



# CITY COUNCIL MEETING AGENDA

October 20, 2016

Marc D. Tall, Mayor  
Ronald J. Beauchamp, Mayor Pro-Tem  
Patricia A. Baribeau, Council Member  
Ralph B. Blasier, Council Member  
Michael R. Sattem, Council Member

James V. O'Toole, City Manager  
Robert S. Richards, CMC City Clerk  
Ralph B. K. Peterson, City

City Council Chambers located at: City Hall – 410 Ludington Street – Room C101 – Escanaba MI 49829

The Council has adopted a policy to use a Consent Agenda, when appropriate. All items with an asterisk (\*) are considered routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event, the item will be removed from the General Order of Business and considered in its normal sequence on the Agenda.

## Regular Meeting

**Thursday, October 20, 2016, at 7:00 p.m.**

CALL TO ORDER

ROLL CALL

INVOCATION/PLEDGE OF ALLEGIANCE –

Pastor Jason Janich of the New Life Assembly of God Church  
Regular Meeting – October 6, 2016

APPROVAL/CORRECTION(S) TO MINUTES -

APPROVAL/ADJUSTMENTS TO THE AGENDA

CONFLICT OF INTEREST DECLARATION(S)

RETIREMENT PROCLAMATION -

Rob Johnson, Wastewater Department

BRIEF PUBLIC COMMENT(S)

UNFINISHED BUSINESS - None

PUBLIC HEARING(S)

**1. Setting of Public Hearing – Request to Purchase City-Owned Property - Basic Marine, Inc.**

**Explanation:** Administration is requesting the City Council schedule a public hearing for November 3, 2016 on a proposed land purchase offer from Basic Marine Inc. to purchase City-owned property located adjacent to the Delta County Jail facility along the lake shore between North 3rd and 4th Street. Basic Marine, Inc. has offered to pay \$26,000 for said property.

NEW BUSINESS

**1. Approval - Pawnbroker License – Wheels & Deals Pawn Shop – 1210 North Lincoln Road.**

**Explanation:** Mr. Richard Semashko, owner of Wheels & Deals Pawn Shop, 1210 North Lincoln Road, is seeking Council approval to continue operations as a pawnbroker in the City of Escanaba. If approved by Council, the Mayor is required to issue the license per City Ordinance. The Escanaba Department of Public Safety has reviewed the application and has recommended approval.

APPOINTMENTS

BOARD, COMMISSION, AND COMMITTEE REPORTS

GENERAL PUBLIC COMMENT

ANNOUNCEMENTS

ADJOURNMENT

Respectfully Submitted

A handwritten signature in black ink, appearing to read 'James V. O'Toole'.

James V. O'Toole  
City Manager

**OFFICIAL PROCEEDINGS  
CITY COUNCIL  
CITY OF ESCANABA, MICHIGAN  
Regular Council Meeting  
Thursday, October 6, 2016**

The meeting was called to order by the Honorable Mayor Marc D. Tall at 7:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Patricia A. Baribeau, Ronald J. Beauchamp, and Michael R. Sattem.

Absent: Council Member Ralph B. Blasier

Sattem Moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to excuse Council Member Blasier who was out of the community.

Also Present: City Manager James V. O'Toole, City Department Heads, media, and members of the public.

Pastor Chris Johnson of the Christ the King Lutheran Church, gave the invocation and led Council in the Pledge of Allegiance.

Beauchamp moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve Regular Meeting Minutes from September 15, 2016, Special Meeting Minutes from September 8, 2016, and Joint Meeting Minutes from September 20, 2016, as submitted.

**ADJUSTMENTS TO THE AGENDA**

Manager O'Toole asked NB-4 be removed pending an Attorney General's legal opinion.

Beauchamp moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve the City Council Agenda as amended.

**CONFLICT OF INTEREST DECLARATION** – None

**BRIEF PUBLIC COMMENT** – None

**UNFINISHED BUSINESS** – None

**PUBLIC HEARINGS**

**Public Hearing and Adoption - Community Master Plan.**

A public hearing on the proposed Community Master Plan was conducted by the City Council. The purpose of the hearing was to provide an opportunity for the public to comment on the proposed Master Plan. Additionally, upon completion of the public hearing, administration sought Council approval of the Master Plan, together with all

maps. Manager O'Toole briefly summarized the public outreach sessions used to get public comment and compiled into the report.

This being a Public Hearing, Mayor Tall asked if there was any public comment.

Hearing no public comment, Mayor Tall closed the public hearing.

**PH-1** Sattem moved, Beauchamp seconded, to approve the City Master Plan, together with all maps.

Upon a call of the roll, the vote was as follows:

Ayes: Sattem, Beauchamp, Baribeau, Tall  
Nays: None

**MOTION CARRIED.**

## **NEW BUSINESS**

### **Approval - Abandonment of Right-of-Way Policy #100616-01.**

Administration sought Council approval of a proposed Abandonment of Right-of-Way Policy which if approved, would outline the process and procedure that must be followed to absolutely abandon all or part of a City right-of-way.

Manager O'Toole and Public Works Director William Farrell briefly reviewed the proposed policy and reviewed various examples over the years.

**NB-1** Beauchamp moved, Baribeau seconded, to approve Abandonment of Right-of-Way Policy #100616-01.

Upon a call of the roll, the vote was as follows:

Ayes: Beauchamp, Baribeau, Sattem, Tall  
Nays: None

**MOTION CARRIED.**

### **Approval - Marina Internal Loan Consolidation and Refinancing Plan.**

Administration Requested Council approval to internally refinance two (2) outstanding marina loans by combining the two (2) existing internal loans into a single loan, amortized over 15 years at a rate of three (3%) percent.

**NB-2** Baribeau moved, Sattem seconded, to internally refinance two (2) outstanding marina loans by combining the two (2) existing internal loans into a single loan, amortized over 15 years at a rate of three (3%) percent.

Upon a call of the roll, the vote was as follows:

Ayes: Baribeau, Sattlem, Beauchamp, Tall  
Nays: None

**MOTION CARRIED.**

**Approval – Charitable Gaming Resolution – Upper Peninsula Down Syndrome Association.**

The Upper Peninsula Down Syndrome Association (UPDSA) of Delta County sought Council approval of a resolution that they be recognized as a nonprofit organization operating in the community for the purpose of obtaining a Charitable Gaming License from the State of Michigan. The UPDSA would be conducting raffle fund raisers the upcoming year.

**NB-3** By Council Member Beauchamp, seconded by Council Member Sattlem;

**Resolved**, That the Upper Peninsula Down Syndrome Association (UPDSA) of Delta County, is hereby recognized as a nonprofit organization operating in the community for the purpose of obtaining a charitable gaming license from the State of Michigan.

The vote was as follows:

Ayes: Beauchamp, Sattlem, Baribeau, Tall  
Nays: None

**RESOLUTION DECLARED ADOPTED.**

**Approval - Professional Services Contract - Level 3 Assessor Duties.**

This item was removed from the agenda.

**APPOINTMENT(S) TO CITY BOARDS, COMMISSIONS, AND COMMITTEES**

Mayor Tall, with consensus of Council approval, recommended to the Delta County Board of Commissioners to appoint Janet Craig as the City Representative on the County DATA Board.

Mayor Tall, with consensus of Council, reappointed the following individuals to the City Historic District Commission:

- Judith Fouts - 1st extended 1 year appointment expired October 1, 2016 and wishes to be reappointed to her 2nd extended 1 year appointment;

City Council Minutes  
October 6, 2016 – cont.

- Don Curran and Ellie O'Donnell 2nd extended 1 year appointment expired October 1, 2016 and wished to be reappointed to their 3rd extended 1 year appointment.

## **BOARD, COMMISSION, AND COMMITTEE REPORTS**

Council Members reviewed City Board and Commission meetings each attended since the last City Council Meeting.

## **GENERAL PUBLIC COMMENT**

Wendy Balenger commented on a handicap sign in front of their residence which was removed, and not reinstated when promised. Mrs. Balenger also commented on apartment parking next to their residence which exceeded the parking rule. Mrs. Balenger asked for reimbursement of City trees which she took down with her own funds and for enforcement of City Parking.

Manager O'Toole stated the handicap sign was a temporary sign and removed upon the death of her husband and he had responded to her other inquiries.

## **ANNOUNCEMENTS - None**

Hearing no further public comment, the Council adjourned at 7:32 p.m.

Respectfully submitted

Robert S. Richards, CMC  
City Clerk

Approved: \_\_\_\_\_  
Marc D. Tall, Mayor

# PROCLAMATION

## In Honor of Robert S. Johnson Upon the Occasion of His Retirement

**WHEREAS,** Robert S. Johnson has been an invaluable member of the City team since December 12, 1988, when he accepted a position as a Full-Time Wastewater Relief Operator Maintenance Mechanic C; and

**WHEREAS,** Robert S. Johnson was promoted to Wastewater Relief Operator Maintenance Mechanic B on July 29, 1991; and

**WHEREAS,** Robert S. Johnson was promoted to Wastewater Relief Operator A on Wastewater Relief Operator Maintenance Mechanic A on July 1, 1995; and

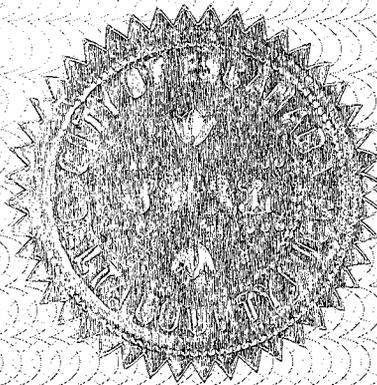
**WHEREAS,** The people of Escanaba wish to thank Robert S. Johnson for his years of service to the people of Escanaba and congratulate him upon the momentous occasion of his retirement and wish him continued success in his future endeavors.

**NOW, THEREFORE, BE IT PROCLAIMED,** that I, Marc D. Tall, Mayor for the City of Escanaba, on behalf of the City Council and all Escanaba employees and citizens, do designate October 31, 2016, as,

### “Robert S. Johnson Day”

In the City of Escanaba and wish him the best in his retirement.

\_\_\_\_\_  
Marc D. Tall, Mayor



# CERTIFICATE OF MERITORIOUS SERVICE



PRESENTED TO

**Robert S. Johnson**

AS AN EXPRESSION OF APPRECIATION FOR YOUR OUTSTANDING CONTRIBUTIONS, EFFORTS, AND INVOLVEMENT FOR OVER 28 YEARS TO THE CITY OF ESCANABA, THIS CERTIFICATE OF COMMENDATION IS BEING AWARDED. YOUR DEDICATION AND PROFESSIONALISM IN HOW YOU PERFORMED YOUR DUTIES AND SERVED THE PEOPLE OF THIS COMMUNITY WAS NOTHING LESS THAN STELLAR. BEST WISHES TO YOU FOR CONTINUED HAPPINESS AND SUCCESS ON THE OCCASION OF YOUR RETIREMENT.

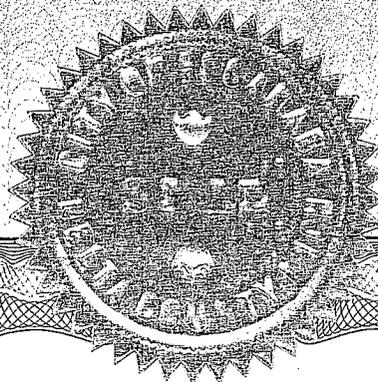
Conferred this day, October 20, 2016, on behalf of the City of Escanaba, Escanaba, Michigan.

