

ACT 381 PLAN AMENDMENT  
TO CONDUCT ELIGIBLE  
DEQ RESPONSE  
AND  
MEGA NON-ENVIRONMENTAL ACTIVITIES

FOR

2700 LUDINGTON STREET,  
ESCANABA, MICHIGAN

NOVEMBER 2007



**Coleman  
Engineering**

Civil Engineering • Environmental Engineering  
Geotechnical Engineering • Land Surveying • Test Drilling  
Construction Quality Control • Materials Laboratory Testing

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FOR**

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ESCANABA, MICHIGAN**

**NOVEMBER 2007**

Prepared for:

U. P. Enterprises, LLC  
1505 North Lincoln Road  
Escanaba, Michigan

Prepared By:

COLEMAN ENGINEERING COMPANY  
635 Circle Drive  
Iron Mountain, Michigan 49801

CEC Project #EE-07420

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## **1.0 INTRODUCTION**

Coleman Engineering Company (Coleman) has prepared this Brownfield Plan Amendment on behalf of U.P. Enterprises, LLC (Developer). The Developer owns an approximate 1.2 acre parcel of real-estate known as the former Sands Motel located at 2700 Ludington Street, Escanaba, Michigan (Subject Property), which they are preparing for development.

### **1.1 Eligible Property Information**

#### **1.1.1 Location**

The Subject Property is located in the Northwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 25, Township 39 North, Range 23 West, City of Escanaba, Delta County, Michigan. The Subject Property is approximately 1.2 acres in size. The site is located specifically at 2700 Ludington Street, Escanaba, Michigan. A project location map is presented as Figure 1 and the Subject Property is shown in Figure 2 in Attachment A. Tax and legal descriptions are included in Attachment B.

#### **1.1.2 Current Ownership**

The Subject Property is currently owned by the Developer, whose address is 1505 North Lincoln Road, Escanaba, Michigan 49829.

#### **1.1.3 Proposed Future Ownership**

The Subject Property will remain under the ownership of the Developer. The Developer plans to demolish the existing motel to make this Brownfield site an attractive site for re-development. He then intends to build to suit and lease the property.

#### **1.1.4 Delinquent Taxes, Interest and Penalties**

Neither the Developer nor the City of Escanaba Tax Assessor, Elizabeth Keller, is aware of any delinquent taxes, interest, and/or penalties associated with the Subject Property. The Subject Property tax numbers are 051-420-2825-400-002.

#### **1.1.5 Existing and Proposed Future Zoning of Eligible Subject Property**

The Subject Property is currently zoned Commercial and will remain Commercial zoning.

### **1.2 Historical Use of Each Eligible Subject Property**

The Subject Property has historically been a motel.

### **1.3 Current Use of Each Eligible Subject Property**

The Subject Property is currently not in use.

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

The Developer intends to create a developable site to lease to a business.

To redevelop the Subject Property, the existing structures will be demolished and removed from the Subject Property. Following demolition, the site will be actively advertised as a developable site, with the intent to build to lease.

## **2.0 CURRENT SUBJECT PROPERTY CONDITIONS**

### **2.1 Subject Property Eligibility**

The Subject Property is eligible for Brownfield Tax Increment Financing because it is within a qualified local government unit (City of Escanaba) and meets the definition of a functionally obsolete site.

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

Environmental conditions are not a concern at this site. No Phase I Environmental Site Assessment was required to prepare this plan amendment.

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

The functional obsolescence of the Subject Property was determined by Ms. Elizabeth Keller, a Level 3 Assessor. Her report of October 19, 2007 is presented in Attachment C. The structures will be demolished in order to redevelop the site.

## **3.0 SCOPE OF WORK**

There are two (2) types of eligible activities for reimbursement. The first are referred to as Michigan Department of Environmental Quality (MDEQ) eligible expenses, and include the cost of environmental assessments, remediation, and the preparation of this plan. The second, available only in a core community such as the City of Escanaba or an economic opportunity zone, are referred to as Michigan Economic Growth Authority (MEGA) eligible expenses, and include the cost of asbestos and lead paint abatement, utility upgrades, demolition, site grading, and resurfacing.

