

**ACT 381  
WORK PLAN  
TO CONDUCT  
ELIGIBLE  
MEGA NON-ENVIRONMENTAL  
ACTIVITIES**

**101 N. PARK STREET  
TRAVERSE CITY, MICHIGAN**

**November 12, 2008**

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## 1.0 INTRODUCTION

### 1.1 Eligible Property Information

#### a. Location

The eligible property is located at 101 N. Park Street in Traverse City, Michigan. The Eligible Property is constituted by real property formerly identified as 251 and 247 East Front Street (combined now as 101 N. Park Street), the former Firestone property and the former Annie's properties, respectively.

These parcels are bounded on the east by Park Street, to the north by an alley and the Boardman River, on the west by a commercial building at 243 East Front Street ("Horizon Books") and to the south by Front Street. The Brownfield Plan includes the following description:

Lots 18, 17 and the East 16.85 feet of Lot 16 and the southerly 111 feet of the east 21 feet of Lot 15 and the West 8.15 feet of Lot 16 of Hannah, Lay & Co.'s Third Subdivision of part of Block 24.

#### b. Current Ownership

The eligible property is currently owned by:

Big Olives 2, LLC  
P.O. box 210  
Lake Leelanau, MI 49653

A certified deed evidencing this ownership status was provided to the Michigan Economic Development Corporation on October 29, 2008.

#### c. Proposed Future Ownership

Upon completion of redevelopment activities, ownership will be transferred to other entities through sale as condominium property. Subsequent owners will have individual ownership in condominium property and joint ownership of common elements as defined in the condominium master deed to be developed

#### d. Delinquent Taxes, Interest and Penalties

There are no known delinquent taxes, interest or penalties.

#### e. Existing and Proposed Future Zoning

The eligible property is currently zoned Commercial C-4b. The future zoning is expected to remain the same. The current DRAFT City Master Plan identifies this area as The TC-5 neighborhood. The TC-5 neighborhood is, per the DRAFT Master Plan, "..... the most formally and intensely developed of the two types of commercial neighborhoods. The focus is on high intensity, regional, commercial

activity. The level of intensity generated within the confines of each district in this class of neighborhood tends to be the highest of commercial uses.”

## 1.2 Historical Uses of Each Eligible Property

The following provides a summary of historical site uses for the Eligible Property. The 101 N. Park Street address is comprised of lots which were formerly addressed 247 and 251 East Front Street. The former Bridgestone-Firestone facility occupied the 251 E. Front Street address. The 247 E. Front Street address most recently was occupied by a two-story commercial building and was occupied by a local confectioner. Dates below are approximate.

### 251 E. Front Street

1920 to 1929 Vulcanizing Operations  
1929 to 1934 Gasoline Station (operated by George Gilbert)  
1936 to 1967 Firestone Auto Supply and Service Store following demolition of gas station  
1967 to 1975 Butternut Bakery Warehouse/Depot in vacated Firestone Service Store  
1975 to 1980 Montgomery Ward Auto Repair facility in vacated Firestone Service Store  
1981 to 1994 Traverse City Tire and Auto Repair (Firestone Dealer) in Firestone Building  
1994 to 1999 Vacated Firestone Building  
2000-Current Vacated Firestone Building Razed in December 1999 and January 2000

### 247 E. Front Street

1910 to 1997 Unspecified retail/commercial occupancy  
1997 to 2000 “Annie’s” confectionery  
2001- Current Razed in January 2001

## 1.3 Current Use of Each Eligible Property

The eligible property is currently vacant, save the debris accumulated from the stalled construction efforts and the foundations installed in 2001.

## 1.4 Summary of Proposed Redevelopment and Future Use for Each Eligible Property

The redevelopment of this site is proposed to complete the prior development concept which was compliant with zoning and was permitted for construction. Construction of the same approved building plans will commence upon the existing, renovated foundations from the stalled 2001 development effort. The development will be a 5-story, mixed use commercial/retail/residential building with private parking constructed in the alley-level basement. Commercial and retail uses will be established on floors one and two with residential space on remaining floors.

## 1.5 Information Required by Section 15(15) of Act 381

**The overall benefit to the public:**

The public will benefit from the project through revitalization of a vacant contaminated site. The new building will cap the property shielding any residual hazardous substances from the effects of leaching precipitation and prevent further impacts to the adjacent Boardman River. The improved tax base will, at the completion of the brownfield plan, create additional tax revenues to all taxing jurisdictions, including State school tax revenues. The revitalization will create jobs on the eligible property and through completion, draw the community and others to downtown Traverse City increasing overall commerce in the downtown area.

**The extent of reuse of vacant buildings and redevelopment of blighted property:**

The property is currently vacant and thorough years of remaining “fallow” during the stalled development, the construction barrier fencing has deteriorated to the extent that a blight condition at the property will be prevented by renewed development. The past demolition activities during earlier development phases eliminated the blight caused by the long vacant and partially demolished Bridgestone-firestone building.