BY: \_\_\_\_\_

James V. O'Toole  
City Manager  
City of Escanaba

BY: \_\_\_\_\_

Marc D. Tall  
Mayor  
City of Escanaba



10/11/2016

Zimbra

jotoole@escanaba.org

Zimbra

**FW: North half of City lot.**

**From :** Info <info@basicmarine.com>

**Subject :** FW: North half of City lot.

**To :** mtall@escanaba.org, pbaribeau@escanaba.org, rbeauchamp@escanaba.org, msattem@escanaba.org, rblasier@escanaba.org, 'Jim O'Toole - City Manager' <jotoole@escanaba.org>

Council Members/Mr. O'Toole

We offer the appraised value for the property behind the jail.

Regards

Daniel Kobasic

P.H. #1  
CC  
10/20/16

received  
10/10/16

**APPRAISAL REPORT**

*OF THE*

*NORTH 3RD STREET WATERFRONT SITE*



**LOCATED AT  
NORTH 3RD STREET  
CITY OF ESCANABA  
DELTA COUNTY, MICHIGAN**

*As of: May 10, 2016*

*Report Issued: May 18, 2016*

**Prepared for:**

**Mr. Dan Kobasic**

**440 North 10th Street**

**Escanaba, Michigan 49829**

**Prepared by:**

**Tony Pardee and Eric Stauss**

**Pardee Appraisal Services LLC**

**N3121 Deer Haven Ct**

**Peshtigo, Wisconsin 54157**

# Pardee Appraisal Services, LLC

Appraisal & Consulting Services

May 18, 2016

Prepared for:

Mr. Dan Kobasic

440 North 10th Street

Escanaba, Michigan 49829

Re: Appraisal Report of the North 3rd Street Waterfront Site, located at North 3<sup>rd</sup> Street, City of Escanaba, Delta County, Michigan.

Dear Mr. Kobasic,

The enclosed report is an Appraisal Report that has been prepared in response to your request. The report is subject to the Code of Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, the report has been written to comply with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA); the OCC Appraisal Standards of 12 CFR, part 34; and the Guidelines for Real Estate Appraisal Policies and Review Procedures adopted by the bank supervision offices of the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency, as of December 14, 1987.

The accompanying report, to which this letter is attached, describes the site, pertinent data considered, and discusses the methods of appraisal used in reaching our conclusion. The opinions of value contained herein are subject to the Statement of Assumptions and Limiting Conditions included within.

The market value estimates are based upon a physical inspection of the property by Tony Pardee and Eric Stauss on May 10, 2016, as well as a review of information made available by the City of Escanaba Assessor's Office and Delta County Officials. This information forms the basis and serves as a guide for the valuation. The opinions of value expressed herein are subject to the assumptions and limiting conditions as set forth in this report.

The North Third Street Waterfront Land is located on a site that contains approximately 1.02 acres, is irregular in shape, and has a predominately level topography, with a taper towards the water and wood pilings protruding within the water line. The site has frontage along North 3RD Street (dead ends at site) with approximately 265 feet of frontage along Little Bay de Noc (Lake Michigan). Per the legal description of the site and the GIS mapping of the site, the site contains areas that are currently submersed and, in order to become useable, an individual would need to install new pilings or steel bulkhead and fill to create an actual buildable area near the 1.02 site area reported by the City of Escanaba and Delta County property records. Additionally, based upon a previous inspection of the site, it appears that additional area is being eroded. The subject site is zoned Light Manufacturing District, per the City of Escanaba.

This appraisal consisted of developing an opinion of the Market Value of the Fee Simple Interest in the subject property in as of May 10, 2016, which coincides with the date of physical inspection of the property by Tony Pardee and Eric Stauss. Based upon research and analysis, it is our opinion that the estimated Market Value of the Fee Simple Interest in the subject property is \$26,000 for the Real Estate only. Our compensation is not contingent upon the value reported. We appreciated the opportunity to work on this engagement, and we are available to answer any questions you may have concerning the analysis and conclusions.

Respectfully submitted,

**PARDEE APPRAISAL SERVICES LLC**



Tony Pardee  
Wisconsin Certified General Appraiser #1417  
Michigan Certified General Appraiser #1201072905  
Iowa Certified General Appraiser #CG03425



Eric Stauss  
Staff Appraiser

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions and limiting conditions.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. **The property is further assumed to be free and clear of any or all liens, easements, or encumbrances unless otherwise stated. The property is also further assumed to be current on all Real Estate Taxes (And Personal Property Taxes if applicable), and valued as current unless otherwise noted.**
2. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
3. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity of organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
4. Full compliance with all applicable federal, state, and local zoning, use, environmental and similar laws and regulations is assumed, unless otherwise stated.
5. No responsibility is taken for changes in market conditions, and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the date hereof.
6. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described at that there is no encroachment or trespass unless otherwise stated in this report.
7. Responsible ownership and competent property management are assumed.
8. The allocation, if any, in this report of the total valuation between components of the property applies only to the program of utilization stated in this report. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.
9. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. **No independent surveys were conducted.**
10. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
11. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
12. Cost estimates provided herein in the cost approach to value section (if applicable) are based on typical average replacement costs for similar utility of buildings. These costs are used only for the purpose of appraisal analysis. They should not be misconstrued as an exact cost to complete or rebuild this project. This is an appraisal estimate only.

13. The appraisal is made for valuation purposes only. It is not intended nor to be construed to be an engineering report. The appraiser(s) is (are) not qualified structural engineers, therefore are not qualified to judge the structural integrity of the improvements. Consequently, no warranty, representations or liability are assumed for the structural soundness, quality, adequacy or capacities of said improvements and utility services, including HVAC systems. Should there be any questions concerning same, it is strongly recommended that an engineering/construction inspection be obtained. The value estimate(s) is predicated on the assumption that all improvements, equipment and building services are structurally sound and suffer no concealed or latent defects or inadequacies, unless otherwise stated.
14. Neither Pardee Appraisal Services LLC nor any individuals signing or associated with this report shall be required by reason of this report to give testimony or appear in court or other legal proceedings unless specific arrangements therefore have been previously made.
15. This report has been made only for the intended use stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including without limitation any conclusions as to value, the identity of Pardee Appraisal Services LLC or any individuals signing or associated with this report, or the professional associations for organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of Pardee Appraisal Services LLC. The report may not be used for SEC filings.
16. The date of value to which the conclusion and opinion expressed in this report applies will be set forth in the letter of transmittal. The value opinion is based on the purchasing power of the United States' dollar as of the effective date of the value estimate(s).
17. Unless otherwise stated in this report, I (we) did not observe the existence of hazardous material, which may or may not be present on the property. I (we) have no knowledge of the existence of such materials on, or in, the property; however, I are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
18. If the property being appraised is part of a larger tract, any values reported relate only to the portion being considered and should not be misconstrued as applying with equal validity to other portions of the larger tract.
19. Any projections of market or future rents, expenses, net operating income, mortgage terms, capital outlays, inflation, capitalization rates, or discount rates, are intended solely for analytical purposes and are not to be misconstrued as predictions by Pardee Appraisal Services LLC. They represent the judgment of the authors only as to the assumptions typically used by the market participants, and their accuracy is in no way guaranteed.
20. Unless otherwise stated, the values presented in this report exclude furniture, fixtures, and equipment (FF&E) and machinery and equipment (M&E) present (or to be present) in the property.
21. If improvements or renovations are proposed, this report specifically assumes completion within the time frame outlined herein. Should there be any subsequent changes or delays to the construction or renovations schedule, this may or may not materially alter the value conclusions presented. As I cannot be held responsible for these circumstances, if they do occur, I reserve the right to review any changes and may make the necessary modifications to the analysis at an additional charge.

22. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I have not made a specific compliance survey or analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
23. Any controversy or claim arising out of or relating to this appraisal report or the services provided by Pardee Appraisal Services LLC pursuant thereto (including any such matter involving any parent, subsidiary, affiliate, successor in interest, assignee, or agent of the Company or of Pardee Appraisal Services LLC) shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures set forth in Annex 1 hereto. Judgment on any arbitration award may be entered in any court having proper jurisdiction.
24. No recipient shall be relieved of the effect of, or its obligations under, any assumption or limiting condition hereof without the express written consent of Pardee Appraisal Services LLC.
25. Acceptance of and/or use of this report constitutes acceptance of all of the foregoing Assumptions and Limiting Conditions.

## PRIVACY NOTICE

Pursuant to the Gramm-Leach-Bliley Act of 1999, effective July 1, 2001, Appraisers, along with all providers of personal financial services are now required by federal law to inform their clients of the policies of the firm with regard to the privacy of client nonpublic personal information. As professionals, I (we) understand that your privacy is very important to you and are pleased to provide you with this information.

### Types of Nonpublic Personal Information I Collect

In the course of performing appraisals, I (we) may collect what is known as “nonpublic personal information” about you or your Client. This information is used to facilitate the services that I (we) provide to you and may include the information provided to me (us) by you directly or received by me (us) from others with your authorization.

### Parties to Whom I (We) Disclose Information

I (We) do not disclose any nonpublic personal information obtained in the course of my (our) engagement with my (our) clients to nonaffiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to my employees, and in certain situations, to unrelated third party consultants who need to know that information to assist us in provided appraisal services to you. All of my employees and any third party consultants I (we) employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A disclosure required by law would be a disclosure by us that is ordered by a court of competent jurisdiction with regard to a legal action to which you are a party.

### Confidentiality and Security

I (We) will retain records relating to professional services that I (we) have provided to you for a reasonable time so that I (we) am (are) better able to assist you with your needs. In order to protect your nonpublic personal information from unauthorized access by third parties, I (we) maintain physical, electronic and procedural safeguards that comply with my (our) professional standards to insure the security and integrity of your information.

Please feel free to call me (us) at any time if you have any questions about the confidentiality of the information that you provide to me (us).

## CERTIFICATION

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF...

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have performed an appraisal of the subject property in July of 2014, with no other services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- as of the date of this report, Tony Pardee has completed the requirements of the continuing education program of the States of Wisconsin and Michigan;
- I have made a personal inspection of the property that is the subject of this report on May 10, 2016;
- No one provided significant professional assistance to the person(s) signing this certification;
- The report analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- **The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;**
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



---

Tony Pardee  
Wisconsin Certified General Appraiser #1417  
Michigan Certified General Appraiser #1201072905  
Iowa Certified General Appraiser #CG03425

## CERTIFICATION

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF...

