	<200	<200
Dibutylpropyl ether	NA	600	ID	1,300 (C)	1,300 (C)	1,300 (C)	<250	<250	<250
Ethyl benzene	NA	1,500	260	140,000 (C)	87,000	140,000 (C)	<50	<50	<50
Ethyltertiary butylether	-	-	-	-	-	-	<250	<250	<250
2-Hexanone	NA	20,000	NA	2,500,000 (C)	990,000	2,500,000 (C)	<250	<250	<250
Isopropylbenzene	NA	91,000	ID	390,000 (C)	390,000 (C)	390,000 (C)	<50	<50	<50
Methyl iodide	-	-	-	-	-	-	<50	<50	<50
Methylene chloride	NA	100	19,000 (X)	2,300,000	45,000	1,300,000	<100	<100	<100
2-Methylnaphthalene	NA	57,000	ID	5,500,000	ID	8,100,000	<250	<250	<250
4-Methyl-7-pentanone	NA	36,000	ID	2,700,000 (C)	2,700,000 (C)	2,700,000 (C)	<250	<250	<250
Methyl tert-butyl ether	NA	800	15,000 (X)	5,900,000 (C)	5,900,000 (C)	1,500,000	<50	<50	<50
Naphthalene	NA	35,000	870	2,100,000	250,000	16,000,000	<250	<250	<250
n-Butylbenzene	NA	1,600	ID	120,000	ID	2,500,000	<50	<50	<50
n-Propylbenzene	NA	1,600	NA	300,000	ID	2,500,000	<50	<50	<50
p-Isopropyltoluene	-	-	-	-	-	-	<50	<50	<50
sec-Butylbenzene	NA	1,600	ID	88,000	ID	2,500,000	<50	<50	<50
Styrene	NA	2,700	2,700	270,000	250,000	400,000	<50	<50	<50
tertiary Amyl methyl ether	NA	3,000	NA	440,000	51,000	440,000	<250	<250	<250
Tertiary Butyl alcohol	NA	78,000	NA	110,000,000 (C)	110,000,000 (C)	110,000,000 (C)	<2500	<2500	<2500
tert-Butylbenzene	NA	1,600	NA	180,000	ID	2,500,000	<50	<50	<50
1,1,1,2-Tetrachloroethane	NA	1,500	ID (X)	440,000 (C)	6,200	440,000 (C)	<50	<50	<50
1,1,2,2-Tetrachloroethane	NA	170	1,600 (X)	94,000	4,300	53,000	<50	<50	<50
Tetrachloroethane	NA	100	900 (X)	88,000 (C)	11,000	88,000 (C)	<50	<50	<50
Tetrahydrofuran	NA	1,900	220,000	32,000,000	1,300,000	2,900,000	<250	<250	<250
Toluene	NA	16,000	2,800	250,000 (C)	250,000 (C)	250,000 (C)	<50	<50	<50
trans-1,4-Dichloro-2-butene	-	-	-	-	-	-	<50	<50	<50
trans-1,2-Dichloroethene	NA	2,000	30,000	1,400,000 (C)	23,000	1,400,000 (C)	<50	<50	<50
trans-1,3-Dichloropropene	-	-	-	-	-	-	<50	<50	<50
1,2,3-Trichlorobenzene	-	-	-	-	-	-	<250	<250	<250
1,2,4-Trichlorobenzene	NA	4,200	1,800	1,100,000	1,100,000 (C)	990,000 (DD)	<250	<250	<250
1,1,1-Trichloroethane	NA	4,000	4,000	460,000 (C)	250,000	460,000 (C)	<50	<50	<50
1,1,2-Trichloroethane	NA	100	6,600 (X)	420,000	4,600	180,000	<50	<50	<50
Trichloroethene	NA	100	4,000 (X)	440,000	7,100	500,000 (C,DD)	<50	<50	<50
Trichlorofluoromethane	NA	52,000	NA	500,000 (C)	500,000 (C)	500,000 (C)	<50	<50	<50
1,2,3-Trichloropropene	NA	810	NA	830,000 (C)	ID	830,000 (C)	<50	<50	<50
1,3,5-Trimethylbenzene	NA	1,500	1,100	94,000 (C)	94,000 (C)	94,000 (C)	<50	<50	<50
1,2,4-Trimethylbenzene	NA	2,100	570	110,000 (C)	110,000 (C)	110,000 (C)	<50	<50	<50
1,2,3-Trimethylbenzene	-	-	-	-	-	-	<50	<50	<50
Vinyl chloride	NA	40	300	20,000	270	3,800	<40	<40	<40
Xylenes	NA	5,600	700	150,000 (C)	150,000 (C)	150,000 (C)	<150	<150	<150

*Per Operational Memorandum #1, Revised January 23, 2006

- Parameter not tested for at his location.

ID-Insufficient data to develop criterion.

NA-Not available.

NLL-Hazardous substance is not likely to leach under most soil conditions.

NLV-Hazardous substance is not likely to volatilize under most conditions.

C-Value presented is a screening level based on the chemical-specific generic soil saturation

concentration (C_{soil})

D-Calculated criterion exceeds 100%, hence it is reduced to 100% or 1.0e+9 ppb.

G-Groundwater Surface Water Interface (GSI) criterion depends on the pH or water hardness, or both,

of the receiving surface water.

M-Calculated criterion is below the analytical target detection limit, therefore, the

criterion defaults to the target detection limit.

T-Refer to the Federal Toxic Substance Control Act (TSCA), 40 CFR 761 Subpart D and 40 CFR 761

Subpart G to determine the applicability of TSCA cleanup standards.

W-Concentrations of trichloroethane in groundwater shall be added together to determine

compliance with the Michigan drinking water standard of 100 ug/L.

X-The Groundwater Surface Water Interface (GSI) criterion shown in the generic cleanup criteria table is not protective

for surface water that is used as a drinking water source.