### **3.1 MDEQ Eligible Activities**

The Developer has indicated there will be no MDEQ eligible remediation activities other than plan preparation.

## **3.2 MEGA Eligible Activities**

### **3.2.1 Public Infrastructure Improvements**

The Subject Property is already connected to the City of Escanaba public infrastructure.

### **3.2.2 Demolition**

The existing site buildings will need to be demolished to promote redevelopment of the subject property.

Efforts will be made to recycle as much material as possible. The unpainted bricks, blocks, and concrete will be used for clean fill, while any metal recovered could be taken to a recycling center. The remaining debris will be disposed of in a licensed landfill.

### **3.2.3 Lead Abatement**

If lead-based paint is present in any of the structures to be demolished, the demolition practices will need to include the use of a fine spray to reduce dust. To determine if lead-based paint is present, a pre-demolition inspection of the paints present will need to be conducted.

### **3.2.4 Asbestos Abatement**

As required by National Emissions Standard for Hazardous Air Pollutants for renovation or demolition at a commercial or industrial structure, an asbestos inspection will be conducted. Based on the results of that inspection, abatement prior to demolition will need to be required.

### **3.2.5 Site Preparation**

Activities required to prepare the site for construction will include:

Clearing, grubbing and grading - When the structures have been demolished, the area must be cleared and graded.

### **3.2.6 Assistance to a Land Bank Fast Track Authority**

No local land bank authority is involved.

### **3.2.7 Relocation of Public Buildings or Operations**

No relocation or removal of public buildings or facilities is required for this project.

## 4.0 SCHEDULE AND COSTS

### 4.1 Schedule of Activities

Please see schedule attached as Table 1. This schedule reflects site preparation and demolition in the winter of 2007-2008. Site preparation would include demolition of the on site structures.

### 4.2 Estimated Costs

The potential Reimbursable Costs are presented on the attached Tables 2, 3 and 4. Based on these tables, the Developers estimated eligible expenses are \$51, 892, plus the cost of the money. Based on a 5 percent interest rate and assuming a new taxable value of \$1,000,000, the developer will be repaid in 6 years.

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# TABLES

**Table 1**  
**Schedule of Activities**  
**Upper Peninsula Enterprises**  
**Brownfield Redevelopment**  
**2700 Ludington Street, Escanaba, Michigan**

Activity	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Hazardous Material Survey						
Act 381 Plan Approval						
Demolition						
Site Backfill and Graving						

Brownfield Work Plan approval would occur in the Fall of 2007.

Redevelopment timing based on a suitable business.

2700 Ludington Street  
 Escanaba, Michigan  
 Tax Capture Worksheet  
 Estimated Values

Based on demolition of current structure.  
 Eligible expenses are estimates based on bids.

**TABLE 2**  
 Eligible Act 381 Expenses

Eligible Act 381 Expenses	
<b>MDEQ Eligible Expenses</b>	
Act 381 Plan	\$3,500
Environ Assessments	\$0
<b>Total</b>	<b>\$3,500</b>

**TABLE 3**  
 Eligible Act 381 Expenses

Eligible Act 381 Expenses	
<b>MEGA Eligible Expenses</b>	
ACM Abatement	\$5,000
Demolition	\$38,900
Site Grading	\$0
Utilities	\$0
Parking Lot	\$0
Curb and Gutter	\$0
Sidewalk	\$0
10% Contingency	\$4,390
Cost of Debt*	\$3,602
<b>Total</b>	<b>\$51,892</b>