**Creation of New Jobs:**

The redevelopment will create 40 to 60 construction jobs during development. It is estimated that the commercial/retail component of the development may support up to 40 full time jobs following build-out.

**Whether the eligible property is in an area of high unemployment:**

The unadjusted unemployment rate for Grand Traverse County for the period ending in August 2008 was 6.8%. This compares to the adjusted unemployment rate of 8.9% for the State for this same period. Though lower than the State rate, the County maintains a significant rate of unemployment compared to the national average over the same period of 6.1%. Since August, the normal seasonal variation of the region’s economy has resulted in an increase in the unadjusted unemployment rate.

**The level and extent of contamination alleviated by or in connection with the eligible activities:**

Due care and additional response activities are planned as part of redevelopment to address remaining contamination levels when encountered during construction. This is anticipated in the alley within and adjacent to the northern portion of the eligible property. When the development stalled in 2001, excavation and re-grading work within the alley had not yet occurred. This will be completed with the conclusion of development to the benefit of the water quality of the adjacent Boardman River. Any residual hazardous substances not removed through due care activities will be capped to prevent leaching and off-site transport toward the river.

**The level of private sector contribution:**

The total capital expenditures are expected to reach between \$16 and 20 million in the completion of this brownfield redevelopment effort on the subject eligible property. Through the union of the Park Street brownfield initiative with the 101 N. Park Street redevelopment in 2001, the intersection of Park and Front Streets will realize a private sector investment of approximately \$32 million, coupled with \$11 million in local participation through sales of local municipal bonds for the public infrastructure improvements that benefit the entire eastern downtown region.

With the implementation of the Brownfield Plan Amendment for 101 N. Park Street and the MEGA approval of this Act 381 Work Plan, approximately \$40 million in local investment will be met by approximately \$7.9 million in State participation in the form of Brownfield Tax Credits, Tax Increment Revenues from State School Tax Capture and approximately \$600 thousand in grant proceeds from the Clean Michigan Initiative Bond Funds

## **2.0 CURRENT PROPERTY CONDITIONS**

### **2.1 Property Eligibility**

The environmental conditions on the eligible property meet the definition of a “facility” as defined under Part 201 of the Natural Resources and Environmental Protection Act (NREPA). A Baseline Environmental Assessment (BEA) completed and disclosed as part of the property acquisition process included media sampling confirming the presence of hazardous substance at the eligible property at levels exceeding clean-up criteria under Part 201 of NREPA

### **2.2 Summary of Environmental Conditions**

Soil samples acquired from the BEA identified the presence of silver and mercury in excess of generic residential clean-up criteria. Ground water samples detected petroleum, however at the sample location levels of individual petroleum compounds did not exceed generic residential clean-up level. Sampling to be conducted within the alley during redevelopment is expected to encounter facility conditions within this area yet to be assessed for due care purposes.

### **2.3 Summary of Functionally Obsolete and/or Blighted Conditions**

Not applicable

## **3.0 SCOPE OF WORK**

### **3.1 MEGA Eligible Activities**

#### **a. Site Preparation**

Site preparation activities are required to prepare the site for construction of the new building. This includes grading and balancing, mobilization of construction equipment and preparation of staging areas for building materials, since the entire available space on the eligible property will be constructed upon. Re-shoring of the basement excavation and the retaining wall which supports the alley and serves as the south channel boundary for the Boardman River will also occur. Site preparation includes related engineering design professional fees and costs.

#### **b. Public Infrastructure Improvements**

Various public infrastructure improvements will be required, including potential renovation or lining of deteriorated sanitary sewer main beneath the alley, the partial re-construction of the Park Street bridge south abutment along the south channel of the Boardman River, the stabilization of the same channel wall adjacent to the alley along the north of the eligible property thorough which the City easement runs. Streetscaping and utilities extensions, related engineering design work constitute the balance of infrastructure improvements required under this Work Plan.

d. Reasonable Cost of Preparing MEGA Work Plan and MEGA Review of Work Plan

Cost associated with this activity will be incurred for the preparation and review of this Work Plan to request school TIR capture for reimbursement of some of the eligible activity costs.

d. Contingency

A 15% contingency factor is included to accommodate unexpected conditions during the course of the redevelopment project.

e. Interest

Simple interest of 2.5% is included to as a partial offset to carrying cost associated with the initial private investment while awaiting reimbursement through the course of the brownfield plan. Interest on eligible activity finance costs will only be granted in accordance with the development agreement between the Grand Traverse County Brownfield Redevelopment Authority and the Developer.

## **4.0 SCHEDULE AND COSTS**

### **4.1 Schedule of Activities**

Eligible activities are expected to commence in January 2009 with completion of the building exterior by late 2009 and occupancy expected in early 2010.

### **4.2 Estimated Costs**

#### **a. Description of MEGA Eligible Activity Costs**

The MEGA eligible activities for which tax increment financing is being sought include site preparation, public infrastructure improvements, preparation and review of Act 381 Work Plan, contingencies (15%) and interest on capital investment carrying costs. The total estimated cost of these eligible activities is approximately \$1.6 million.