DD-Hazard

Table 2 Summary of Groundwater Sample Analytical Results
ASTI File No. 1-6555

Parameters	Residential & Commercial I		Residential & Commercial I		Groundwater Volatilization to					Dup TMW-13	Field Blank	Trip Blank
	Drinking Water Criteria*	Surface Water Criteria*	Indoor Air Inhalation Criteria*	Groundwater Criteria*	TMW-5 4/4/08	TMW-6 4/4/08	TMW-13 4/4/08	TMW-15 4/4/08	TMW-HA-2 4/4/08			
Total Arsenic	10 (A)	150 (X)	NLV	4,300	~	5	<1	~	~	<1	<1	~
Total Barium	2,000 (A)	(G,X)	NLV	14,000,000	~	200	<100	~	~	<100	<100	~
Total Cadmium	5.0 (A)	(G,X)	NLV	190,000	~	<0.2	<0.2	~	~	<0.2	<0.2	~
Total Chromium	100 (A)	11	NLV	460,000	~	<5	<5	~	~	<5	<5	~
Total Copper	1,000 (E)	(G)	NLV	7,400,000	~	<4	<4	~	~	<4	<4	~
Total Lead	4.0 (L)	(G,X)	NLV	10	~	<3	<3	~	~	<3	<3	~
Total Mercury	2.0 (A)	0.0013	56 (S)	56 (S)	~	<0.2	<0.2	~	~	<0.2	<0.2	~
Total Selenium	50 (A)	5	NLV	970,000	~	<5	<5	~	~	<5	<5	~
Total Silver	34	0.2 (M)	NLV	1,500,000	~	<0.2	<0.2	~	~	<0.2	<0.2	~
Total Zinc	2,400	(G)	NLV	110,000,000	~	20	<10	~	~	10	<10	~
Acenaphthene	1300	19	4,200 (S)	4,200 (S)	<5	~	<5	<5	~	<5	<5	~
Acenaphthylene	52	ID	3,900 (S)	3,900 (S)	<5	~	<5	<5	~	<5	<5	~
Anthracene	43 (S)	ID	43 (S)	43 (S)	<5	~	<5	<5	~	<5	<5	~
Benzo (a) anthracene	2.1	ID	NLV	9.4 (S,AA)	<1	~	<1	<5	~	<1	<1	~
Benzo (a) pyrene	5.0 (A)	ID	NLV	2.0 (M,AA)	<1	~	<1	<5	~	<1	<1	~
Benzo (b) fluoranthene	2.0 (B)	ID	ID	2.0 (M,AA)	<1	~	<1	<5	~	<1	<1	~
Benzo (k,l) perylene	5.0 (B)	NA	NLV	5.0 (M,AA)	<1	~	<1	<5	~	<1	<1	~
Benzo (h) fluoranthene	5.0 (B)	NA	NLV	5.0 (M,AA)	<1	~	<1	<5	~	<1	<1	~
Chrysene	5.0 (B)	ID	NLV	5.0 (M,AA)	<1	~	<1	<5	~	<1	<1	~
Dibenz (a,h) anthracene	2.0 (D)	ID	NLV	2.0 (M,AA)	<1	~	<1	<5	~	<1	<1	~
Fluoranthene	210 (S)	5	210 (S)	210 (S)	<1	~	<1	<5	~	<1	<1	~
Fluorene	880	12	2,000 (S)	2,000 (S)	<5	~	<5	<5	~	<5	<5	~
Indeno (1,2,3-cd) pyrene	2.0 (M)	ID	NLV	2.0 (M,AA)	<1	~	<1	<5	~	<1	<1	~
2-Methylnaphthalene	260	ID	ID	25,000 (S)	<5	~	<5	<5	~	<5	<5	~
Naphthalene	520	13	31,000 (S)	31,000 (S)	9	~	<5	<5	~	<5	<5	~
Phenanthrene	52	5	1,000 (S)	1,000 (S)	<2	~	<2	<5	~	<2	<2	~
Pyrene	140 (S)	ID	140 (S)	140 (S)	<5	~	<5	<5	~	<5	<5	~
Acetone	730	1,700	1,000,000,000	31,000,000	<20	<20	<20	<20	<1000	<20	<20	<20
Acrylonitrile	2.6	4.9 (X)	34,000	14,000	<1	<1	<1	<1	<50	<1	<1	<1
Benzene	5.0 (A)	200	5,600	11,000	<1	<1	<1	<1	<50	<1	<1	<1
Bromobenzene	18	NA	180,000	12,000	<1	<1	<1	<1	<50	<1	<1	<1
Bromochloromethane	100 (A,NV)	ID	4,800	14,000	<1	<1	<1	<1	<50	<1	<1	<1
Bromodichloromethane	100 (A,NV)	ID	470,000	148,000	<1	<1	<1	<1	<50	<1	<1	<1
Bromoform	10	35	4,000	70,000	<1	<1	<1	<1	<50	<1	<1	<1
Bromotoluene	10	35	4,000	70,000	<1	<1	<1	<1	<50	<1	<1	<1
2-Butanone	13,000	2,200	240,000,000 (S)	240,000,000 (S)	<5	<5	<5	<5	<300	<5	<5	<5
Carbon disulfide	800	ID	250,000	1,200,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
Carbon tetrachloride	5.0 (A)	45 (X)	370	4,600	<1	<1	<1	<1	<50	<1	<1	<1
Chlorobenzene	100 (A)	47	210,000	86,000	<1	<1	<1	<1	<50	<1	<1	<1
Chloroethane	430	ID	5,700,000 (S)	3,900,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
Chloroform	100 (A,NV)	170 (X)	28,000	150,000	<1	<1	<1	<1	<50	<1	<1	<1
Chloromethane	260	ID	8,600	490,000	<1	<1	<1	<1	<50	<1	<1	<1
cis-1,2-Dichloroethene	70 (A)	610	93,000	200,000	<1	<1	1	2500	1	1	1	1
cis-1,3-Dichloropropene	-	-	-	-	<1	<1	<1	<1	<50	<1	<1	<1
Cyclohexane	33,000	NA	1,500	23,000,000	<10	<10	<10	<10	<500	<10	<10	<10
Dibromochloromethane	100 (A,NV)	ID	14,000	18,000	<1	<1	<1	<1	<50	<1	<1	<1
1,2-Dibromo-3-chloropropane	-	-	-	-	<1	<1	<1	<1	<50	<1	<1	<1
Ethylene dibromide	1.0 (A,M)	1	2,400	25	<1	<1	<1	<1	<50	<1	<1	<1
Dibromomethane	80	NA	ID	530,000	<1	<1	<1	<1	<50	<1	<1	<1
1,2-Dichlorobenzene	600 (A)	16	160,000 (S)	160,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
1,3-Dichlorobenzene	6.6	38	ID	2,000	<1	<1	<1	<1	<50	<1	<1	<1
1,4-Dichlorobenzene	75 (A)	13	16,000	6,400	<1	<1	<1	<1	<50	<1	<1	<1
Dichlorodifluoromethane	3,700	ID	220,000	200,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
1,1-Dichloroethane	880	740	1,000,000	2,400,000	<1	<1	<1	<1	<50	<1	<1	<1
1,2-Dichloroethane	5.0 (A)	360	9,600	19,000	<1	<1	<1	<1	<50	<1	<1	<1
1,1,1-Trichloroethane	7.0 (A)	65	200	11,000	<1	<1	<1	<1	<50	<1	<1	<1
1,2-Dichloropropane	5.0 (A)	290 (X)	16,000	16,000	<1	<1	<1	<1	<50	<1	<1	<1
Diethyl ether	100 (E,M)	ID	61,000,000	35,000,000	<5	<5	<5	<5	<300	<5	<5	<5
Dipropyl ether	30	ID	8,000 (S)	8,000 (S)	<5	<5	<5	<5	<300	<5	<5	<5
Ethyl benzene	74 (E)	18	110,800	170,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
Ethyl tertiary butyl ether	-	-	-	-	<5	<5	<5	<5	<300	<5	<5	<5
2-Hexanone	1,900	NA	4,200,000	5,200,000	<5	<5	<5	<5	<300	<5	<5	<5
Isopropylbenzene	800	ID	56,000 (S)	56,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
Methyl iodide	-	-	-	-	<1	<1	<1	<1	<50	<1	<1	<1
Methylene chloride	5.0 (A)	940 (X)	220,000	220,000	<5	<5	<5	<5	<300	<5	<5	<5
2-Methylnaphthalene	260	ID	ID	25,000 (S)	<5	<5	<5	<5	<300	<5	<5	<5
4-Methyl-2-pentanone	1,800	ID	20,000,000 (S)	13,000,000	<5	<5	<5	<5	<300	<5	<5	<5
Methyl tert-butyl ether	40 (E)	730 (X)	47,000,000 (S)	61,000	<1	<1	<1	<1	<50	<1	<1	<1
Naphthalene	520	13	31,000 (S)	31,000 (S)	7	<5	<5	<5	<300	<5	<5	<5
n-Butylbenzene	80	ID	ID	5,900	2	<1	<1	<1	<50	<1	<1	<1
n-Propylbenzene	80	ID	ID	15,000	1	<1	<1	<1	<50	<1	<1	<1
n-Propyltoluene	-	-	-	-	<1	<1	<1	<1	<50	<1	<1	<1
tert-Butylbenzene	80	ID	ID	4,400	<1	<1	<1	<1	<50	<1	<1	<1
Styrene	100 (A)	80	170,000	9,700	<1	<1	<1	<1	<50	<1	<1	<1
Tertiary Amyl methyl ether	190 (E)	NA	260,000	ID	<50	<50	<50	<50	<50	<50	<50	<50
Tertiary Butyl alcohol	3,900	NA	1,000,000,000	79,000,000	<5	<5	<5	<5	<2500	<5	<5	<5
tert-Butylbenzene	80	ID	ID	8,900	<1	<1	<1	<1	<50	<1	<1	<1
1,1,1,2-Tetrachloroethane	77	ID	15,000	30,000	<1	<1	<1	<1	<50	<1	<1	<1
1,1,2,2-Tetrachloroethane	8.5	78	12,000	4,700	<1	<1	<1	<1	<50	<1	<1	<1
Tetrachloroethene	5.0 (A)	45	25,000	12,000	<1	<1	<1	<1	<50	<1	<1	<1
Tetrahydrofuran	95	11,800	6,900,000	1,600,000	<5	<5	<5	<5	<300	<5	<5	<5
Toluene	790 (E)	140	530,000 (S)	530,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
trans-1,4-Dichloro-2-butene	-	-	-	-	<1	<1	<1	<1	<50	<1	<1	<1
trans-1,2-Dichloroethene	100 (A)	1500	85,000	220,000	<1	<1	<1	<1	<50	<1	<1	<1
trans-1,3-Dichloropropene	-	-	-	-	<1	<1	<1	<1	<50	<1	<1	<1
1,2,3-Trichlorobenzene	70 (A)	30	300,000 (S)	19,000	<5	<5	<5	<5	<300	<5	<5	<5
1,2,4-Trichlorobenzene	200 (A)	200	600,000	1,300,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
1,1,1-Trichloroethane	5.0 (A)	330	17,000	21,000	<1	<1	<1	<1	<50	<1	<1	<1
1,1,2-Trichloroethane	5.0 (A)	200	15,000	22,000	<1	<1	<1	<1	<50	<1	<1	<1
Trichloroethene	5.0 (A)	200	15,000	22,000	<1	<1	<1	<1	<50	<1	<1	<1
Trichlorofluoromethane	2600	NA	1,100,000 (S)	1,100,000 (S)	<1	<1	<1	<1	<50	<1	<1	<1
1,2,3-Trichloropropane	42	NA	ID	84,000	<1	<1	<1	<1	<50	<1		