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- I have made a personal inspection of the property that is the subject of this report on May 10, 2016;
- No one provided significant professional assistance to the person(s) signing this certification;

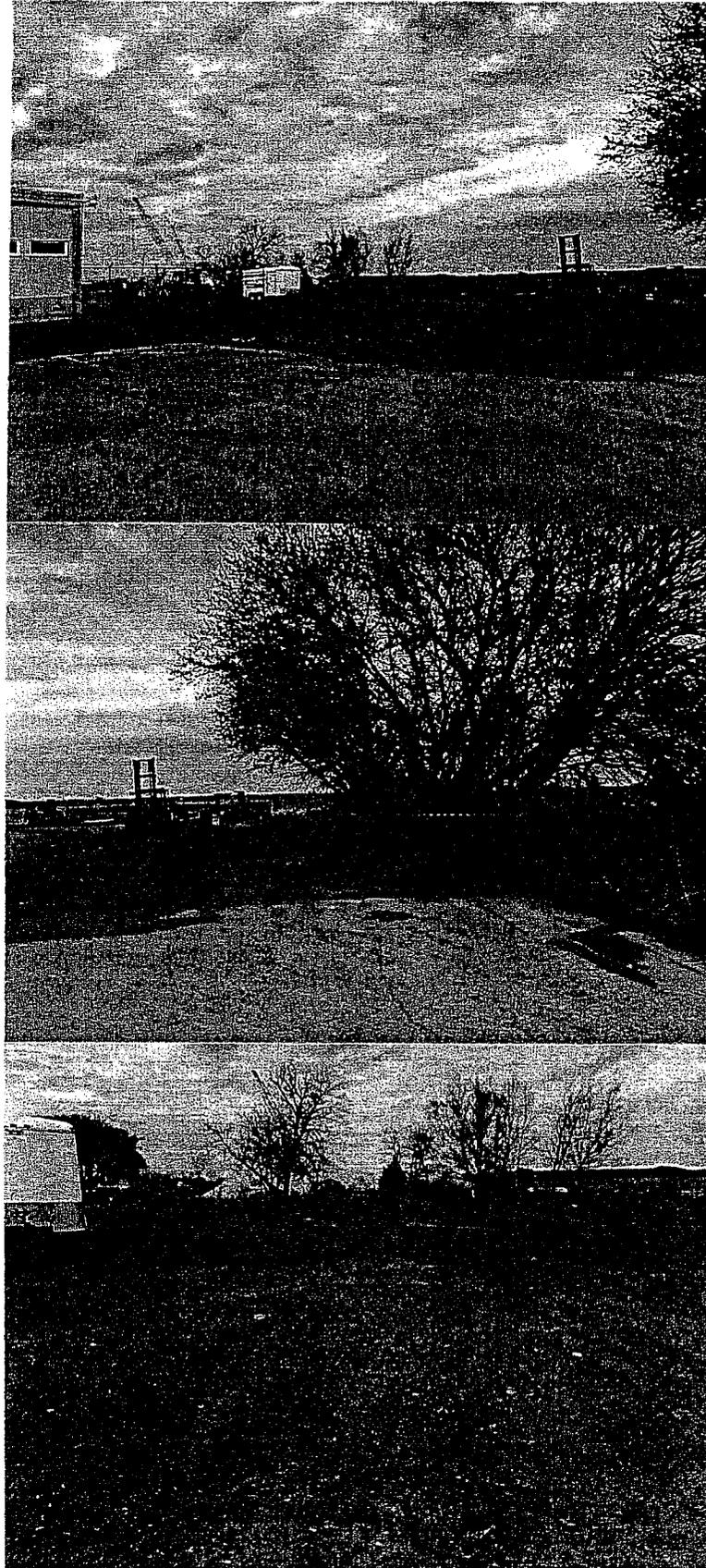


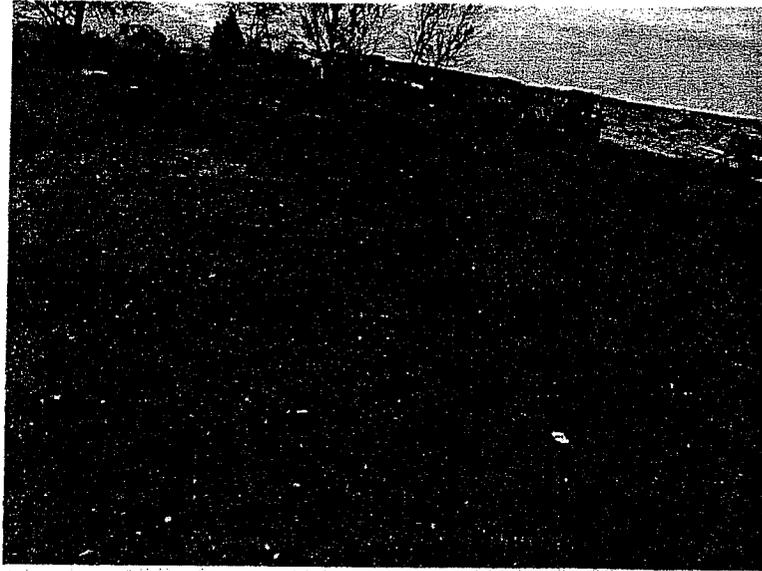
Eric Stauss  
Staff Appraiser

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SECTION I: SUBJECT PROPERTY PHOTOGRAPHS









## SECTION II: EXECUTIVE SUMMARY

Property Name: North 3rd Street Waterfront Site  
Property Location: North 3rd Street, City of Escanaba, Delta County, Michigan  
Property Type: Vacant Land  
Owner of Record: City of Escanaba  
Site Description:  
    Land Area: 1.02 acres  
    Zoning: Light Manufacturing District, per the City of Escanaba  
Highest and Best Use:  
    As If Vacant: Commercial/Light-Industrial Development Land  
    As Improved: Commercial/Light-Industrial Development Land  
Interest Appraised: Fee Simple  
Date of Valuation: May 10, 2016  
Date of Report: May 18, 2016  
Estimated Marketing Period: 9 - 36 months

### VALUE INDICATORS

Sales comparison approach	As Is	\$26,000
<b>Land Value- North 3rd Street Waterfront Site:</b>		<b><u>\$26,000</u></b>

### SECTION III: ASSIGNMENT PROCESS SUMMARY

In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal. Following the Scope of Work principle, the appraiser must first identify the client, the intended user(s), the intended use of the assignment results, and the type of value being developed.

#### *SUBJECT PROPERTY IDENTIFICATION*

The subject property is identified as follows:

**Legal Owner/History:** The current owner of this property is the City of Escanaba, who has owned the subject property throughout the three-year transfer history. Based on a search of MLS and other public sources, the property has not been listed for sale within the last three years.

**Property Address:** North 3rd Street, City of Escanaba, Delta County, Michigan.

**Tax Identification No. (s):** 051-420-2929-200-002

**Legal Description:** SEC 28 T48NR26W E 560' OF NW 1/4 OF SW 1/4 LYING N OF US 41 EXC N 300' THEREOF.

*Please note that a current Title Insurance Policy was not available for review to verify a legal description, although a survey map with legal description was provided and is located within the addendum of the report for review. Therefore, this appraisal is subject to review and verification of this legal description if/when a current Title Insurance Policy is available.*

#### *CLIENT, INTENDED USE/USERS, & PURPOSE*

##### **Client information/User(s) of the Appraisal**

This appraisal report is being completed for Mr. Dan Kobasic, located at 440 North 10th Street, Escanaba, Michigan 49829. Mr. Dan Kobasic is the intended user of this appraisal.

##### **Use of the Appraisal**

It is my understanding this appraisal is to be used for the purpose of analyzing the property for potential purchase.

*Market Value Defined-(extracted from two different sources)*

The definition of market value is taken from Legal Information Institute in partners with Cornell University of Law School (Title 12 CFR 34.42 Definitions issued 2013-01-01). This source defines market value in the following manner (similar definition as *The Appraisal Institute of Real Estate, Fourteenth Edition* publication by The Appraisal Institute:

*“Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

*Interest Valued*

The property rights appraised in the analysis are those associated with the Fee Simple Estate in the subject property. *Fee Simple Estate* is defined by The Dictionary of Real Estate Appraisal, 6th Edition, as follows:

*“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”*

With the exception of zoning restrictions, deed restrictions (if any) and easements of record (if any), the fee is assumed to be free and clear of all other liens, encumbrances, restrictions and/or defects of title.

Notwithstanding the foregoing definition, encumbrances that run with the fee ownership of the property are utility easements and per municipal approvals, including the zoning, currently in place. No additional reservations were reported. However, I recommend that a current and complete title search and survey be done on the property to determine the existence of any additional easements and encumbrances. Conditions of record and the valuation estimates contained in this report are subject to a current title search. The market values expressed and the property rights appraised are subject to these public utility easements, set back requirements, and any additional easements or encumbrances that may be determined as a result of a current title search and survey.

### *Estimated Marketing and Exposure Time*

*Exposure Time* is defined by The Dictionary of Real Estate Appraisal, 6th edition, as follows:

“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.”

*Marketing Time* is defined by The Dictionary of Real Estate Appraisal, 6th edition, as follows:

“An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”

It is the appraiser’s opinion the estimated marketing time and exposure time for this property would be nine to thirty-six months. This marketing time is based upon a review of similar projects in the area, review of statistical data from the Multiple Listing Service (MLS), and discussions with brokers knowledgeable in the marketing and sale of these types of properties.

### **ASSIGNMENT CONDITIONS**

#### **Extraordinary Assumptions**

An *Extraordinary Assumption* is defined by the Appraisal Institute in *The Appraisal of Real Estate 14<sup>th</sup> Edition* as follows “an extraordinary assumption is something that is believed to be true for the sake of the appraisal but that may or may not in fact be true as of the effective date of the appraisal. There are no Extraordinary Assumptions associated with this valuation.

#### **Hypothetical Conditions**

A *Hypothetical Condition* is something that is known to be contrary to fact as of the effective date of the appraisal but that is taken to be true for the purposes of the appraisal. There are no Hypothetical Conditions associated with this valuation.

#### **Jurisdictional Expectations**

A *Jurisdictional Exception* exists when a relevant law or regulation precludes compliance with the relevant professional standards. The requirements of federal, state, or local laws and regulations may contradict or supersede some portion of a set of professional standards. There is no Jurisdictional Expectations associated with this valuation.

**Dates of Value**

The effective date of the value estimate is May 10, 2016, which coincides with the date of inspection of the property by Tony Pardee and Eric Stauss. The date of the report is May 18, 2016.

## SECTION IV: SCOPE OF WORK

As mentioned previously, in developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal. The appraiser must also be sure that the scope of work meets or exceeds both the expectations of the intended users and what the appraiser's peer's actions would be, as well as that their scope of work can be understood by the "general public".

In preparing the appraisal, the appraiser:

- The subject property, specifically the land, were physically inspected on May 10, 2016 (for appraisal purposes only). The appraisers inspected the land and took photos at that time.
- Specific data concerning the county, region, and neighborhood are premised upon information in the appraisers' files, provided by the county, federal, and/or state agencies. The neighborhood information was based upon our physical inspection as well as information provided by local townships.
- The subject property data (acreage) is based on our physical inspection and on information obtained from the City of Escanaba Assessor's Office, and Delta County Departments.
- Gathered information on comparable site sales.
- Confirmed all comparable site information with parties of the transaction, listing or sales agent, and/or assessor files;
- This valuation is based upon the Fee Simple estimated market value in "As Is" condition.
- Analyzed the data and applied the sales comparison approach to determine a Fee Simple market value estimate in "As Is" condition.
- The highest and best use of the subject property was premised upon the investigation and research noted above.
- After assembling and analyzing the data defined in the scope of work, the final estimate of value for the subject has been established.

In this appraisal, only the Sales Comparison approach to value has been developed, and is considered to be the only applicable approach to value.

The *cost approach* reflects the value of the property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As this assignment involves vacant land with no building improvements, the cost approach was not feasible.

