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

FOR

2201 6TH AVENUE NORTH,
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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NOVEMBER 2007

Prepared for:

Escanaba Real Estate, LLC
3148 Mid Valley Road
DePere, Wisconsin 54115

Prepared By:

COLEMAN ENGINEERING COMPANY
635 Circle Drive
Iron Mountain, Michigan 49801

CEC Project #EE-07282

1.0 INTRODUCTION

Coleman Engineering Company, Inc. (Coleman) has prepared this Brownfield Plan Amendment on behalf of Escanaba Real Estate, LLC (Developer). The Developer owns an approximate 1.8-acre parcel of real-estate located at 2201 6th Avenue North, Escanaba, Michigan (Subject Property), which they are converting from a Brownfield site to a new retail establishment.

1.1 Eligible Property Information

1.1.1 Location

The Subject Property is located in the Northwest ¼ of the Northwest ¼ of Section 30 of Township 39 North, Range 22 West, in Escanaba, Delta County, Michigan. The Subject Property is approximately 1.8 acres in size. The site is located specifically at 2201 6th Avenue North, Escanaba, Michigan. A project location map is presented as Figure 1 and the Subject Property is shown in Figure 2 in Attachment A.

The legal description of the property is: Starting at a point 33 feet South of the Northwest corner of the Section 30, Township 39 North, Range 22 West; thence South 0 degrees 50 minutes 200 feet, thence East 368 feet, thence North 13 degrees 16 minutes East 204.31 feet, more or less; thence West 411.95 to the point of beginning. 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 3148 Mid Valley Drive, De Pere, Wisconsin 54115.

1.1.3 Proposed Future Ownership

The Subject Property will remain under Escanaba Real Estate, and will be leased to Goodwill Industries. The Developer will be constructing a modern retail facility on the parcel in 2008.

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 number is 051-420-2930-100-002.

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 an automotive body repair facility. Prior to that, the site was reportedly a garage door and boat manufacturing facility.

1.3 Current Use of Each Eligible Subject Property

The Subject Property is currently used as an automotive body repair facility.

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

The Developer intends to create a new retail store to be leased to Goodwill to better serve the community.

To redevelop the Subject Property, the existing structures will be demolished and removed from the Subject Property in the winter of 2007-2008. Following demolition and grading, the construction of the new facility can begin. The new facility will be constructed in 2008.

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 MDEQ definition of "Facility."

2.2 Summary of Environmental Conditions

A Phase I and II Environmental Site Assessment ESA were conducted on this site, copies of which are attached in Attachments D and E, respectively. Based on the sampling results from the Phase II ESA, mercury contamination exists on-site in excess of the Michigan Department of Environmental Quality (MDEQ) Part 201 Cleanup Criteria for protection of groundwater.

2.3 Summary of Functionally Obsolete and/or Blighted Conditions

The Subject Property was determined by Ms. Elizabeth Keller, a Level 3 Assessor, not to be either blighted or functionally obsolete. Her report is presented in Attachment C.

3.0 SCOPE OF WORK

There are two (2) types of eligible activities for reimbursement. The first are referred to as 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 Phase I and II ESAs, the Baseline Environmental Assessment, and the cost of preparing this Act 381 Plan amendment are all eligible costs.

3.2 MEGA Eligible Activities

3.2.1 Public Infrastructure Improvements

The Subject Property is already connected to the public infrastructure. However, these will have to be moved in order to service the new building.

3.2.2 Demolition

The existing site buildings will need to be demolished in order to build the new facility. 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 would 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, no abatement prior to demolition will 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. The new building will then be constructed, utilities connected, a parking lot installed and the required curbing placed.

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 construction in 2007. 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. In order to complete this project, the Developer has estimated there will be $570,454 in eligible expenses, plus the cost of the money. Based on a tax capture value beginning at $1,046,058 and increasing by 3% annually, and a 5% annual cost for money, the Developer will be fully reimbursed after 24 years.

F:\Data\07000\07282\381 Plan Amendment\Act 381 Work plan.doc

TABLES

Table 1
Schedule of Activities
Escanaba Real Estate, LLC
Brownfield Redevelopment
2201 6th Avenue North, Escanaba, Michigan

Activity	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Phase I ESA												
Phase II ESA												
Act 381 Plan Approval												
Demolition												
Construction												

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

2201 6th Avenue North
Escanaba, Michigan
Tax Capture Worksheet
Estimated Values

Based on the development of a Goodwill Store
Eligible expenses are estimates based on bids.