VILLAGE OF DEXTER

ddettling@villageofdexter.org

8140 Main Street Dexter, MI 48130-1092

Phone (734)426-8303

Fax (734)426-5614

MEMO

To: DDA Board
From: Donna Dettling, Village Manager
Date: April 19, 2012
Re: Draft Redevelopment Assessment
3045 Broad Street Former DAPCO Facility

Attached is the draft redevelopment assessment for 3045 Broad Street. This document is in draft form to allow comment back to the consultant. Please be prepared to discuss the data presented in the assessment document so that comments from the DDA can be forwarded to OHM/Bird Houk.

The Redevelopment Team will be meeting within the next two weeks to review the Assessment and discuss next steps.

PRELIMINARY BROAD STREET REDEVELOPMENT ASSESSMENT
DAPCO INDUSTRIES PROPERTY
VILLAGE OF DEXTER, MICHIGAN
(DRAFT)

TO: Ms. Donna Dettling, Village Manager
Village of Dexter, Michigan
FROM: Jim Houk
DATE: March 21, 2012
RE: Draft redevelopment assessment, DAPCO Industries property

OVERVIEW:

The Village of Dexter has acquired an approximate total of 2.3 acres located on Broad Street within the Village of Dexter. The site contains 35,746 square feet of buildings in a combination of different building types. The property also includes three residential lots on the east side of Broad Street, two of which have Forest Street frontage and one has Grand Street frontage. The 3 residential sites have been cleared of existing structures. OHM has been asked to analyze the old DAPCO Industries Property and the three residential lots for redevelopment potential.

An analysis of the physical structure was prepared by OHM in December of 2011. This analysis identified that about 1/3 or approximately 11,000 sf of the original buildings could remain and be renovated for new uses. The remainder of the site will require the existing buildings to be razed and the site cleaned up for redevelopment.

Given this assessment, OHM has studied the site capacity, current market conditions and redevelopment cost in order to make a recommendation to the Village as to the "highest and best" use of the property. To assist in the review of the current market conditions, Mr. Jim Chaconas of Colliers International was brought in to give his professional opinion based on his understanding of the Dexter Market. A copy of his assessment is included in this document.

The following document outlines recommended uses and economic values in order to "test" the feasibility of redevelopment of the property. It is not intended to be an investment Proforma for the redevelopment but rather an initial economic feasibility analysis of the redevelopment potential. To determine redevelopment feasibility, the proposed redevelopment was valued using a capitalization rate formula. In real estate investment, real property is often valued according to projected capitalization rates used as investment criteria. This is done by algebraic manipulation of the formula: Capital Cost (asset price) = Net Operating Income/Capitalization Rate. The valuation based on the cap rate formula was then compared to the overall project cost to determine feasibility. Cap rates for investment property have historically run in the 10 to 5 range, 10 being used for lower value market or

higher risk use types, and 5 being used for higher value markets or lower risk use types. For the purpose of this study, we have used a cap rate of 7. This analysis cannot predict success or failure of any given redevelopment but is intended rather to determine if we are “in the ball park” as to the feasibility of redevelopment and to identify any shortfalls that may be present. There are a number of economic conditions that cannot be included in this model that will have a major influence on the success of the redevelopment. Some of these include: market conditions at the time of redevelopment, the ability of the redevelopment and development partner to obtain financing and meet equity requirements and more.

Our assumptions used in identifying feasibility are identified below:

ASSUMPTIONS:

- o Site Capacity studies are attached to this document. Site Capacity was determined in the most part by the ability to locate buildings and parking to work with the existing site structures, take advantage of views of the river and adjacent park and to provide the required vehicle parking to support the programmed uses. Should additional parking be available in other offsite locations, programmed use capacity may be increased on the property.
- o In order to support existing and proposed land uses, parking was added in the adjacent Grand Street R.O.W. just west of the Dapco property.
- o Recommended uses and market values were based on the recommendations of Jim Chaconas of Colliers International. The OHM team added an additional use of a “high end” rental multi-family (west end of the property) given the current market conditions and difficulties in getting financing for residential condominium developments.
- o All construction costs were approximate and based on takeoffs and “industry norms” for the Ann Arbor, Michigan area and based on the attached capacity studies.
- o Site development cost is attached and includes infrastructure upgrades as required to serve the development.
- o All cost estimates assume limited environmental cleanup cost based on the report prepared by ASTI Environmental dated 3/8/2012.
- o Net operating income was based on project stabilization taken approximately 5 years after development.
- o Land cost was established based on the acquisition price paid by the Village of Dexter, prorated to each site based on an acreage and square foot basis of the proposed redevelopment.
- o Estimate as to future annual tax revenue was based on assessed value at 35% of the market value at a millage rate of 13.562
- o Feasibility analysis was based on the following options from the attached capacity studies:
 - o Building “A” 3 story, 54 luxury multifamily apartments (option 1)
 - o Building “A” 3 story, 42 luxury condominium units (option 2)
 - o Building “A” 2 story, 25,000 square foot Office/Retail building (option 3)
 - o Building “A” 3 story, 37,500 square foot Office/Retail building (option 4)
 - o Building “B” 1 story, 5850 square foot renovation of existing building for flex office, retail studio uses.
 - o Building “C” 1 story +/-5600 SF renovation of existing building for retail use and +/- 3750 square feet of new 1 story retail/restaurant building