The *sales comparison approach* has been developed to form an opinion of value of the site with approximately 1.02 acres. This approach was given primary weight in the final value indication, although, most representative data available varied in regards to location, size, and conditions of the local market.

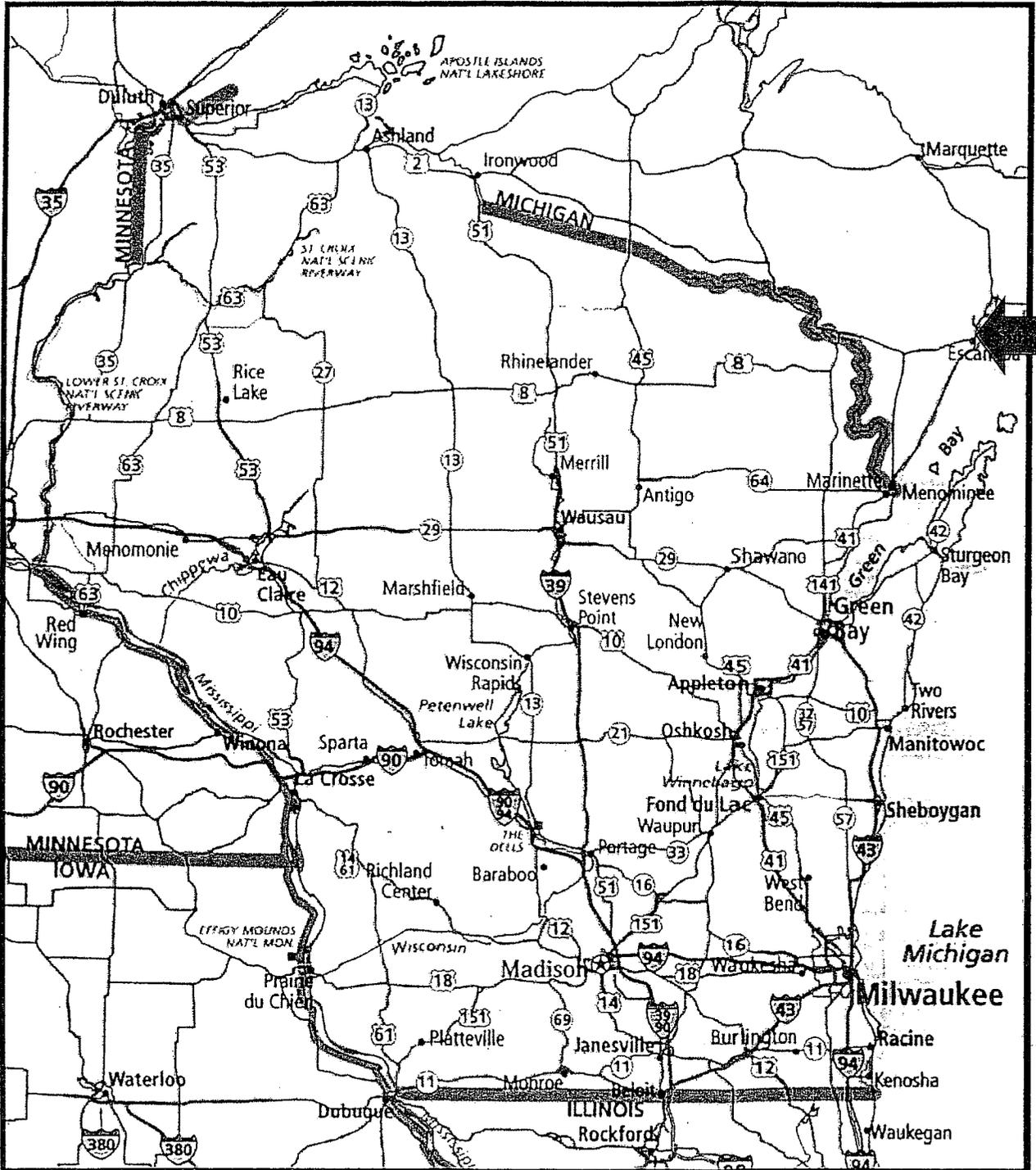
The *income capitalization approach* was not developed and is not considered to be applicable.

## Appraisal Standards and Reporting Guidelines

The *reporting* process can be in any of two forms, namely, Appraisal Report or Restricted Appraisal Report. An Appraisal Report contains summary discussions of the data, reasoning, and analyses that were used to develop the opinion of value. Restricted Appraisal Reports contain statements of the appraiser's findings with virtually no detail or explanation of the data, reasoning and analysis that were used to develop the opinion of value. In the case of the Appraisal Reports and Restricted Appraisal Reports, any data, reasoning, and analyses not discussed in the report are retained in the appraiser's work file.

This is an Appraisal Report, which is subject to the Code of Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, the report has been written to comply with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA); the OCC Appraisal Standards of 12 CFR, part 34; and the Guidelines for Real Estate Appraisal Policies and Review Procedures adopted by the bank supervision offices of the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency, as of December 14, 1987.

SECTION V: REGIONAL AND MARKET AREA ANALYSIS  
 REGIONAL AREA MAP



## REGIONAL AREA ANALYSIS

### Introduction

Delta County, Upper Peninsula of Michigan contains 1,991.58 square miles, 1,170 of it is land and 821.56 square miles is water. Its name originates from the Greek letter “delta” which refers to the triangular shape of the original county which included segments of Menominee, Dickinson, Iron and Marquette Counties. It was originally surveyed in 1843 and the county was formally organized in 1861. It’s located on the northern shores of Lake Michigan and Escanaba, Michigan the county seat. Delta County is home to the Upper Peninsula Michigan State Fair held in Escanaba, Michigan and is home to the only Native American paintings in Michigan, created by the Nokay Indians in 500AD.



### Highways

Delta County has many highways that segregate the county. U.S. Highway 2 runs west/east and for the most part U.S. Highway 41 shares the same road as U.S. Highway 2 through the county, splitting north to Marquette in Escanaba. Michigan Highway M-35 runs north/south, Michigan Highway M-69 comes in from the west and ends in Escanaba. Michigan Highway M-183 goes northeast.

### Great Lakes

Delta County is located on the northern shores of Lake Michigan, surrounding Little Bay de Noc and Big Bay de Noc. A little over half of Delta County is contained in the Hiawatha national Forest with over 140 inland lakes and 144 miles of Lake Michigan coastline. This makes Delta County a prime spot for water recreation and fishing as well as providing shipping ports for manufacturers.

### Population

The 2010 United States Census Bureau estimate shows that Delta County had a population of 36,905 people. This is a decrease of 164 people from the 2010 U.S. Census. The population consists of 20.9% under the age of 18, 79.1% are over age 18, and 19.1% are age 65 or older. The median age was 45.6 years old. The population is made up of 49.5% males and 50.5% females.

### Education

The population over the age of 25 years old with a high school diploma is 91.7%, of those 17.9% attained a bachelor's degree or higher. Currently there are 1,709 students in colleges and technical schools in the county. Delta County is home to three institutions of higher learning: Bay de Noc College, The Paul Mitchell Academy, and Delta-Montrose Technical College, according to the most recent data available on city-data.com.

### Households

In 2011 there were 16,071 total households and 10,511 family households in Delta County. The population density was 31.7 per square mile. There is an estimated total of 20,212 housing units with an average density of 17.3 per square mile. Of the households, 23.6% had children under the age of 18 living in the household, 52.5% were married couple families, 8.1% had a female householder with no husband in the home and 34.6% were non families. There is an average of 2.27 persons per household.

### **Housing**

There are 16,199 single family homes in Delta County, and 2,536 housing units in multiunit properties. There are also 1,468 mobile homes in Delta County. The estimated median house value in 2009 was \$99,600, up from \$77,000 in 2000. There are 12,602 owner occupied units in the county with 43.3% having no mortgage on their home. The median gross rent for housing units is \$547.

### **Employment**

Major employers in the area include New Page, Wal-Mart, Shopko, Island Resort and Casino, St Francis Hospital, Bay de Noc Community College, VanAire, Engineered Machine Products, Besse Forest Products Group, and Escanaba/Gladstone Schools. Unemployment in the county was 8.7% as of April 2014 compared to the state rate of 7.5%.

### **Income**

The median income for a household in 2011 in Delta County was \$42,504 and \$52,567 was the mean for family income. The per capita income for the county was \$22,064. Approximately 15.3% of the overall population were living below the poverty line including 17.4% of those under the age of 18 and 8.5% of those over the age of 65, according to the most recent data available on city-data.com.

### **Amenities**

There are 17 grocery stores, 24 convenience stores most of them with gas. 34 full service restaurants, Wal Mart, Escanaba Mall, Saykly's Confectioners, and many small and privately owned businesses. Mead paper is the largest corporation in Delta County.

### **Agriculture**

The average size of farms in Delta County consist of 272 acres with 52.77% of them raising livestock, 8.06% sod and agricultural products and the remaining 35.79% are harvested cropland. The average number of cattle per 100 acres is 9.8 with 23.29% of the cattle raised as milk cows. The average age of the principal farm operators is 55 years old. There is 2,110 acres planted with corn, 604 planted with wheat, 379 have assorted vegetables and 72 acres are orchards.

### **Industrial Park**

Delta County Industrial Airpark is located at the Delta County Airport in Escanaba and offers commercial and general aviation services with 2 all-weather landing strips. There is also good access to truck, rail and port connections. The park has 132 acres of improved land and is part of the Michigan Tax-Free Renaissance Zone. The Whitetail Industrial park is located in Escanaba, has 37.19 acres and is about half full. The park was just approved in 2012 for a \$94,000 capital improvement for high speed internet given by the state. As of 2012, lots as small as 1.53 acres are available and 20 acres total are still available for development. The park has good access to U.S. Highway 41 and Michigan Highway 35 as well as nearby rail, airport and port access.