\* Reflects the cost of debt for the first year at 7.6%



# **ATTACHMENT A**

## **FIGURES**

Figure 1 – Project Location Map

Figure 2 – Site Location Map

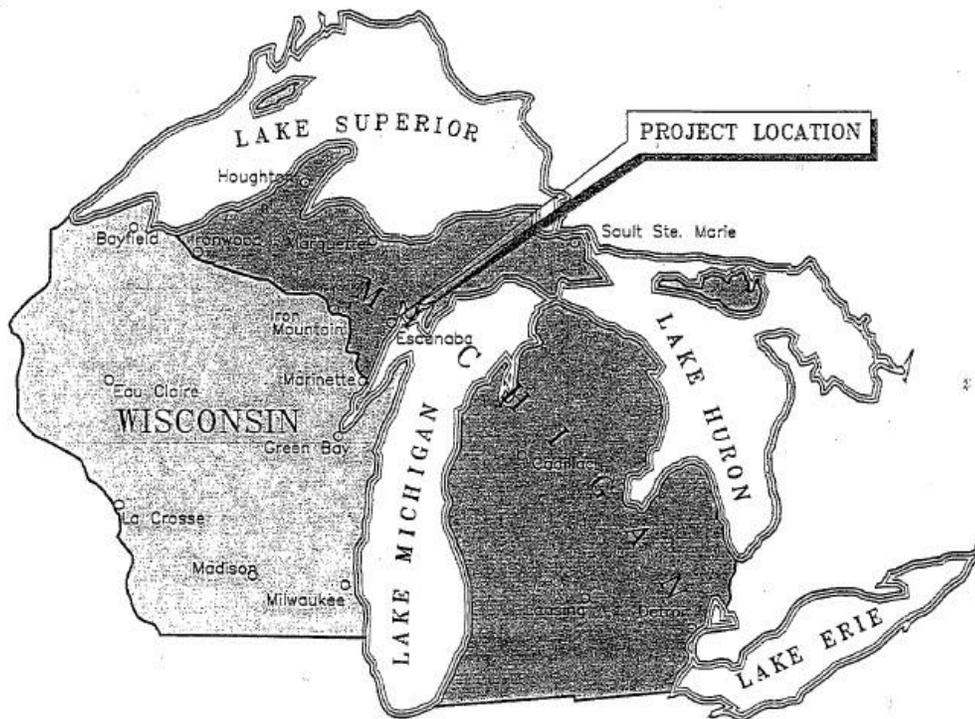
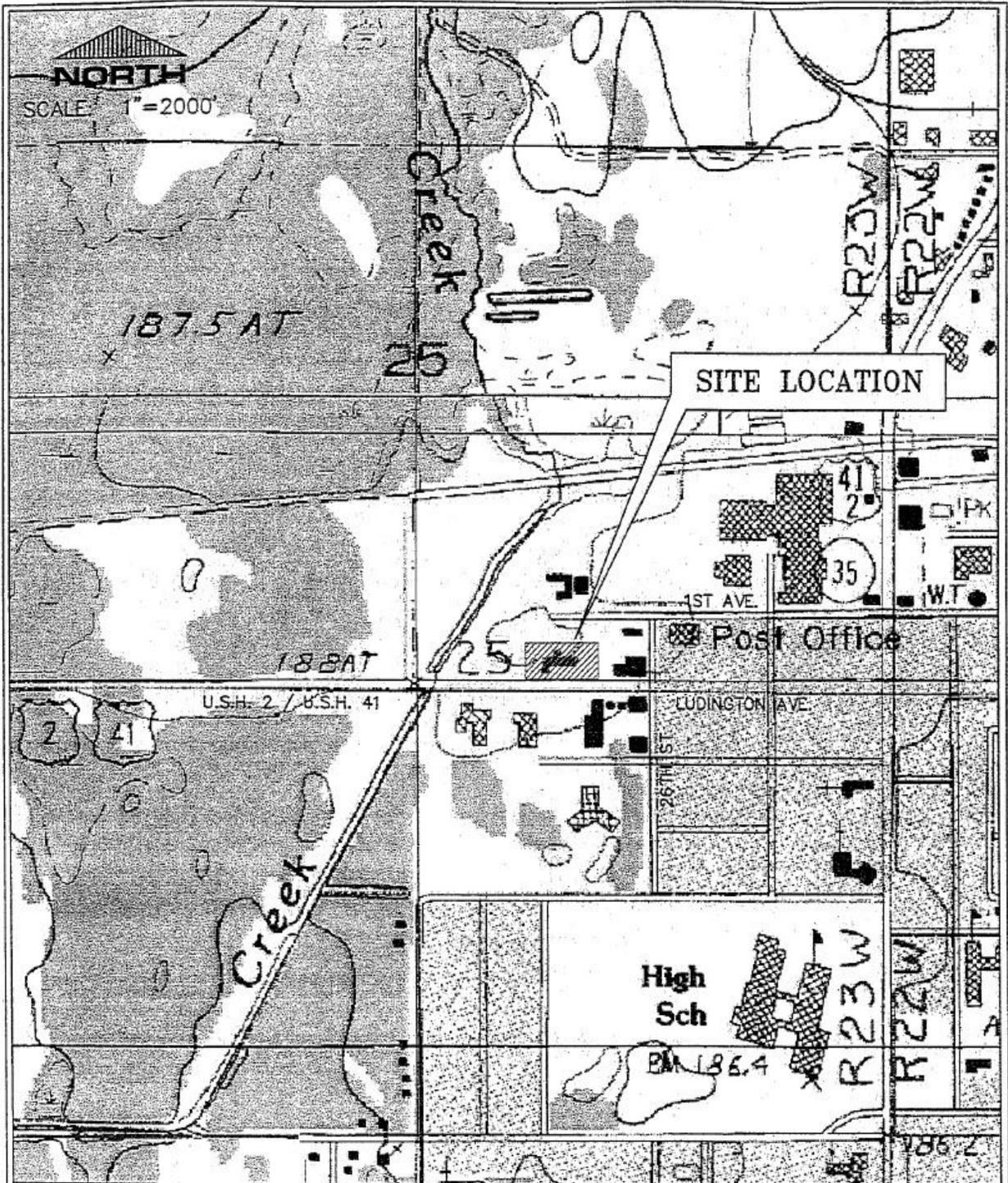