FEASIBILITY ANALYSIS:

BUILDING A: 3 STORY, 54 UNITS (OPTION 1)

COST BUDGET

Use: Luxury Multi-Family Rental

	Per sf	Total	Per Unit
Land	\$17.52	\$882,936	\$16,351
<u>Hard Cost</u>			
Building (including demo old)	\$109/sf	\$5,500,000	\$101,852
Site	\$11.20/sf	\$570,000	\$10,555
Total Hard Cost	\$120.20/sf	\$6,070,000	\$112,407
Total Land and Hard Cost		\$6,952,936	\$128,758
<u>Soft Cost</u>			
Architecture, Engineering, Legal Etc.		\$250,000	\$4,629
Construction & Financing through stabilization (assume 12 months @ 5%)		\$173,823	\$3,219
Total Soft Cost		\$423,823	\$7,848
Total Budgeted Cost		\$7,376,759	\$136,600

Economic Proforma

Annual Rental Income escalates at 3.5% over 5 years

54 units @ 925 sf/unit @ \$1.00/sf	\$688,514
@ \$1.15/sf	\$791,000

Annual Operation Cost escalates at 3.5% over 5 years

(Inc. Taxes, Maintenance, Management, etc.)	\$241,000
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Net Operating Income (N.O.I.)

@ \$1.00/sf	\$447,514
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@ \$1.15/sf

\$550,000

Valuation (Based on N.O.I.)

@ 7 cap rate (1/07 = 14.28 x N.O.I.)

\$6,390,500 - \$7,854,000

Total Cost with Land

\$7,376,759

Annual Village taxes based on a \$2,450,000 assessed valuation = \$33,269

Conclusion:

- Valuation within target range, but the project is very tight
- Village may look to incentivise the redevelopment by providing tax abatements or assisting in reducing site acquisition or development cost to lower project cost
- In order for Valuation of the development to match total development cost, rents will need to start in the \$1.10 per square feet or +/- \$900 for a 1 bedroom unit and +/- \$1,200 for a 2 bedroom unit. The question is if these rental rates can be sustained in the market place.

BUILDING A: 3 STORY CONDO, 42 UNITS (OPTION 2)

Use: Upscale Residential Condominium

	Total	Per Unit
Land Cost	\$882,936	\$21,022
 <u>Hard Cost</u>		
Building Cost (including demo old)	\$7,000,000	\$166,667
Site Development	\$570,000	\$13,571
Total Hard Cost	\$7,570,000	\$180,238
 <u>Soft Cost</u>		
Architecture, Engineering, Legal etc.	\$350,000	\$7,143
Finance through construction & stabilization (3 years at 5%)	\$567,750	\$13,518
Total Soft Cost	\$917,750	\$21,851
 Total Cost	 \$9,370,686	 \$22,326
 Operating Cost/Cash Flow		
	Total	Per Unit
Total Sales Revenue		
42 units @ 1150 sf		
@ \$225/sf	\$10,867,500	\$230,000
Sales cost at 6%	(\$652,000)	
Total Net Revenue	\$10,215,500	\$243,226
 Total Development Cost	 (\$9,370,686)	 (\$221,921)
Net Revenue	\$844,814	\$20,115
 R.O.I.	 9%	

Conclusion:

We would not recommend a residential condominium project due to the low rate of return on investment. Normal rate of returns should be in the 30-35% range. Market and finance conditions make it very difficult to have a successful residential condo project in today's market.

BUILDING A: 2 STORY, 25,000 SF (OPTION 3)

Use: Office/Retail

	Total	Per sf
Land Cost	\$882,936	\$35.32
 <u>Hard Cost</u>		
Building	\$3,625,000	\$145.00
Demolition of Old Building	\$30,000	\$1.20
Site Development	\$600,000	\$24.00
Total Hard Cost	\$4,255,000	
 <u>Soft Cost</u>		
Architecture, Engineering, Legal etc.	\$255,000	
Finance during construction and lease up (18 months at 5%)	\$159,500	
Total Soft Cost	\$414,500	
 Total Cost	 \$5,552,440	 \$222.40/sf

Operating Expense/Cash Flow

Annual Rental Income

@ 90 % Occupancy (at \$21/sf full service, 5 years out) \$472,500

Operating expense @ 30%

Escalated @ 3.5% per year for 5 years \$+/- 160,000

Net Operating Income **\$312,500**

Valuation

@ 7 cap rate (1/07 = 14.28 x N.O.I.) \$4,462,500

Total Expenses **\$5,552,400**

Annual Tax Revenue

@ \$1,600,000 assessed value = \$21,699

Conclusion:

Project not feasible given cost of development versus net operating income and property valuation. Building rentable square footage is too small given the development and land costs. Village incentives may be able to bring value in line with cost. If Village subsidizes ½ land and site development cost and abates taxes for 5-10 years, revised value and cost comes close to a balance.

BUILDING A: 3 STORY, 37,500 SF (OPTION 4)

Use: Office/Retail

	Total	Per sf
Land Cost	\$882,936	\$35.32
 <u>Hard Cost</u>		
Building	\$5,250,000	\$140,000
Demolition of Old Building	\$30,000	\$1.20
Site Development	\$600,000	\$24.00
Total Hard Cost	\$5,880,000	
 <u>Soft Cost</u>		
Architecture, Engineering, Legal etc.	\$359,000	
Finance during construction and lease up (18 months at 5%)	\$294,000	
Total Soft Cost	\$644,000	
 Total Cost	 \$6,524,000	 \$220.22/sf

Operating Expense/Cash Flow

Annual Rental Income	
@ 90 % Occupancy (at \$21/sf full service)	\$708,750
 Operating expense @ 30%	
Escalated @ 3.5% per year for 5 years	\$244,000
Net Operating Income	\$464,750

Valuation

@ 7 cap rate (1/07 = 14.28 x N.O.I.)	\$6,636,630
 Total Expenses	 \$6,524,000

Annual Tax Revenue

@ \$2,323,000 assessed value =	\$31,502
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Conclusion:

Project would be financially feasible however parking provided does not meet code or market demands. Cross easement parking or additional offsite parking may be required. Also, given the soft market conditions for office, can financing or tenants be found is a question mark.