TABLE 2

Eligible Act 381 Expenses	
MDEQ Eligible Expenses	
Act 381 Plan	$3,500
Environ Assessments	$11,300
Baseline Env Assessment	$5,000
Total	**$19,800**

TABLE 3

Eligible Act 381 Expenses	
MEGA Eligible Expenses	
ACM Abatement	$5,000
Demolition	$65,000
Site Grading	$204,500
Utilities	$79,500
Parking Lot	$83,000
Site Engineering	$12,000
Curb and Gutter	$22,500
Sidewalk	$12,300
10% Contingency	$48,380
Cost of Debt*	$38,274
Total	**$570,454**

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

TABLE 4
Escanaba Real Estate, LLC
Act 381 Work Plan
2201 6th Avenue North, Escanaba, Michigan

		Base Year	Year 1	2	3	4	5	6	7	8	9
		Taxable Value									
Real Property		$ 191,442	$ 1,237,500	$ 1,274,625	$1,312,864	$ 1,352,250	$ 1,392,817	$1,434,602	$1,477,640	$1,521,969	$ 1,567,628
Capturable Taxable Value		$191,442	$1,046,058	$1,083,183	$1,121,422	$1,160,808	$1,201,375	$1,243,160	$1,286,198	$1,330,527	$1,376,186
Taxing Jurisdiction	mills levied	Taxes Paid on New Property Value									
County	5.03000	Captured	$ 5,262	$ 5,448	$ 5,641	$ 5,839	$ 6,043	$ 6,253	$ 6,470	$ 6,693	$ 6,922
College	3.53000	Captured	$ 3,693	$ 3,824	$ 3,959	$ 4,098	$ 4,241	$ 4,388	$ 4,540	$ 4,697	$ 4,858
City Op	17.00000	Captured	$ 17,783	$ 18,414	$ 19,064	$ 19,734	$ 20,423	$ 21,134	$ 21,865	$ 22,619	$ 23,395
Sheriff	0.88000	Captured	$ 921	$ 953	$ 987	$ 1,022	$ 1,057	$ 1,094	$ 1,132	$ 1,171	$ 1,211
Comm Act	0.58000	Captured	$ 607	$ 628	$ 650	$ 673	$ 697	$ 721	$ 746	$ 772	$ 798
DATA	0.60000	Captured	$ 628	$ 650	$ 673	$ 696	$ 721	$ 746	$ 772	$ 798	$ 826
Central Dispatch	0.50000	Captured	$ 523	$ 542	$ 561	$ 580	$ 601	$ 622	$ 643	$ 665	$ 688
School Operating		Not Captured									
State Education Tax		Not Captured									
ISD		Not Captured									
Downtown Development		Not Captured									
Total Captured	28.12000		$ 29,415	$ 30,459	$ 31,534	$ 32,642	$ 33,783	$ 34,958	$ 36,168	$ 37,414	$ 38,698
Expenses Remaining		$570,454	$542,038	$539,681	$536,131	$531,296	$525,078	$517,374	$508,075	$497,064	$484,219
Expenses Paid			$28,415	$29,459	$30,534	$31,642	$32,783	$33,958	$35,168	$36,414	$37,698
Annual Debt Recovery			$27,102	$26,984	$26,807	$26,565	$26,254	$25,869	$25,404	$24,853	$24,211
Tax capture by CEBRA			$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000

Eligible Environmental Expenses $570,454
Assumes 3% increase in annual taxable value of property.
Assumes no personal property tax
Assumes annual debt of 5%

TABLE 4
Escanaba Real Estate, LLC
Act 381 Work Plan
2201 6th Avenue North, Escanaba, Michigan