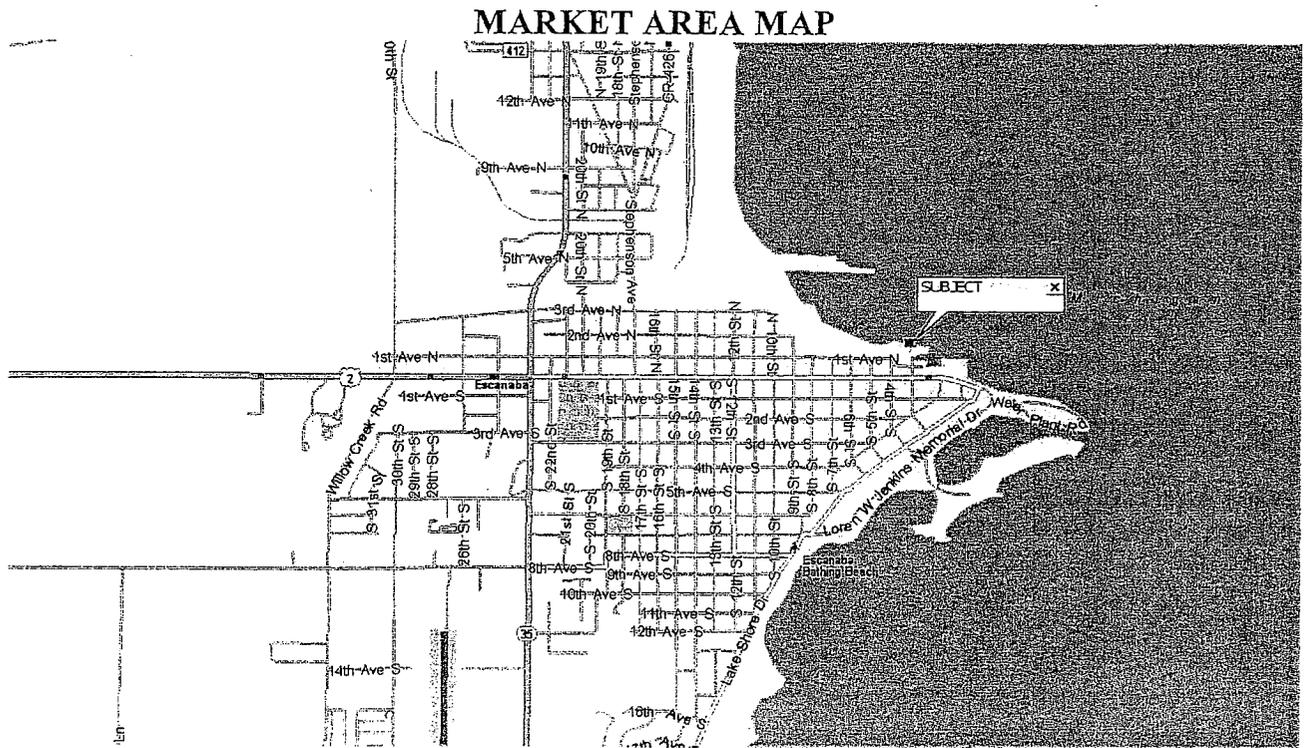
North Bluff Industrial Park is located in Gladstone and has all capital improvements completed. The property is zoned industrial, has 110 acres and has many lots still available for development.

## Business Development

The Delta County Economic Development Alliance Inc works to provide marketing and advertising for Delta County activities and businesses. They host a website with basic information about the county, primary industries, transportation, infrastructure and weather information. It doesn't appear that the main focus is to seek out and attract new businesses but instead support the existing businesses.

## Summary

Delta County is a destination location for those looking to enjoy nature and the Great Lakes, however tourism has not been able to sustain this community, ore mining and paper manufacturing still are the bedrock upon what the rest of the community grows. Delta County has huge undeveloped areas of woodlands and provides its residents privacy and the opportunity to enjoy all nature offers along with hunting, fishing, and winter sports. Delta County has a great potential for growth with a stable workforce, nearby college for training that workforce and the amenities that keep residents satisfied to live in this county.



## MARKET AREA SUMMARY

### Introduction

The City of Escanaba, Delta County, Upper Peninsula of Michigan is the northern most city on Lake Michigan on the shores of Little Bay De Noc. It's the third largest city in the Upper Peninsula of Michigan with a college, hospital, clinics, franchised businesses, manufacturing and more to offer both families and visitors. Escanaba is the county seat of Delta County and home to the Upper Peninsula State Fair. The state fairgrounds feature 30 buildings, a grandstand, ½ mile horse track, gas and steam engine show, logging congress, and DNR Pocket Park. Escanaba's downtown features more than a mile of unique, distinctive shops and service businesses. Escanaba consists of 16.5 square miles with 12.7 of that land and 3.9 square miles of water. There are over 412 acres of maintained parks and playgrounds and many community services that normally are not offered in this sized community including a state of the art library, premier health care system, quality educational system and airport that services corporate and general aviation services and Delta Airlines. Although technically Escanaba is in the State of Michigan, this area seems to have closer cultural ties with the state of Wisconsin.

Escanaba City, Delta County, Michigan

### History

The origin of the name Escanaba is from the Ojibwa native language meaning "land of the red buck", although some claim its translation is "flat rock". Escanaba was originally an Ojibwa village in the early 19<sup>th</sup> century, but by the mid-19<sup>th</sup> century it was gaining importance to the Union as a port for shipping iron ore, lumber and copper during the Civil War. In 1867 a lighthouse was built, the Sand Point Lighthouse, at a cost of \$11,000. It continued to warn inbound ships until 1939 when it was deactivated and converted by the United States Coast Guard to house seamen assigned to Escanaba. The lighthouse has since been restored in the 1980's to its original design and has been placed on the National Register of Historic Places.

### People

Escanaba was home to its own pirate, Dan Seavey, a Great Lakes pirate. In January 1968, Green Bay Packers coach Vince Lombardi's daughter was married in Escanaba in St Anne's Church. Kevin Tapani is a former major League Baseball pitcher who played for the New York Mets, Minnesota Twins and three other teams from 1989 to 2001.

### Connections

U.S. Highway 2 is the main thoroughfare through Escanaba running east/west along Lake Michigan from Escanaba to the Mackinac Bridge. Hwy 2 runs concurrent with U.S. Highway 41 westerly then extends north to Marquette. Michigan highway 35 runs northwest/southeast and provides a direct route to Menominee, Michigan and Green Bay, Wisconsin. Michigan highway 69 travels northwest to Crystal Falls, Michigan. Escanaba has Delta County Airport with daily flights to Minneapolis/St Paul and Detroit with Delta Airlines. There is also the Delta Area Transit Authority with a car rental agency, intercity bus service and a public transit connection.

### **Location**

Cities nearest to Escanaba include Gladstone, just 2.7 miles north, Bark River 10 miles West, Cornell 5 miles northwest, Ford River 1 miles south and Brampton 4 miles north. Larger cities nearby include Powers, Michigan, 20 miles west, Menominee, Michigan 50 miles south and Marquette 70 miles north. Escanaba is 170 miles west of the Mackinac Bridge, 179 miles to Mackinac Island and 172 miles to lower Michigan and Cheboygan, Michigan. Lansing, Michigan, the state capital is 377 miles southeast of Escanaba. Escanaba is 110 miles northeast of Green Bay, Wisconsin, 255 miles north of Milwaukee, Wisconsin, 382 miles northeast of Minneapolis, Minnesota and 315 miles north of Chicago, Illinois.

### **Education**

Escanaba offers an early childhood center with playground and equipment, there are four elementary schools, a middle school and senior high school. The high school offers a gym, ¼ mile running track, stadium, two practice football fields, and four tennis courts. There is also Holy Name Central School, a private school for those wanting to place their children in a religious educational environment. Escanaba is also home to Bay De Noc College offering associate degree programs in many fields with 1,620 students enrolled full time plus the school is very supportive of the arts. Paul Mitchell School of Cosmetology is also providing full time enrollment for 42 students annually. Nearby universities include Northern Michigan University in Marquette, Michigan, University of Wisconsin-Green Bay and Northeast Wisconsin Technical College in Green bay, 110 miles away. For the population 25 years and older in Escanaba 86.2% have graduated high school. Of those 19.5% have a bachelor's degree, of those 5.9% have earned a graduate degree.

### **Recreation**

Due to its close proximity to one of the Great Lakes, Escanaba is a destination for boaters, anglers and outdoor enthusiasts. Escanaba decided in January 2011 to adopt a Complete Streets resolution to improve the quality of life for its residents and accessibility for visitors. This resolution creates policies to ensure that engineers and planners must design roadways to accommodate all users, not just motorists meaning that pedestrians, bicyclists and those with disabilities have better usage of safer roadways. Escanaba has many parks with a goal of 6.25 to 10.5 acres of parkland per 1,000 residents. Currently there are 5 larger parks with hiking & biking trails, playground equipment, picnic areas and swimming. Ludington Park has recently constructed a gazebo with stunning landscaping, walkways and lakeshore backdrop to accommodate weddings and social events. Escanaba has an established recreational non-motorized pathway that is several miles long, Escanaba Municipal Marina which has boat slips for rent and Aronson Island Fishing Pier for those without a boat wanting to fish. Escanaba has a large Family Fun Park that offers go karts, mini golf, batting cages, bumper boats and more. The Wells Sports Complex offers ice skating lessons and the YMCA and Bonifas Art Center have extensive youth and adult programs.

### **Employment**

The city of Escanaba has a 9.7% unemployment rate currently, compared to the state average of 7.7%. It's believed that the nationwide economic crisis has had a negative impact on Escanaba, Delta County and the Upper

Peninsula as a whole. Employment has increased in the service industries, the downside to those extra jobs is the poor income they provide when compared to the years when manufacturing and mining were the major employers. There have been 1500 new jobs created in the last 25 years in Escanaba, but this doesn't keep up with the job needs. Currently the largest employer in Escanaba is the city, county and state providing 3,665 jobs. Manufacturing comes in second with 2,687 jobs, down from 3,298 in 2000. Retail trade provides 2,252 jobs and food service, hospitality, arts and entertainment and recreation providing 1,478 jobs. The remainder of the residents are employed in agriculture, forestry, fishing & hunting, 411; construction 1,011 jobs; transportation and warehousing 980 employed; finance, insurance, real estate and leasing 888 jobs; managers, administrators, those with professional and scientific degrees hold 926 jobs; and public administration provides 986 jobs. Mean travel time to work is 14.1 minutes.

**Unemployment Rate - Ten Year Chart**



**Businesses**

Escanaba has 17 grocery stores, 24 convenience stores some with gas some without, 34 full service restaurants, many franchised fast food locations, UPS, FedEx, and a large mall with franchised clothing shops, Saykly's Confectioners, Shopko and a Wal-Mart. It's home to Brute Industries a manufacturer of race ramps, Lakestate Industries provides training and employment as a not for profit business, Motion Industries, a manufacturer of bearings, Mead paper manufacturing, Escanaba Mining, and Adecco USA, an engineering firm.

**Industry**

Escanaba and the surrounding area is now home to a major wood product manufacturing operation, coated paper manufacturing, thermoformed packing company, ore shipping, railroad hub and one of the finest handcrafted bedding manufacturers in the bedding industry. Although iron ore and forestry have been major employers, the instability and fluctuating growth have necessitated diversifying the economic base of Escanaba to ensure jobs and growth. Industrial land use in Escanaba occupies 18% of the city's land base even though industry has been slowly shrinking.

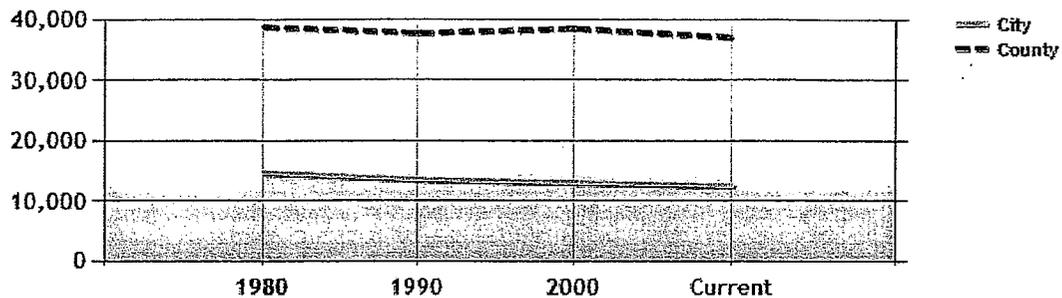
**Health**

Escanaba has an acute care hospital, St Francis Hospital, which provides emergency services. It also has Doctor's Park, a group of family practice providers for general care. The next closest hospital is Schoolcraft Memorial Hospital, 41 miles north, Dickinson County Memorial Hospital in Iron Mountain 55 miles away and Iron Mountain Michigan VA Medical Center.