BUILDING B: 5850 SF

Use: Office/Retail Studio Space

	Total	Per sf
Land Cost	\$313,000	\$53.50
 <u>Hard Cost</u>		
Building Renovation Cost (and demo)		
Building	\$300,000	\$51.30
Site Development	\$65,400	\$11.20
Total Hard Cost	\$365,400	\$62.50
 <u>Soft Cost</u>		
Architecture, Engineering, Legal etc.	\$22,000	\$5.30
Finance Cost during construction and rent up @6 weeks at 5%	\$9,135	
Total Soft Cost	\$31,135	
 Total Cost	 \$709,535	 \$121.30

Building B: Annual Revenue

Rental Annual Revenue 5850 sf @ \$9.00/sf triple net	\$52,650
 Net Annual Income	 \$52,650

Valuation

@ 7 cap rate (1/07 = 14.28 x N.O.I.)	\$751,842
 Annual Tax Revenue @ \$263,000 assessed value	 \$3,567

Conclusion:

Project works based on rental rate of \$9.00 triple net. If these rents cannot be supported with a renovated space for studio type uses, the Village may choose to incentivise project by reducing cost and associated rents.

BUILDING C: 1 STORY, 9,350 SF
Use: Retail/Restaurant

Land Cost		\$500,225
<u>Hard Cost</u>		
Building Shell Renovation		\$270,000
Demolition of Old Building		\$10,000
Tenant Build Out		
Restaurant @ 50%		\$300,000
Retail @ 50%		\$160,000
Site		\$105,000
Total Hard Cost		\$845,000
<u>Soft Cost</u>		
Architecture, Engineering, Legal etc.	@6%	\$51,000
Finance Cost construction through		\$21,125
lease up (assume 1 year @ 5%)		
Total Soft Cost		\$72,125
Total Cost		\$1,417,350
Rental Income	@ \$15.00/sf triple net	\$140,250
Other Operating Cost		
(Insurance, Management & Misc.)		\$10,000
Net Income		\$130,250
<u>Valuation</u>		
@ 7 cap rate (1/07 = 14.28 x N.O.I.)		\$1,859,970
Annual Tax Revenue @ \$550,000 Assessed Value =		\$8,829

Conclusion:

This use works well financially and has good market visibility from Forest Street. The question would be can restaurant or retail-use work that far from downtown Main Street, and if there is enough market to support year round use.

RECOMMENDATIONS:

It is not our intent to recommend a given plan but rather let the market make that determination. It is the intent of these studies to provide the Village a framework to analyze the best uses for the property and develop realistic expectations as to the redevelopment potential of the property from a real estate development standpoint. Given all this, however, there are some recommendations that have come out of this analysis that will help the Village to improve the redevelopment potential of the property. Some of these recommendations are as follows:

LANDUSE AND MARKETING:

- A. We would recommend that the property be redeveloped with a mix of use types given a singular use such as all office. While office uses may return a similar value to residential, mixed use provides more diversity and cross use therefore reducing parking demand and lowering project absorption times.
- B. A key marketing feature of this property is the proximity to the park and river. The more programmed activities or events that can take place in the park will further support any retail or restaurant facilities within the development. The Village can further help promote the redevelopment and marketability of the property by providing and creating linkages to the property from the adjacent park, river and downtown areas.
- C. We would recommend that the Village consider undertaking the demolition and site cleanup of Site A. By razing the existing buildings, the site becomes more marketable and portrays a better image to potential developers.
- D. Screening of Electrical Substation, the Village may be able to work with the power company to construct a wall, fence or landscape screen around the substation to lessen the impact of the substation on the potential redevelopment.

OFFSITE PARKING:

- A. The potential capacity of the site for redevelopment is governed in a large part by the capacity of off street available parking. The size and constraints of the property limit how much parking can be provided on site. Available onsite parking falls short of both the Village code and market requirements for given uses. Given the proposed development types, we believe that the market would require 1.5 parking spaces per residential spaces or 1 parking space per bedroom and 3-3.5 spaces per 1,000 square feet for retail office (N/I Restaurant). Current available onsite parking will leave us short of those requirements.
- B. We would recommend that the Village utilize the Grand Street R.O.W. just west of building Site A for additional parking. This could provide an additional 42 parking spaces that would bring Site A in line with market demands for residential use.
- C. The proposed redevelopment of the B and C buildings could be supported onsite without any restaurant use. We would recommend that additional offsite parking be identified that would allow for a restaurant use in building C.
- D. If additional offsite parking could be identified within close proximity, additional site density may be possible.

COST SHARING/ REDUCTION:

- A. By utilizing the DDA and Tax Increment Financing (TIF) the Village, through the DDA, may undertake some of the site improvements such as: Demolition of existing structures and site environmental cleanup (+/- \$30,000-\$50,000), building of the Sanitary Sewer pump station and force main needed to serve Building A and the surrounding area (\$ 85,000). These cost

reductions will help bring the development cost down and make the proposed development more marketable.

- B. The Village could consider a long term land lease to a potential developer vs. an outright sale of the property. Since financial institutions no longer lend for ground purchases, a land lease would lower the equity requirements of a potential investor and potentially make the property more marketable. It could also result in a longer term income stream to the Village.

SITE DATA

BUILDING A:
 3 STORY: ± 50,400 total s.f.
 ± 54 units

BUILDING B:
 1 STORY: ± 5,850 total s.f.

BUILDING C:
 1 STORY: ± 9,350 total s.f.

Parking Data:

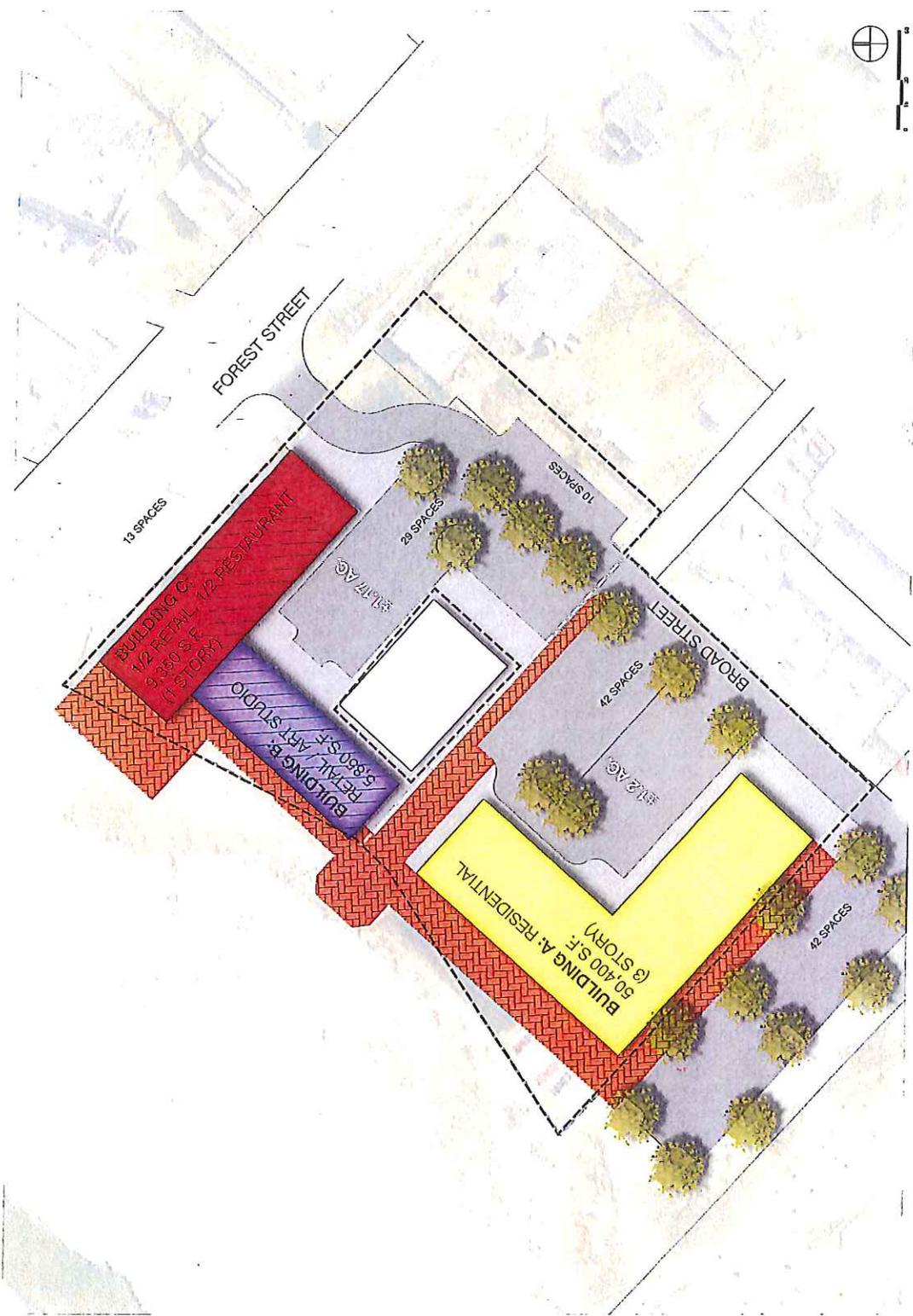
Building A:
 Required Parking: 117 spaces
 Provided Parking: 84 spaces