FIGURE 1  
PROJECT LOCATION MAP  
SANDS MOTEL  
2700 LUDINGTON STREET  
ESCANABA, MICHIGAN



COLEMAN ENGINEERING COMPANY  
635 CIRCLE DRIVE  
IRON MOUNTAIN, MICHIGAN 49801

DATE 11/5/07  
JOB NO EE-07420  
CADD FILE 07420-WW



**FIGURE 2**  
**SITE LOCATION MAP**  
**SANDS MOTEL**  
**2700 LUDINGTON STREET**



COLEMAN ENGINEERING COMPANY  
 635 CIRCLE DRIVE  
 IRON MOUNTAIN, MICHIGAN 49801

DATE 11/5/07  
 JOB NO EE-07420  
 CADD FILE 074205-WIQ

**ATTACHMENT B**

**TAX AND LEGAL DESCRIPTIONS**

**City of Escanaba - Property Tax Details**

Every effort has been made to provide the most current and accurate information possible on this Internet site. No warranties, expressed or implied, are provided for the data herein, or for its interpretation.

<b>Parcel</b>		<b>Property Address or Location</b>		
051-420-2825-400-002		2620 LUDINGTON STREET, ESCANABA MI 49829		
<b>Owner(s) of Record</b>		<b>Owner Address</b>		
UP ENTERPRISES LLC		1505 NORTH LINCOLN RD, ESCANABA MI 49829		
<b>Acres</b>	<b>Liber</b>	<b>Page</b>	<b>Purchase Date</b>	<b>Purchase Price</b>
0.000				\$0
<b>Current Assessment</b>	<b>State Equalized</b>	<b>Taxable Value</b>	<b>HomeStead</b>	<b>HomeStead Exempt</b>
\$162,070	\$162,070	\$135,685	20.000%	\$27,137
<b>Property Class Code</b>		<b>School District</b>		
201 (Real - Commercial)		21010 (Escanaba)		

**Property Description**

SEC 25 T39N R23W PRT NW 1/4 SE 1/4 COM 80 FT W OF SW COR LOT 14 BLK 13 CITY CENTER ADD #3 TH W ALG N HWY 350 FT TO POB TH W 300 FT TH N 176 FT M/L TO N LN NW 1/4 SE 1/4 TH E 300 FT TH S 180 FT M/L TO POB 262 LUDINGTON STREET AC #156-1