## Population

With few residential building lots available in the city limits the population within the city limits has stagnated since the 1980's when the population was at its height, 14,355 residents, to now 12,552 residents as of the 2012 census estimate. However, there is construction happening outside the city limits with slow but steady growth. Of the current residents 52.9% are female and 47.1% male. The age breakdown is 21.4% under age 18 and 19.6% are 65 and older, leaving 41% of the population between 18 and 65 years. The changes in population over the last 30 years is attributed to younger families opting to buy homes with larger lots for their children to utilize but its expected as the area's population ages that there will be a reversal of this trend bringing residents to want to have smaller lots to maintain and a closer proximity to local amenities. Escanaba's population 15 years and older, 25.4% have never married, 52.5% are currently married, 10.2% are widowed and 11% are divorced. There is a population density of 997 people per square mile.

Population - Thirty Year Chart



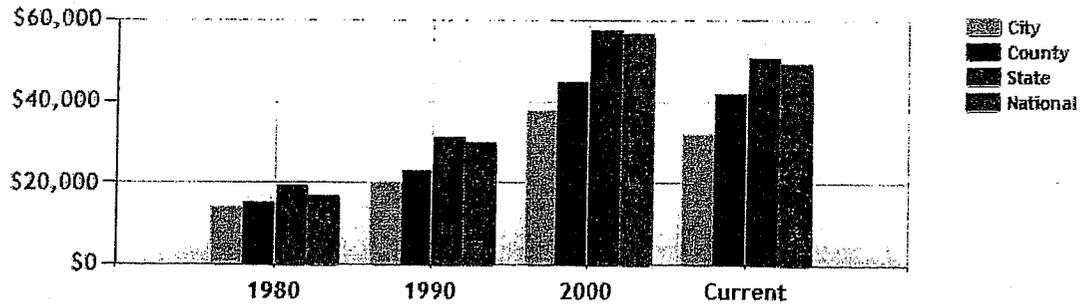
## Households

There are 5,762 households in Escanaba of which 21.7% have children under the age of 18. There are only 38.4% of the households with married couples living together with an average family size of 2.76. 11.4% of households have women as the householder with no husband present and 46.6% are non-family households. The city of Escanaba averages 2.10 people in each home, down from 1990 when it was 2.32. Individual households are on the rise with 38% being single and of those 16.2% are age 65 or older.

## Income

The median income for a household in the city limits is \$27,346 and the median income for a family is \$44,649. Men have a median income of \$38,402 versus only \$30,202 for women. The per capita income in Escanaba is \$18,773. About 19.2% of families and 26.1% of the population are living below the poverty line including 33.2% of those under 18 and 11.7% of those 65 and older.

**Household Income - Thirty Year Chart**



**Housing**

Median house price in Escanaba is \$83,000 whereas the state of Michigan averages \$128,600. The residential mean price of homes is \$106,672, duplex mean is \$99,854, multi-unit mean is \$78,289 and mobile home mean is \$29,232. Gross median rent is \$526.

**Northshore Master plan**

It was decided in 2009 that the Escanaba waterfront is an underutilized resource and should be converted into a mixed use redevelopment area. The properties along the north shore of Little Bay De Noc have great potential to create year round activities with connections to surrounding neighborhoods, the downtown amenities, increased use of available labor, regional access and the recreational and natural scenery attributes of this waterfront location. The project requires preparation of the land with a development plan that will attract new businesses and housing opportunities for all income levels and provide jobs for residents of different skill levels. This plan also provides for recreational, civic and cultural opportunities and ensures the protection of the area’s valuable natural resources. The current step includes the current waterfront property owners and other major community stakeholders to be involved in the pre redevelopment process to create excitement for the changes and improvements.

**Tourism**

Tourism and tourism related business and industries play an important role in the diversification in Escanaba’s economy. It’s been identified as a key growth potential area and been tied as part of the economic growth plan. There was an Escanaba/Gladstone Convention and Visitors center built in 1997 that promotes the area’s recreation and leisure opportunities with special focus on Little Bay De Noc, which is considered the area’s most valuable resource. Visitors to the area enjoy the lakeshore as well as fishing, camping, hiking, and snowmobiling in the winter.

**Summary**

Although Escanaba is remote, it’s a beautiful area to live with lots of trees and lakes for privacy and recreation. Escanaba is a community that has very slow growth, but in a time when small cities are either thriving or withering, Escanaba is staying strong and has a direction for the future to ensure its continuance. Escanaba offers the amenities needed and sought by most modern families for those who want to live in a more rural setting.



**Topography:** The subject site has a predominately level topography, with a taper towards the water and wood pilings protruding within the water line.

**Utilities:** The subject site is served by public utilities necessary for development.

**Environmental:** The appraiser(s) are not qualified to detect the presence of environmental contaminants. The presence of potentially hazardous materials may impact the value of the property. Unless otherwise stated in this report, the value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover such contaminants. Any party relying on this appraisal is urged to retain an expert in this field, if desired.

**Easements and Encroachments:** Typical utility easements are assumed to exist on this site. No apparent encroachments or adverse easements were noted from physical inspection; however, the appraisers make no guarantee in that regard. I assume for purposes of this report that there are no adverse easements or conditions. From an inspection of the site, the usual utility, sanitary sewer and storm water easements exist on the property.

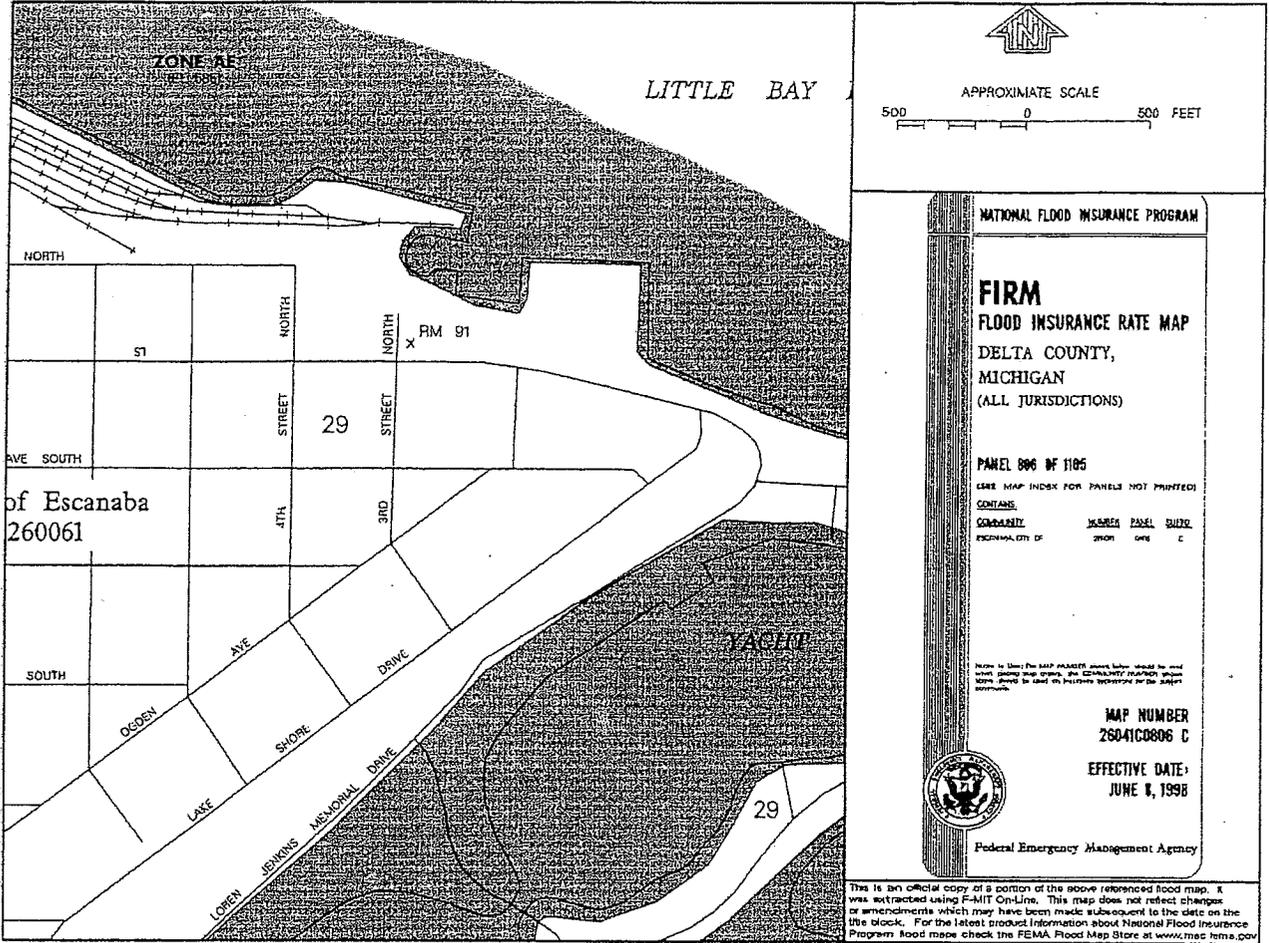
**Zoning:** The subject site is zoned Light Manufacturing District, per the City of Escanaba.

#### **REAL ESTATE TAXES AND ASSESSED VALUES**

The subject property's tax identification number is 051-420-2929-200-002. The subject property is currently owned by the City of Escanaba and therefore is exempt from property taxes.

**Conclusion - Site Analysis:** The site's size and shape are adequate and functional to support a commercial/light-industrial development within the constraints of the zoning parameters. The site is located in Zone AE of the 100-year flood area. Please see a copy of the FEMA map located on the following page, as well as within the addendum of the report.

FEMA MAP



## SECTION VII: HIGHEST AND BEST USE/VALUATION METHODOLOGY

### HIGHEST AND BEST USE ANALYSIS

Since real estate value is determined by its use potential, the reported value estimates are based on the highest and best use of the property. An analysis of the highest and best use of a property provides the foundation for a thorough investigation of the interaction of market forces. The collection and analysis of the general data used to estimate property value provides the evidence on which a highest and best use conclusion is based.

#### *Highest and Best Use is defined as:*

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The highest and best use must meet four test criteria; namely, legal permissibility, physical possibility, financial feasibility, and maximal profitability.

- 1: *Legally Permissible Uses* - What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?
- 2: *Physically Possible* - What uses are physically possible on the subject site?
- 3: *Feasible Uses* - Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?
- 4: *Highest Net Return* - Of those uses that are feasible, legally permissible, and physically possible, which will produce the highest net return?

Estimating the highest and best use generally involves consideration of the subject property under two scenarios: *as vacant* land and *as improved*. The *as vacant* scenario assumes that the subject site is vacant or can be made vacant for development. The highest and best use *as improved* addresses whether the proposed improvements are the best utilization of the property. The highest and best use of the underlying land may differ from that of the property as improved if the improvements do not constitute an appropriate use generating the highest net return to the land. The overall purpose of determining the highest and best use of the property as improved is to identify the use that would be expected to produce the greatest value to the site.

When potential buyers contemplate purchasing real estate for personal use or occupancy, their principal motivations are perceived benefits of enhanced enjoyment, prestige, and privacy. Purchasers of investment property are frequently motivated by the promise of net income or capital accumulation and certain tax advantages. These investors are more directly concerned with feasibility, an indication that a project has a reasonable likelihood of satisfying their specific objectives. These objectives may include assured occupancy, establishing operating costs at a reasonable and acceptable level, and potential property appreciation.