Building B & C:
 * Required Parking: 87 spaces
 Provided Parking: 52 spaces
 * 4,675 s.f. of building C used for restaurant

TOTAL PROVIDED PARKING: 123 spaces

LEGEND

 Existing Buildings To Remain



SITE CAPACITY STUDY: CONCEPT A

SITE DATA

BUILDING A:
 2 STORY: ± 25,000 total s.f.

BUILDING B:
 1 STORY: ± 5,850 total s.f.

BUILDING C:
 1 STORY: ± 9,350 total s.f.
 2 STORY (optional): ± 18,700 total s.f.

RETAIL: ± 9,350 s.f.
 OFFICE: ± 9,350 s.f.

Parking Data:

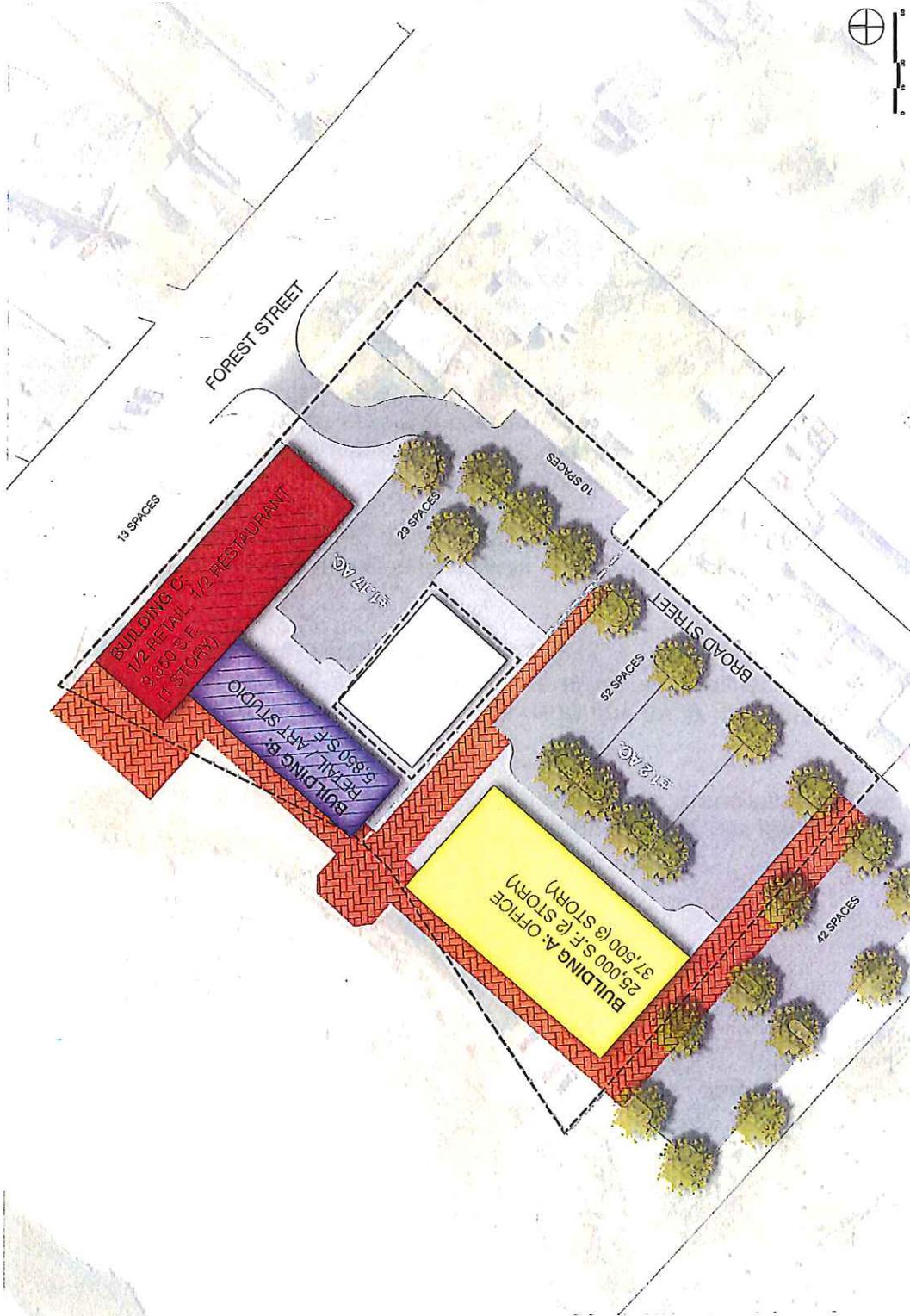
Building A: (two story) 75 spaces (three story) 112 spaces
 Required Parking: 75 spaces 112 spaces
 Provided Parking: 94 spaces 94 spaces
 Building B & C:
 * Required Parking: 87 spaces
 Provided Parking: 52 spaces
 * 4,675 s.f. of building C used for restaurant

TOTAL SITE PARKING: 133 spaces

LEGEND



Existing Buildings To Remain



SITE CAPACITY STUDY: CONCEPT B

400 East Washington Street
Ann Arbor, MI 48104
www.colliers.com

MAIN +1 734 994 3100
FAX +1 734 222 9045



February 20, 2012

Mr. James M. Houk
Bird Houk
600 Creekside Plaza
Gahanna, Ohio 43230

Re: DAPCO Property
Dexter, Michigan

Dear Mr. Houk,

We have reviewed the Site Capacity Plan for the DAPCO property that you provided. Our thoughts on possible uses are:

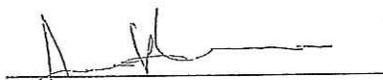
The ground floor of Buildings A, B, & C could be utilized for small offices, boutique and specialty type retail. The office users could be legal, financial services and insurance offices. The retail uses could be gift shops, antique and resale shops, coffee shops, small restaurants, Curves or a brew pub. Brew pubs usually require higher ceiling heights and could be accommodated in one of the buildings with a higher ceiling. Small food services could utilize outdoor seating overlooking the Mill Creek area. Typically offices in this area could lease for \$18-\$20 per square foot. Retail in this area could lease for \$15-\$17 per square foot NNN. A similar area of retail type development in Ann Arbor with antique and resale shops would be Colonial Lanes Plaza.