**Tax Summary**

Year	S07	W06	S06	W05	S05	W04	S04
<b>Assessed Val.</b>	\$162,070	\$158,430	\$158,430	\$170,350	\$170,350	\$170,350	\$170,350
<b>Equalized Val.</b>	\$162,070	\$158,430	\$158,430	\$170,350	\$170,350	\$170,350	\$170,350
<b>Taxable Value</b>	\$135,685	\$130,844	\$130,844	\$126,665	\$126,665	\$123,818	\$123,818
<b>Homestead %</b>	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%	20.000%
<b>Total Tax \$</b>	\$4,204.25	\$3,206.21	\$3,835.53	\$3,278.34	\$3,503.19	\$3,341.22	\$3,214.22
<b>Admin Fee</b>	\$0.00	\$32.06	\$0.00	\$32.78	\$0.00	\$33.41	\$0.00
<b>Total Tax Bill</b>	\$4,204.25	\$3,238.27	\$3,835.53	\$3,311.12	\$3,503.19	\$3,374.63	\$3,214.22
<b>Pmt. to Date</b>	\$4,204.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,214.22
<b>Yet Due</b>	\$0.00	\$3,238.27	\$3,835.53	\$3,311.12	\$3,503.19	\$3,374.63	\$0.00
<b>Payoff Date</b>	9/14/07		9/14/04				

**Assessment Summary**

Year	2007	2006
<b>Class</b>	201	201
<b>Transfer Date</b>		
<b>Assessed Value</b>	\$162,070	\$158,430
<b>EQ Factor</b>	1.00000	1.00000
<b>Equalized Value</b>	\$162,070	\$158,430
<b>Taxable Value</b>	\$135,685	\$130,844
<b>Homestead Exempt</b>	20.000%	20.000%



**ATTACHMENT C**  
**ASSESSOR'S LETTER**

October 19, 2007

Denis Severinsen  
Dagenais Real Estate  
1505 North Lincoln Road  
Escanaba, MI 49829

COPY

RE: 2700 Ludington Street  
Parcel No. 051-420-2825-400-002

Dear Mr. Severinsen:

At your request I inspected the property at 2700 Ludington Street, known as the Sands Motel. The building consists of a single-story motel unit and a two-story motel unit with a residence/office adjoining the two sections. Of the 19 motel units, several can no longer be used for rentals and are storage areas.

The original one-story motel section was built in Gladstone in the 1950's and moved to its present site in Escanaba in the early 1960's. The residence and two-story section were added in the mid 1960's. The land is approximately 1.2 acres with 300 feet of frontage on Ludington Street.

With construction of the highway, the one-story building shifted and distorted dramatically. There are areas where the visible shift is 2 inches or more. The interior is scarred and damaged from this shift and from water damage and rot. All of the motel rooms are of the type of low cost construction that was popular in the period they were built. The sleeping rooms are tiny with barely enough space for a bed; the bathrooms, miniscule. No amount of cleaning can remove the darkness from the one-story section.

Although this was likely a popular tourist stop in its heyday, it can no longer keep pace with modern motels and inns. Our records indicate a summer occupancy rate of 100% at a rate of \$12 - \$16 per night and a winter occupancy rate of 33% with a rate of \$10 - \$12 per night in about 1972. Most of the recent trade has been from hunters during deer season. Most of the basic amenities expected by today's business and vacation travelers are not available.

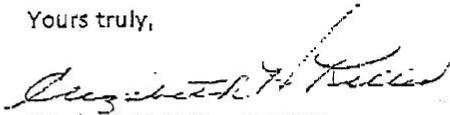
**Mission Statement:**

Enhancing the enjoyment and livability of our community by providing quality municipal services to our citizens.

This motel building cannot adequately function as was intended and is functionally obsolete as defined in PA 381 of 1996, as amended. I have included this property on a list of potential Brownfield sites and will bring it to the attention of the Brownfield Redevelopment Authority.

Please contact me if you have questions or concerns.

Yours truly,



Elizabeth H. Keller, CMAE III  
City of Escanaba Assessor  
(906) 786-9402  
ekeller@escanaba.org