		10	11	12	13	14	15	16	17	18	19	20
Real Property		$ 1,614,657	$ 1,663,097	$1,712,989	$ 1,764,379	$ 1,817,310	$ 1,871,830	$1,927,985	$ 1,985,824	$2,045,399	$ 2,106,761	$ 2,169,964
Capturable Taxable Value		$1,423,215	$1,471,655	$1,521,547	$1,572,937	$1,625,868	$1,680,388	$1,736,543	$1,794,382	$1,853,957	$1,915,319	$1,978,522
Taxing Jurisdiction	mills levied											
County	5.03000	$ 7,159	$ 7,402	$ 7,653	$ 7,912	$ 8,178	$ 8,452	$ 8,735	$ 9,026	$ 9,325	$ 9,634	$ 9,952
College	3.53000	$ 5,024	$ 5,195	$ 5,371	$ 5,552	$ 5,739	$ 5,932	$ 6,130	$ 6,334	$ 6,544	$ 6,761	$ 6,984
City Op	17.00000	$ 24,195	$ 25,018	$ 25,866	$ 26,740	$ 27,640	$ 28,567	$ 29,521	$ 30,504	$ 31,517	$ 32,560	$ 33,635
Sheriff	0.88000	$ 1,252	$ 1,295	$ 1,339	$ 1,384	$ 1,431	$ 1,479	$ 1,528	$ 1,579	$ 1,631	$ 1,685	$ 1,741
Comm Act	0.58000	$ 825	$ 854	$ 882	$ 912	$ 943	$ 975	$ 1,007	$ 1,041	$ 1,075	$ 1,111	$ 1,148
DATA	0.60000	$ 854	$ 883	$ 913	$ 944	$ 976	$ 1,008	$ 1,042	$ 1,077	$ 1,112	$ 1,149	$ 1,187
Central Dispatch	0.50000	$ 712	$ 736	$ 761	$ 786	$ 813	$ 840	$ 868	$ 897	$ 927	$ 958	$ 989
School Operating												
State Education Tax												
ISD												
Downtown Development												
Total Captured	28.12000	$ 40,021	$ 41,383	$ 42,786	$ 44,231	$ 45,719	$ 47,253	$ 48,832	$ 50,458	$ 52,133	$ 53,859	$ 55,636
Expenses Remaining		$469,409	$452,497	$433,336	$411,771	$387,640	$360,770	$330,977	$298,068	$261,838	$222,071	$178,538
Expenses Paid		$39,021	$40,383	$41,786	$43,231	$44,719	$46,253	$47,832	$49,458	$51,133	$52,859	$54,636
Annual Debt Recovery		$23,470	$22,625	$21,667	$20,589	$19,382	$18,038	$16,549	$14,903	$13,092	$11,104	$8,927
Tax capture by CEBRA		$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000

Eligible Environmental Expenses
Assumes 3% increase in annual taxable
Assumes no personal property tax
Assumes annual debt of 5%

TABLE 4
Escanaba Real Estate, LLC
Act 381 Work Plan
2201 6th Avenue North, Escanaba, Michigan

		21	22	23	24	25	26	26	27	28
Real Property		$ 2,235,063	$2,302,115	$2,371,178	$ 2,442,313	$ 2,515,583	$2,591,050	$2,591,050	$2,668,782	$ 2,748,845
Capturable Taxable Value		$2,043,621	$2,110,673	$2,179,736	$2,250,871	$2,324,141	$2,399,608	$2,399,608	$2,477,340	$2,557,403
Taxing Jurisdiction	mills levied									
County	5.03000	$ 10,279	$ 10,617	$ 10,964	$ 11,322	$ 11,690	$ 12,070	$ 12,070	$ 12,461	$ 12,864
College	3.53000	$ 7,214	$ 7,451	$ 7,694	$ 7,946	$ 8,204	$ 8,471	$ 8,471	$ 8,745	$ 9,028
City Op	17.00000	$ 34,742	$ 35,881	$ 37,056	$ 38,265	$ 39,510	$ 40,793	$ 40,793	$ 42,115	$ 43,476
Sheriff	0.88000	$ 1,798	$ 1,857	$ 1,918	$ 1,981	$ 2,045	$ 2,112	$ 2,112	$ 2,180	$ 2,251
Comm Act	0.58000	$ 1,185	$ 1,224	$ 1,264	$ 1,306	$ 1,348	$ 1,392	$ 1,392	$ 1,437	$ 1,483
DATA	0.60000	$ 1,226	$ 1,266	$ 1,308	$ 1,351	$ 1,394	$ 1,440	$ 1,440	$ 1,486	$ 1,534
Central Dispatch	0.50000	$ 1,022	$ 1,055	$ 1,090	$ 1,125	$ 1,162	$ 1,200	$ 1,200	$ 1,239	$ 1,279
School Operating										
State Education Tax										
ISD										
Downtown Development										
Total Captured	28.12000	$ 57,467	$ 59,352	$ 61,294	$ 63,295	$ 65,355	$ 67,477	$ 67,477	$ 69,663	$ 71,914
Expenses Remaining		$130,999	$79,197	$22,862	$24,005	$0	$0	$0	$0	$0
Expenses Paid		$56,467	$58,352	$60,294	$24,005	$0	$0	$0	$0	$0
Annual Debt Recovery		$6,550	$3,960	$1,143	$0	$0	$0	$0	$0	$0
Tax capture by CEBRA		$1,000	$1,000	$1,000	$39,289	$65,355	$67,477	$67,477	$69,663	$71,914