I have spoken with representatives of the Jolly Pumpkin Brewery regarding this location. Their concerns are timing and the cost of new construction. If there were incentives this location could be of interest.

The upper floors of buildings A and C could be utilized for office or residential condominiums. Residential Condominiums could sell in the \$200-\$250 per square foot range. The market in Ann Arbor and Chelsea has been strong for downtown residential use.

Should you have questions or wish to discuss any of the suggested uses in greater detail please feel free to call me, 734-769-5005.

Sincerely,


James Chaconas
Colliers International
Vice President / Ann Arbor





OPINION OF PROBABLE CONSTRUCTION COST (DRAFT)

ORCHARD, HILTZ & McCLIMENT, INC.
34000 Plymouth Road, Livonia, Michigan, 48150

Telephone: (734) 522-6711 FAX: (734) 466-4557

PROJECT: Broad Street Redevelopment
LOCATION: Village of Dexter
WORK: CIVIL SITE IMPROVEMENTS
Building A Only

DATE: March 12, 2012
PROJECT #: 0130-11-0081
ESTIMATOR: PMD
CHECKED BY: PMD
CURRENT ENR: RAG

ASSUMPTIONS

- 1 Estimate includes all areas south of the existing DTE Substation
- 2 A sanitary pump station is required for building A. All pumps, manholes and pipe are included for Building A and Grand Street.
- 3 Building A will require relocation of an existing water main and looping on Grand Street.

ITEM CODE	DESCRIPTION	UNIT	TOTAL	UNIT PRICE	COST
Site Grading and Paving					
1	Mobilization, Max.	LS	1	\$10,000.00	\$ 10,000.00
2	Remove Pavement	Syd	2000	\$ 6.00	\$ 12,000.00
3	Environmental, Minor Disposal	LS	1	\$25,000.00	\$ 25,000.00
4	Site Grading	LS	1	\$20,000.00	\$ 20,000.00
5	Storm Sewer	Ft	800	\$ 35.00	\$ 28,000.00
6	Storm Water Quality Treatment Unit	Ea	1	\$30,000.00	\$ 30,000.00
7	Aggregate Base, 8 inch	Syd	4200	\$ 8.00	\$ 33,600.00
8	HMA, 6 inch	Ton	1386	\$ 70.00	\$ 97,020.00
9	Curb and Gutter	Ft	1300	\$ 15.00	\$ 19,500.00
10	Sidewalk, 6 inch	Sft	12580	\$ 3.00	\$ 37,740.00
Water Main					
11	Water Main, DI, 8 inch	Ft	1004	\$ 85.00	\$ 85,340.00
12	Hydrant	Ea	4	\$ 5,000.00	\$ 20,000.00
13	Water Service, 2 inch	Ft	1	\$ 5,000.00	\$ 5,000.00
Sanitary Sewer					
14	Sanitary Sewer, Pump Station, Complete	LS	1	\$50,000.00	\$ 50,000.00
15	Sanitary Sewer, Forcemain	Ft	270	\$ 60.00	\$ 16,200.00
16	Sanitary Sewer, Leads	Ft	250	\$ 40.00	\$ 10,000.00
17	Manhole	Ea	3	\$ 3,000.00	\$ 9,000.00
	Site Grading and Paving				\$ 313,000.00
	Water Main				\$ 111,000.00
	Sanitary Sewer				\$ 86,000.00
SUB TOTAL					\$ 510,000.00
CONTINGENCY (20%)					\$ 51,000.00
TOTAL OPINION OF PROBABLE CONSTRUCTION COST =					\$ 570,000.00



OPINION OF PROBABLE CONSTRUCTION COST (DRAFT)

ORCHARD, HILTZ & McCLIMENT, INC.

34000 Plymouth Road, Livonia, Michigan, 48150

Telephone: (734) 522-6711 FAX: (734) 466-4557

PROJECT: Broad Street Redevelopment
 LOCATION: Village of Dexter
 WORK: CIVIL SITE IMPROVEMENTS

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ITEM CODE	DESCRIPTION	UNIT	TOTAL	UNIT PRICE	COST
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3	Environmental, Minor Disposal	LS	1	\$25,000.00	\$ 25,000.00
4	Site Grading	LS	1	\$25,000.00	\$ 25,000.00
5	Storm Sewer	Ft	1617	\$ 35.00	\$ 56,595.00
6	Storm Water Quality Treatment Unit	Ea	1	\$30,000.00	\$ 30,000.00
7	Aggregate Base, 8 inch	Syd	6600	\$ 8.00	\$ 52,800.00
8	HMA, 6 inch	Ton	2178	\$ 70.00	\$ 152,460.00
9	Curb and Gutter	Ft	2330	\$ 15.00	\$ 34,950.00
10	Sidewalk, 6 inch	Sft	21072	\$ 3.00	\$ 63,216.00
Water Main					
11	Water Main, DI, 8 inch	Ft	1004	\$ 85.00	\$ 85,340.00
12	Hydrant	Ea	4	\$ 5,000.00	\$ 20,000.00
13	Water Service, 2 inch	Ft	1	\$ 5,000.00	\$ 5,000.00
Sanitary Sewer					
14	Sanitary Sewer, Pump Station, Complete	LS	1	\$50,000.00	\$ 50,000.00
15	Sanitary Sewer, Forcemain	Ft	270	\$ 60.00	\$ 16,200.00
16	Sanitary Sewer, Leads	Ft	250	\$ 40.00	\$ 10,000.00
17	Manhole	Ea	3	\$ 3,000.00	\$ 9,000.00
	Site Grading and Paving				\$ 472,000.00
	Water Main				\$ 111,000.00
	Sanitary Sewer				\$ 86,000.00
SUB TOTAL					\$ 669,000.00
CONTINGENCY (20%)					\$ 66,900.00
TOTAL OPINION OF PROBABLE CONSTRUCTION COST =					\$ 740,000.00

Update on Lease's for the 3045 Broad St./Former DAPCO Site.

April 19, 2012

Attached is the original Revenue vs. Expenses Analysis worksheet and an updated worksheet that shows the potential leases and corresponding revenue. Also included is a summary from June 2011 on bond restructuring. Below is a list of each of the tenants and a brief summary of the status.

Dancer's Edge

- Delivered draft lease with the proposed increase. Tenant's attorney followed up with me. A copy of an email I received from the attorney is attached. I've had one phone conversation with the attorney.
- Summary of tenants concerns: construction or development adjacent to the studio harming her business, rent proposed is high, nuisances perpetrated by other leasees, desire for tighter definition regarding the maintenance and care by each party, and finally tenants concerns with Village's right to attorney fees in a dispute.

Elite Defense- DEFINITE NO

- Delivered draft lease with proposed increase. Dennis Finnegan of Elite Defense has a purchase agreement for a property in Sylvan Township. His is in the due diligence phase of the PA and he doesn't have a timeline for closing on the property.
- May need a couple months for their move. Dennis has not confirmed a move date.