## ***“AS VACANT”***

### **Legally Permissible**

The subject site is approved for the commercial/light manufacturing development land. If the vacant site were sold, the current zoning would legally encumber the site to be developed as per the zoning and approvals currently in-place. Any other type of development would most likely be subject to rezoning and approvals. Given surrounding land use patterns and demand for commercial/light-industrial land space in the immediate neighborhood, some type of commercial/light-industrial development would most likely be allowable, either by alternative zoning, variances, and/or municipal approvals.

### **Physically Possible**

To be a physically possible use, the size, shape, and topographical features of the site must be adequate in order to support any proposed or existing development. This parcel has a predominately level topography, with a site area of approximately 1.02 acres, according to Delta County and City of Escanaba personnel. The physical aspects of the site do not impose constraints that would restrict it from being developed under the highest and best use.

The subject parcel is served with all necessary public utilities that should have sufficient capability to serve most forms of commercial or light-industrial development (consistent with surrounding land use patterns). It is assumed the site has adequate load-bearing capacities for development as a commercial/light-industrial site.

The size and topography of the parcels do not appear to limit any legally permissible uses, either as currently zoned or under a scenario of rezoning (as if vacant) for some alternative type of development.

### **Financially Feasible and Maximally Productive**

Sufficient demand is considered to exist, as evidenced by survey data reviewed regarding vacancy rates, occupancy levels, past operating history of similar properties in the area, supply and demand characteristics in the immediate area, and development trends. This type of use is considered to provide the greatest return to the land and should result in the highest underlying land value. As vacant, and after considering the legally permissible and physically possible uses, it is the appraisers' opinion the financially feasible and maximally productive use of the site would be for commercial/light-industrial use, which takes advantage of the site location.

### **Conclusion – As Vacant**

It is the appraiser's opinion that some type of commercial/light-industrial use is considered to be the highest and best use of this site as if vacant and available for development. Considering properties in the area and the inherent demand as evidenced by other commercial/light-industrial properties, commercial/light-industrial use would be provide sufficient return to an investor.

***“AS IMPROVED”***

The highest and best use as improved is for the use as commercial or light-industrial site. The owner has not obtained any approvals for any proposed development that were provided or available from the City of Escanaba property file. Demand exists for these types of facilities, as evidenced by the commercial/light-industrial growth within the area and the diminishing availability of commercial lots.

The **valuation methodology** will be developed next. The highest and best use analysis has formed the basis for comparison in the approach to value.

## VALUATION METHODOLOGY

The valuation process involves researching current market conditions and trends as well as collecting and analyzing specific site data relating to the subject property. Based upon the market and site data obtained, an analysis of the subject's competitive position and market appeal may then be prepared. Value conclusions are drawn based upon this information and the informed judgment of the appraiser(s).

### **Valuation Approaches**

In the valuation of real estate, any one or any combination of the three traditional appraisal methods may be used.

These three methods are known as the cost, sales comparison, and income capitalization approaches to value. All three approaches are based on the economic principle of substitution.

#### *Cost Approach*

In the cost approach, a property is valued based on a comparison with the cost to build a new or substitute property. The cost estimate is adjusted for the depreciation evident in the existing property. Appraisers compare the cost of the subject improvements to the cost to develop similar improvements as evidenced by the cost of construction of substitute properties with the same utility as the subject property. The estimate of development cost is adjusted for market-extracted losses in value caused by the age, condition, and utility of the subject improvements or for locational problems. The land value is then added, usually based on comparison with sales of comparable sites. The sum of the value of the land and the improvements is adjusted for the rights included with the subject property again based on market comparisons.

#### *Sales Comparison Approach*

The methodology of the sales comparison approach suggests that the value of the property being appraised tend to be set by the cost of acquiring an equally desirable substitute property without undue delay. This approach requires a detailed comparison of sales of comparable properties to the subject property. The accuracy of this approach is determined to a large extent by the existence of and availability of data on recent sales of properties that are similar to the subject in use, location, age, size, quality, condition, and general appeal. Therefore, a sufficient number of comparable sale transactions must be available for analysis, and the information obtained including price, financial terms, and property description must be reasonably reliable. As such, this approach is most accurate when used for properties that have wide market appeal and are frequently bought and sold on the open market. It can be used with a variety of property types and is the only relevant approach in most vacant land appraisals.

### *Income Capitalization Approach*

The methodology of the income capitalization approach suggests that the value of the property being appraised tends to be set by the present worth of its future benefits. For rental properties, the future benefits are defined as the projected net operating income (i.e., cash flow before debt service) plus the net sales proceeds at disposition. The present worth of the future benefits may be estimated by the direct capitalization method or by a discounted cash flow (DCF) analysis. The accuracy of the income capitalization approach depends to a large extent on the availability of comparable rental data, vacancy rates, operating expenses, holding costs, and the perceived rate of return required by investors for the property type being analyzed.

### **Valuation Approaches Developed**

In this appraisal, only the Sales Comparison approach to value has been developed, and is considered to be the only applicable approach to value.

The **cost approach** reflects the value of the property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As this assignment involves vacant land with no building improvements, the cost approach was not feasible.

The **sales comparison approach** has been developed to form an opinion of value of the site with approximately 1.02 acres. This approach was given primary weight in the final value indication, although, most representative data available varied in regards to location, size, and conditions of the local market.

The **income capitalization approach** was not developed and is not considered to be applicable.

The *sales comparison approach* will be developed next.

## SECTION IX: SALES COMPARISON APPROACH

### VALUATION OF THE IMPROVEMENTS

The "Sales Comparison Approach" is defined in The Appraisal of Real Estate, Fourteenth Edition (sponsored by the Appraisal Institute) as:

*"The process of deriving a value indication for the subject property by comparing similar properties that have recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available."*

Comparable properties are best analyzed on a unit of comparison basis (e.g., per square foot, acre, etc.). By using the appropriate unit of comparison, the effect of varying property sizes can be mitigated. The most common unit of comparison for a land valuation is the price per foot or the price per acre of land, with the price per acre considered most applicable in this scenario due to the size of the subject parcel. Analyzing this indicator most closely reflects the actions and decision processes of buyers and sellers in the marketplace.

The sales comparison approach has been developed to form an opinion of value of the property as a site containing 1.02 acres of waterfront commercial/light-industrial site area. Due to the lack of recent comparable sales within the immediate area, the appraisers utilized some sales which were older and/or outside the area.

A summary of each comparable sale from the local market considered applicable for the analysis to estimate the value of the subject property based upon a sales comparison approach follows.

### SITE VALUATION

The following page contains a **Comparable Land Sales Summary**. This table includes six (6) land sales, including active listings, which were purchased for commercial/light-industrial use, all of which are located within the subject's marketing area.

# COMPARABLE LAND SALES SUMMARY

COMPARABLE LAND SALES SUMMARY CHART						
Sale #	Site Description / Address	Sale Date	Site Information	Sale Price	Sale Price Breakdown	Comments
1	110 North 3Rd Street Escanaba, MI	Aug-13	Site Size (Acres): 1.33 Water Frontage: 1246.00	\$170,000	Per Acre: \$127,820 Per Front Foot: \$136	This site was purchased at an auction and the buyer was not informed of the deferred maintenance of the residence on the structure. Extensive renovation is underway of the residence and portions of the building have been fully removed. Full Purchase price was \$420,000 with an allocation of \$250,000 for the residence and boathouse (private enclosed boat slip) was estimated by the appraiser, netting a land value of \$170,000. Not that the property has south side bulkhead installed with work needed for useable bulkhead space along the north property area.
2	7266 U.S. Highway 2 & 41 Gladstone, MI	Nov-11	Site Size (Acres): 0.58 Water Frontage: 80.00	\$30,000	Per Acre: \$51,724 Per Front Foot: \$375	This property was purchased with an office/warehouse building on place at the time of purchase. The buyer originally purchased with intent to possibly redevelop the site, although buyer did not return calls for confirmation. A 2,422 square foot facility is on the property with an estimated value of \$70,000, netting a land value of \$30,000 from the purchase price of \$100,000.
3	2410 10TH Street Menominee, MI	Nov-12 May-05	Site Size (Acres): 1.20 Water Frontage: 237.00 Site Size (Acres): 1.20 Water Frontage: 237.00	\$30,000 \$350,000	Per Acre: \$25,000 Per Front Foot: \$127 Per Acre: \$291,667 Per Front Foot: \$1,477	This was a bank foreclosure sale and property was on the market in excess of three years. This site has limited visibility and access from 10TH Street. Site may have environmental issues, and contains a storm water drainage area through the property. This property was not actively marketed to the public and buyer owned adjacent property along 10th Street. This property also has possible environmental contamination
4	300 Wells Street Marinette, WI	Jan-11	Site Size (Acres): 4.64 Water Frontage: 2,897.00	\$250,000	Per Acre: \$53,879 Per Front Foot: \$86	This site area is divided into several sections that were leased for the previous fifty plus years by the buyer. The site is used for a Marina and includes and Island peninsula that extends from the Interstate 41 Bridge to the east in the Menominee River. Of the 2,897 front feet only 909 feet of frontage is actually useable for marine operations.
5	2000 Power Plant Road Escanaba, MI	Feb-16	Site Size (Acres): 19.60 Water Frontage: 1,200.00	\$257,000	Per Acre: \$13,112 Per Front Foot: \$214	This site contains a former power plant that was owned by the City of Escanaba. The property was reported to be purchased at auction by Dun Yet Enterprises, LLC for a consideration of \$257,000. The building experienced a fire and therefore contributes little to no value to the property. According to the City Assessor, the property contains approximately 1,200 feet of bay (Lake Michigan) frontage.
6	3500 10th Street Menominee, MI	Active	Site Size (Acres): 8.21 Water Frontage: 511.00	\$600,000	Per Acre: \$73,082 Per Front Foot: \$1,174	This property has approximately 511 feet of frontage on both U.S. Highway 41 and the shores of Green Bay. Property originally listed at \$2,000,000, then \$1,200,000, then 12 months at \$940,000, and currently at \$750,00 for in excess of six months. The site is zoned C-2 commercial district.