Eligible Environmental Expenses
Assumes 3% increase in annual taxable
Assumes no personal property tax
Assumes annual debt of 5%

ATTACHMENT A

FIGURES

Figure 1 – Project Location Map

Figure 2 – Site Location Map

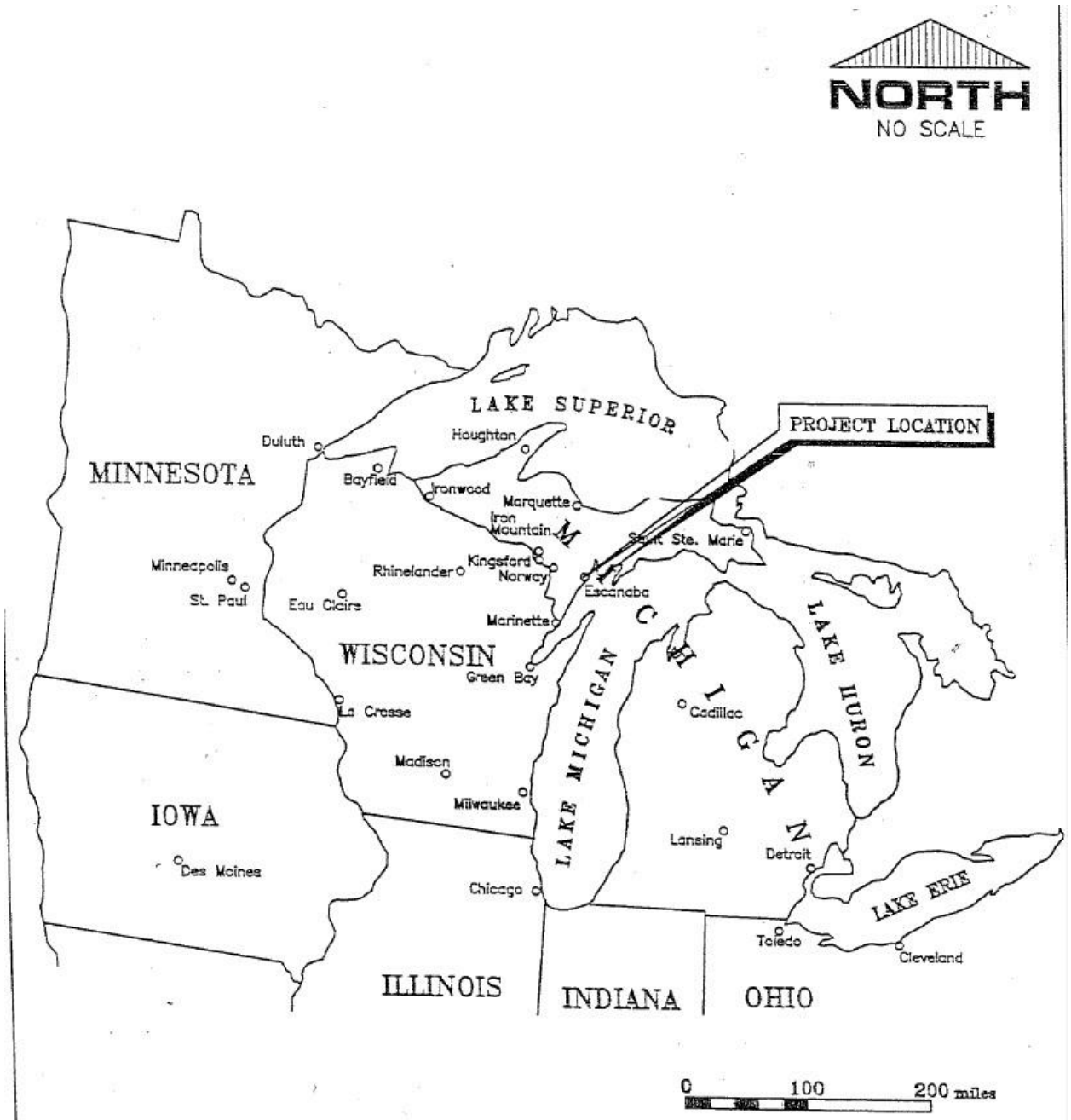

FIGURE 1 – PROJECT LOCATION MAP
EDWARDS COLLISON CENTER
2201 6th AVENUE NORTH
ESCANABA, MICHIGAN

COLEMAN ENGINEERING COMPANY
635 CIRCLE DRIVE
IRON MOUNTAIN, MICHIGAN 49801

DATE 8/9/07
JOB NO EE-070282