Dapco Industries- DEFINITE NO

- Delivered draft lease with proposed increase. Ron Tupper got back with me in January 2012 and said they didn't need the space. Ron is using this as an opportunity to clean up the area and reorganize or throw out what's being stored.

Broad Street Artists

- Delivered draft lease with proposed increase. Elaine Wilson the spokesperson for the artist studios (6) let me know they are interested. She asked if the rate is negotiable. Elaine said the roof leaking is a big problem and would expect the village to repair the roof.

Pritty Imports

- Delivered draft lease with proposed increase. Ruth Hamilton contacted me and said she is interested. However, she asked if the rate was negotiable.

Klapperich Welding DEFINITE NO

- Delivered draft lease with proposed increase and Mr. Klapperich sent a letter saying that he is preparing his move and will not need to enter into a Lease with the Village.
- Contacted Mr. Klapperich on March 29, 2012, he confirmed that he found space on Dino Drive in Scio Township. His plan is to vacate by June 1, 2012.

Potential Lease Rates		Refined Lease Rates		Monthly Amount	Potential 2012-13 Revenue Assumes October 2012 through June 2013
NO	Dancer's Edge				
	6405				
	Current	\$6.22	\$39,839		
	Proposed	\$8.00	\$51,240	\$ 3,736.25	\$ 33,626.25
NO	Elite Defense				
	6222				
	Current	\$4.05	\$25,199		
	Proposed	\$0.00	\$0	\$ 0.00	0
NO	Dapco Industries				
	2520				
	Current	\$7.47	\$18,824		
	Proposed	\$0.00	\$0	\$ 0.00	0
NO	Broad Street Artist				
	3280				
	Current	\$6.06	\$19,877		
	Proposed	\$7.00	\$22,960	\$ 1,913.33	\$ 17,220.00
NO	Priitty Imports				
	1872				
	Current	\$2.78	\$5,204		
	Proposed	\$3.50	\$6,552	\$ 546.00	\$ 4,914.00
NO	Klapperich				
	8052				
	Current	\$5.06	\$40,743		
	Proposed	\$0.00	\$0	\$ 0.00	0
	28351				
Total of 36,000 SRF+ or -			\$149,687	\$74,347.00	\$55,760.25
			\$80,752	\$6,195.58	

Shawn's Summary of the June 21, 2011 Bond Restructuring Meeting

Downtown Development Authority (DDA) Bond Restructuring meeting – Tom Traciak (HJ Umbaugh & Associates), Tom Colis (Miller Canfield – Bond Counsel), Tom Covert (DDA Treasurer), Doug Finn (DDA Member), Donna Dettling (Village Manager), Marie Sherry (Village Finance Director) and I met to discuss options to reduce or restructure the debt payments that the DDA currently has.

As Council will recall, the DDA has 3 current bonds that require debt service payments totaling approximately \$340,000 through the fiscal year 2017 - 2018. The debt service payments increase beyond that point in time to a peak of nearly \$450,000 in 2027 – 2028. The problem is that the DDA's taxable valuation has declined over the past few years and it is difficult to predict when the recovery will occur. As a result of the lower taxable value, the DDA revenue stream is predicted to be lower than our bond payments. The purpose of the meeting was to evaluate options for restructuring or refinancing our current debt. We learned that our 2001 Bonds could be refinanced to save approximately \$4,000 to \$5,000 per year. The 2008 tax exempt Bonds that were sold to complete the recent round of DDA projects is not callable until the year 2017- 2018, so there is not anything we can do with that series for a while.

There are options associated with the 2008 Taxable Bonds that were sold to purchase the DAPCO property. Most of these options wouldn't save the DDA much or would be difficult to achieve. One option that is available would be to convert the Bonds to non-taxable bonds, but that would require that the property was 100% used for the public in the future, which doesn't accomplish the Village's or DDA goal of creating a development opportunity at that location. That option would save approximately \$40,000 per year in payments.

It appears to me that in order to help the DDA make their future bond payments, the Village may have to continue to pick up the annual \$40,000 Downtown Maintenance Contribution (or most of it as we have budgeted this coming year) that the DDA has been contributing to the Village General Fund Budget. It also appears that the DDA may have to postpone the repayment to the Village for the ADA Ramp, the recent property purchases and any DAPCO redevelopment initiatives that are undertaken. Lastly, it appears that the Village and DDA should reexamine the opportunities to lease space in the DAPCO property to generate additional revenue.

Additional Summary from Donna Dettling and Tom Traciak-

Evaluate the taxable bond and determine what portions of the property could be deemed public use and what portions could remain private use. Must be able to accurately proportion the \$1.6 million bond issue to private vs. public use to be able to reissue as exempt bonds. Tom Traciak made it clear that we must be able to flip at a minimum of \$800,000 to \$900,000 to public use to make it worth our while to refinance the taxable bond. He prepared a refunding comparison for the entire \$1.6 million, this document is attached.

In discussion with Jim Merte, he would not expect that the new valuation when the village takes possession of the building in September 2012 to be based on the purchase price. The new valuation would be based on the potential for income generated from the property. He guessed that the Assessed Value would be around \$1 million or possibly less than that, which means the taxable value would be \$500,000 or potentially around \$31,000 annually in Real Property Taxes. He felt if we could rent all 35,000 SF at \$5 per SF, we could potentially generate \$175,000 in revenue each year. However, the possibility of renting all 35,000 SF isn't realistic.

Donna Dettling

From: Thomas Heed <theed@heedlawgroup.com>
Sent: Tuesday, February 21, 2012 11:57 AM
To: Donna Dettling
Subject: Lease for Dancer's Edge
Attachments: DraftDancer'sEdge, rev 120221.docx

Dear Ms. Dettling,

I am the attorney for Dancer's Edge. Ms. Potsos, the owner of Dancer's Edge, asked me to look at the lease that you proposed to her. She gave me your contact information, as the person to contact concerning the lease.

I have a few questions/concerns that I would like to address with you:

Foremost among these, Ms. Potsos says that the Village of Dexter is planning on doing construction/development adjacent to the studio. Due to imminent development, the Village of Dexter wants to limit the lease period to 16 months. In reading the lease, there is really nothing to protect my client from construction or development, being performed under the auspices of the Village of Dexter, from harming her business. In addition, the lease requires a personal guarantee from Ms. Potsos. In combination, I cannot recommend that my client agree to the terms.

Additional areas of discussion: I believe, given the economic reality of the region, and the relatively limited duration of the lease, the rent proposed is high. There needs to be a tight definition for timely payment. The landlord has to have a duty to quell nuisances perpetrated by other leasees of properties owned or managed by the lessor. There needs to be a tighter definition regarding the maintenance and care of each party. Typically, the lessee is responsible for the interior walls inward. The lessor is responsible for things within wall, outward. The definition of default is unreasonably tight. I have proposed an alternative treatment. Last, there shouldn't be a right to attorney fees in any dispute. This is inconsistent with Michigan law, and it gives the Village undue influence in any disagreement, due to a disparity in power.

Please let me know if you are the correct person with whom to discuss the lease. Also, please let me know the preferred method of communication: e-mail, draft documents, telephone, in person. I am amenable to any of these.

Kind regards

Tom Heed
Heed Law Group
Michigan License P66991
USPTO Registration 55255