CADD FILE 070282

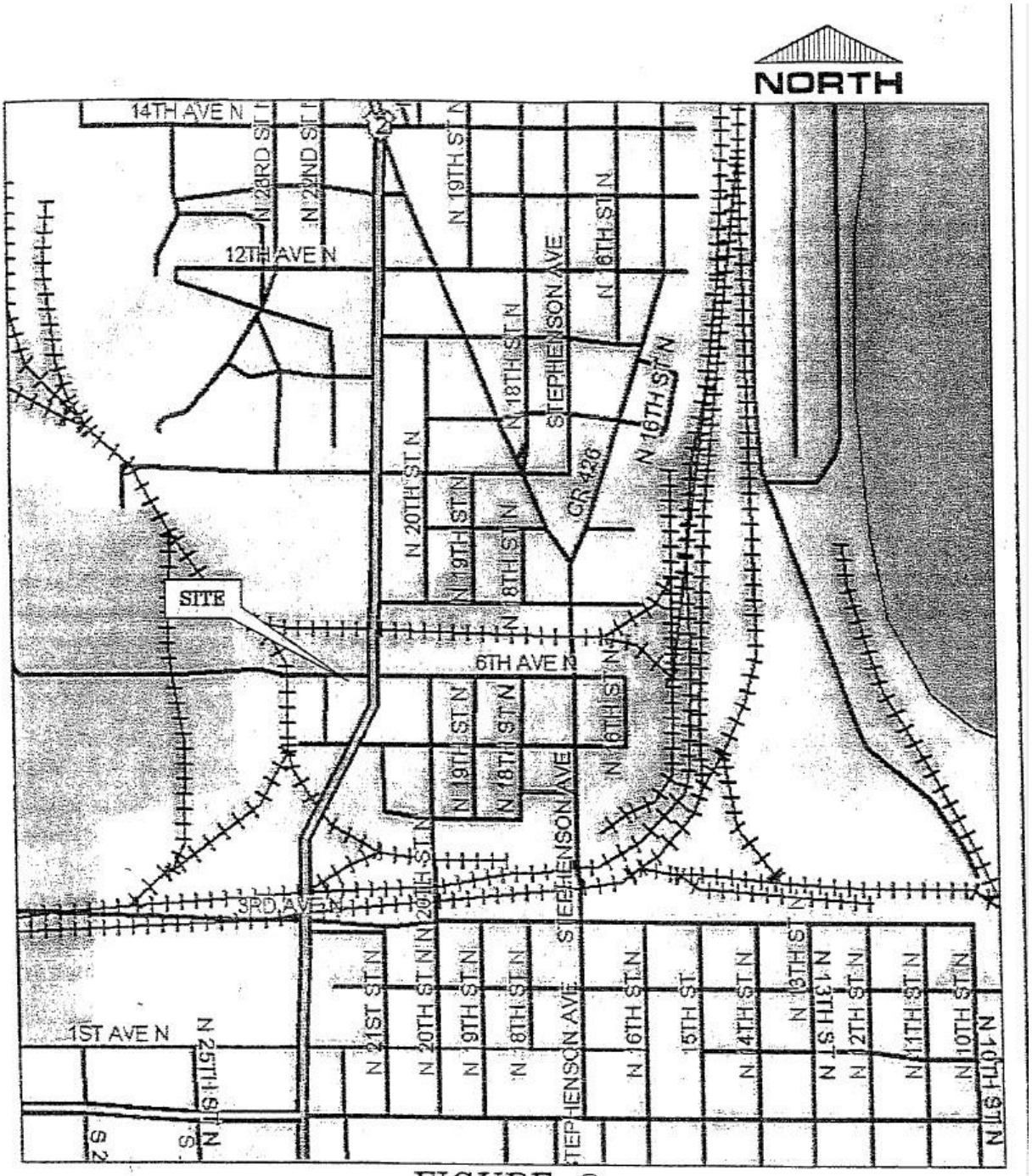

FIGURE 2
SITE LOCATION MAP
EDWARDS COLLISION CENTER
2201 6th AVENUE NORTH
ESCANABA, MICHIGAN

COLEMAN ENGINEERING COMPANY
635 CIRCLE DRIVE
IRON MOUNTAIN, MICHIGAN 49801

DATE 8/9/07
JOB NO 07282-WIQ

ATTACHMENT B

TAX AND LEGAL DESCRIPTIONS

City of Escanaba Property Tax Details

Record last updated on: **Friday, April 20, 2007**

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.

Parcel		Property Address or Location		
051-420-2930-100-002		2201 6TH AVENUE NORTH, ESCANABA MI 49829		
Owner(s) of Record		**Owner Address**		
DUFOUR ORVAL E JR		2201 6TH AVENUE NORTH, ESCANABA MI 49829		
Acres	**Liber**	**Page**	**Purchase Date**	**Purchase Price**
0.000				$0
Current Assessment	**State Equalized**	**Taxable Value**	**HomeStead**	**HomeStead Exempt**
$292,690	$292,690	$189,967	0.000%	$0
Property Class Code		**School District**		
201 (Real - Commercial)		(21010) Escanaba Area School District		

Property Description

SEC 30 T39N R22W PRT NW 1/4 NW 1/4 COMM 33 FT S OF NW COR TH S 0D 50M W 200 FT TH E 368 FT TH N 13D 16M E 204.31 FT M/L TH W 411.95 FT TO POB 051-420-2930-100-002 AC #180

Tax Summary

Year	W06	S06	W05	S05	W04	S04	W03	S03
Assessed Val.	$292,690	$292,690	$314,720	$314,720	$314,720	$314,720	$268,990	$268,990
Equalized Val.	$292,690	$292,690	$314,720	$314,720	$314,720	$314,720	$268,990	$268,990
Taxable Value	$189,967	$189,967	$183,899	$183,899	$179,765	$179,765	$175,724	$175,724
Homestead %	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Total Tax $	$5,338.88	$5,568.65	$5,421.75	$5,086.13	$5,498.14	$4,666.58	$5,386.00	$4,387.59
Admin Fee	$53.39	$0.00	$54.22	$0.00	$54.98	$0.00	$53.86	$0.00
Total Tax Bill	$5,392.27	$5,568.65	$5,475.97	$5,086.13	$5,553.12	$4,666.58	$5,439.86	$4,387.59
Pmt. to Date	$0.00	$5,568.65	$0.00	$0.00	$0.00	$4,666.58	$0.00	$4,387.59
Yet Due	$5,392.27	$0.00	$5,475.97	$5,086.13	$5,553.12	$0.00	$5,439.86	$0.00
Payoff Date		1/15/07				1/27/05		1/31/04

Assessment Summary

Year	2006
Class	201
Transfer Date	
Assessed Value	$292,690
EQ Factor	1.00000
Equalized Value	$292,690
Taxable Value	$189,967
Homestead Exempt %	0.000%

ATTACHMENT C

ASSESSOR'S LETTER

August 2, 2007

Ms Cory Hughes
Statewide Real Estate
2209 Ludington Street
Escanaba, MI 49829

RE: 2201 6th Avenue North

Dear Ms Hughes:

On July 30, 2007, I conducted a site inspection of the property at 2201 6th Avenue North, also known as Edward's Collision. Our records indicate that the main building on this property was constructed in 1958 as a marine building for T.D. Vinette. It was subsequently converted to a collision shop, including auto painting, which is its current use.

Based on the building's historical and current uses, it is likely that contamination exists on the site. As we discussed, I strongly urge any potential purchaser to complete the environmental assessment process before taking possession of the property. Phase I and II environmental assessments will determine if a baseline environmental assessment is needed.

This building is located some distance from the waterfront making it inadequate to serve its original purpose while its size and configuration create superadequacies for other logical uses, including the current one. Because of location, size and configuration, I find the building to be eligible for inclusion in the city's Brownfield Redevelopment Plan under functional obsolescence.

I understand that you are already working with an engineering firm to begin the process. You and I have discussed the potential for reimbursement of costs attributable to environmental studies, demolition, paving, utility relocation, etc. You may wish to discuss reimbursable expenses in greater detail with the engineer involved.

Ms Cory Hughes
August 2, 2007
Page Two

Enclosed is the preliminary form currently in use by the City of Escanaba for Brownfield Redevelopment.

Please contact me with questions or concerns.

Yours truly,

Elizabeth H. Keller, CMAE III
City of Escanaba Assessor
PO Box 948
Escanaba MI 49829
(906) 786-9402
ekeller@escanaba.org