## ADJUSTMENT GRID

COMPARABLE SALES ADJUSTMENT GRID						
Sale Number	1	2	3	4	5	6
Sale Price/Acre	\$127,820	\$51,724	\$25,000	\$53,879	\$13,112	\$73,082
Sale Price/Front Foot	\$136	\$375	\$127	\$86	\$214	\$1174
Property Rights	0%	0%	0%	0%	0%	0%
Financing	0%	0%	0%	0%	0%	0%
Conditions of Sale	-15%	0%	0%	0%	25%	-10%
Market Conditions						
Date of Sale	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Unit Value (Prior to Physical Adjustments)	\$108,647 \$116	\$51,724 \$375	\$25,000 \$127	\$53,879 \$86	\$16,390 \$268	\$65,774 \$1,037
Physical Characteristics						
Location	0.00%	-25.00%	10.00%	15.00%	5.00%	-10.00%
Access/Visibility	0.00%	-10.00%	-10.00%	5.00%	10.00%	-15.00%
Size	0.00%	-10.00%	0.00%	10.00%	20.00%	10.00%
Shape/Functional Utility	10.00%	-15.00%	5.00%	0.00%	-10.00%	-25.00%
Site Improvements	-20.00%	0.00%	0.00%	-10.00%	0.00%	0.00%
Water Frontage	-25.00%	10.00%	15.00%	-25.00%	-20.00%	-10.00%
Topography	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Physical Adjustments	-35.00%	-50.00%	20.00%	-5.00%	5.00%	-50.00%
Adjusted Unit Value	\$70,621 \$75	\$25,862 \$188	\$30,000 \$152	\$51,185 \$82	\$17,210 \$281	\$32,887 \$528
Total Adjustment (%) (From Sale Price/Unit)	-44.75%	-50.00%	20.00%	-5.00%	31.25%	-55.00%
<b>Adjusted Sales Price:</b>						
Mean (all sales) Per Acre	\$37,961	<u>Reconciled Value</u>				
Mean (all sales) Per Front Foot	\$218	1.02	Acres @	\$25,000		
Median (all sales) Per Acre	\$31,443			\$25,500		
Median (all sales) Per Front Foot	\$170	265	Front Feet @	\$100		
				\$26,500		
<b>Unadjusted Sales Price:</b>			<u>Reconciled Value</u>	\$26,000		
Mean Per Acre	\$87,436					
Mean Per Front Foot	\$352					
Median Per Acre	\$52,802					
Median Per Front Foot	\$175					

### ANALYSIS OF COMPARABLE LAND SALES

Adjustments to the sale prices of comparable properties are required to account for differences that may exist between a comparable and the subject. Adjustments are typically considered for property rights transferred, financing, conditions of sale, market conditions (time), location/access, size, zoning, use, and physical characteristics, including density.

Please note: A City of Gladstone property zoned I-2, Industrial District transferred to JL King Properties, LLC on May 13, 2014 (listed under the address of 80 Delta Avenue in the City of Gladstone). According to a conversation with the City of Gladstone Assessor, the property contains approximately 5.8 acres and 1,100 feet of water frontage along Little Bay de Noc (Lake Michigan). According to the Delta County Register of Deeds Office, the property transferred for under \$100 (with no definitive dollar amount listed, per the Register of Deeds representative). Public record (BS&A) displays the transfer amount as \$0. As this is a similar property that was city owned, the appraisers considered this within their analysis of the sales comparison approach.

All of the comparable sales represented the transfer of fee simple interest on an all cash or equivalent terms basis.

**Market Conditions**

Each of the comparable sales transactions occurred from 2011 through 2016, with current active listings also considered.

**Location**

Location encompasses a number of issues, including locations within different sub-market areas, the character/condition of surrounding development, corner versus interior location, access, and visibility. It is important to assess which factors truly impact value for different types of real estate.

**Size**

With respect to size, as the site increases in size the sales price per square foot or acre typically decreases, with all other factors remaining equal. This is due to the diminishing marginal returns associated with each additional unit (acre) added. As mentioned above with regard to location, the density for development can affect the consideration given for a site to a greater degree than the size of the site.

**Shape/Functional Utility/Use/Site Improvements**

Adjustments for the shape and functional utility were considered as many of the subject properties are rectangular or more functionally attractive for development. The subject property is unimproved.

**Physical Characteristics**

Important physical characteristics include shape, topography, environmental concerns, site improvements, water frontage, and availability of infrastructure. Physical characteristics adjustments were considered for those properties with site improvements at the time of sale; water frontage; and environmental concerns.

**Land Value Conclusion**

In the final analysis, the most weight was placed on sales 2, 5, and six, as they are the most comparable to the subject in estimating the value of the subject sites as if vacant. The sales data is considered the most representative sales data available to assist the appraiser(s) in estimating the value of the underlying land.

All sales are similar vacant commercial/industrial land sales, or improved properties purchased for commercial/industrial redevelopment. After considering all factors of adjustment, it is the appraiser's opinion the applicable site value for the subject site area, is \$25,000 per acre and \$100 per front foot for the site. Therefore, the following is indicated:

1.02 acres of site area @ \$25,000 per acre	=	\$25,500
265 front feet @ \$100 per Front Foot	=	\$26,500
<b>ROUNDED</b>		<b><u>\$26,000</u></b>

## SECTION XI: RECONCILIATION FINAL VALUE CONCLUSIONS

Reconciliation is the portion of an appraisal where the various approaches to value are weighed to judge their reliability with respect to valuing the subject. Emphasis is usually placed on the approach, or approaches, that seem to best estimate the market value of the subject property. The values for the subject indicated by the valuation analysis are as follows:

### VALUE INDICATORS

Sales comparison approach	As Is	\$26,000
<b>Land Value- North 3rd Street Waterfront Site:</b>		<b><u>\$26,000</u></b>

The *cost approach* reflects the value of the property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As this assignment involves vacant land with no building improvements, the cost approach was not feasible.

The *sales comparison approach* has been developed to form an opinion of value of the site with approximately 1.02 acres. This approach was given primary weight in the final value indication, although, most representative data available varied in regards to location, size, and conditions of the local market.

The *income capitalization approach* was not developed and is not considered to be applicable.

The final reconciled estimate of value was based solely on the sales comparison approach, as this was the only applicable approach.

This report and the value estimate contained within are subject to the Assumptions and Limiting Conditions contained herein.

SECTION X: ADDENDUM

**REAL ESTATE TAX AND ASSESSMENT INFORMATION**



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**Related Details...**

Property and Land

Back to Main

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collapse the menu

Click this button to collapse the above menu to the top of the screen.

Main > Current Tax > Tax Information Search > Results > Details

**Detailed Tax Information**

Parcel: 051-420-2929-200-002

Printer friendly version  
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View this parcel on a map

**Property Address [collapse]**

NORTH 3RD STREET  
 ESCANABA, MI 49829

**Owner Information [collapse]**

CITY OF ESCANABA  
 PO BOX 948  
 ESCANABA, MI 49829-0948  
**Unit:** 051

**Taxpayer Information [collapse]**

SEE OWNER INFORMATION

**Legal Information for 051-420-2929-200-002 [collapse]**

THAT PRT UNPAT PCL LAKE MICH BOTTOMLAND OPP ADJ & CONTIG TO GL 1 & 2 SEC 29 T39N R22W LYING BETWEEN NLY EXT OF CL 3RD ST N & NLY EXT OF LN PAR W/ & 150 FT ELY @ RT ANG FRM NLY EXT CL 4TH ST N & LYING WITHIN TRAVERSE COMM @ INTER N LN LUDINGTON ST & E LN 3RD ST N TH N 431 FT TO POB TH N 81D 40M 40S W 257.02 FT TH N'89D 20M W 219.20 FT TH S 90.75 FT TH W 125.7 FT TH N 62D 30M W 489.24 FT TH N 54D 30M W 404.95 FT TH S 66D 56M E 674.14 FT TH N 80D 29M E 186.65 FT TH N 60D 37M E 232.40 FT TH S 60D 28M E 196.8 FT TH S 80D 26M E 451.1 FT TH S 09D 10M W 129.8 FT TH N 78D 35M W 244 FT TH S 39 FT TO POB AC #173-5 BRN #6 ORIG AV 0

Enter Future Interest Date: 5/17/2016



Re-Calculate

Use the +/- button to expand and collapse the Tax Detail Information.

Year / Season	Total Amt	Total Paid	Last Paid	Total Due
2015, Winter	\$0.00	\$0.00		\$0.00
2015, Summer	\$0.00	\$0.00		\$0.00
2014, Winter	\$0.00	\$0.00		\$0.00
2014, Summer	\$0.00	\$0.00		\$0.00
2013, Winter	\$0.00	\$0.00		\$0.00
2013, Summer	\$0.00	\$0.00		\$0.00
2012, Winter	\$0.00	\$0.00		\$0.00
2012, Summer	\$0.00	\$0.00		\$0.00
2011, Winter	\$0.00	\$0.00		\$0.00

2011, Summer	\$0.00	\$0.00	\$0.00
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General/Sales

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Tax Information

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Main > Assessing System > Property and Land Search > Results > Details

**General Property Information**

Parcel: 051-420-2929-200-002 Unit: City of Escanaba

Printer friendly version

Add to My Parcels

View this parcel on a map

**Parcel is Vacant**

**Property Address [collapse]**

NORTH 3RD STREET  
ESCANABA, MI 49829

**Owner Information [collapse]**

CITY OF ESCANABA  
PO BOX 948  
ESCANABA, MI 49829-0948

Unit: 051

**Taxpayer Information [collapse]**

SEE OWNER INFORMATION

**General Information for Tax Year 2016 [collapse]**

<b>Property Class:</b>	Q90 - Exempt, 090	<b>Assessed Value:</b>	\$0
<b>School District:</b>	21010 - Escanaba Schools 21010	<b>Taxable Value:</b>	\$0
<b>State Equalized Value:</b>	\$0	<b>Map #</b>	N/A
<b>User Num Idx</b>	0	<b>Date of Last Name Chg:</b>	02/19/2016
		<b>Date Filed:</b>	
		<b>Notes:</b>	N/A
<b>Historical District:</b>	N/A	<b>Census Block Group:</b>	N/A

<b>Principal Residence Exemption</b>	<b>June 1st</b>	<b>Final</b>
2017	0.0000 %	-
2016	0.0000 %	0.0000 %

Previous Year Info	MBOR Assessed	Final S.E.V.	Final Taxable
2015	\$0	\$0	\$0
2014	\$0	\$0	\$0

**Land Information [collapse]**

	<b>Frontage</b>		<b>Depth</b>
<b>Lot 1:</b>	N/A		N/A
<b>Lot 2:</b>	N/A		N/A
<b>Lot 3:</b>	N/A		N/A
<b>Total Frontage:</b>	N/A	<b>Average Depth:</b>	N/A
<b>Total Acreage:</b>	N/A		
<b>Zoning Code:</b>			
<b>Total Estimated Land Value:</b>	N/A	<b>Mortgage Code:</b>	
<b>Land Improvements:</b>	\$0	<b>Lot Dimensions/Comments:</b>	N/A
<b>Renaissance Zone:</b>	N/A		
<b>Renaissance Zone Expiration Date:</b>	N/A		

**Legal Information for 051-420-2929-200-002 [collapse]**

THAT PRT UNPAT PCL LAKE MICH BOTTOMLAND OPP ADJ & CONTIG TO GL 1 & 2 SEC 29 T39N R22W LYING BETWEEN NLY EXT OF CL 3RD ST N & NLY EXT OF LN PAR W/ & 150 FT ELY @ RT ANG FRM NLY EXT CL 4TH ST N & LYING WITHIN TRAVERSE COMM @ INTER N LN LUDINGTON ST & E LN 3RD ST N TH N 431 FT TO POB TH N 81D 40M 40S W 257.02 FT TH N 89D 20M W 219.20 FT TH S 90.75 FT TH W 125.7 FT TH N 62D 30M W 489.24 FT TH N 54D 30M W 404.95 FT TH S 66D 56M E 674.14 FT TH N 80D 29M E 186.65 FT TH N 60D 37M E 232.40 FT TH S 60D 28M E 196.8 FT TH S 80D 26M E 451.1 FT TH S 09D 10M W 129.8 FT TH N 78D 35M W 244 FT TH S 39 FT TO POB AC #173-5 BRN #6 ORIG AV 0

**Sales Information**

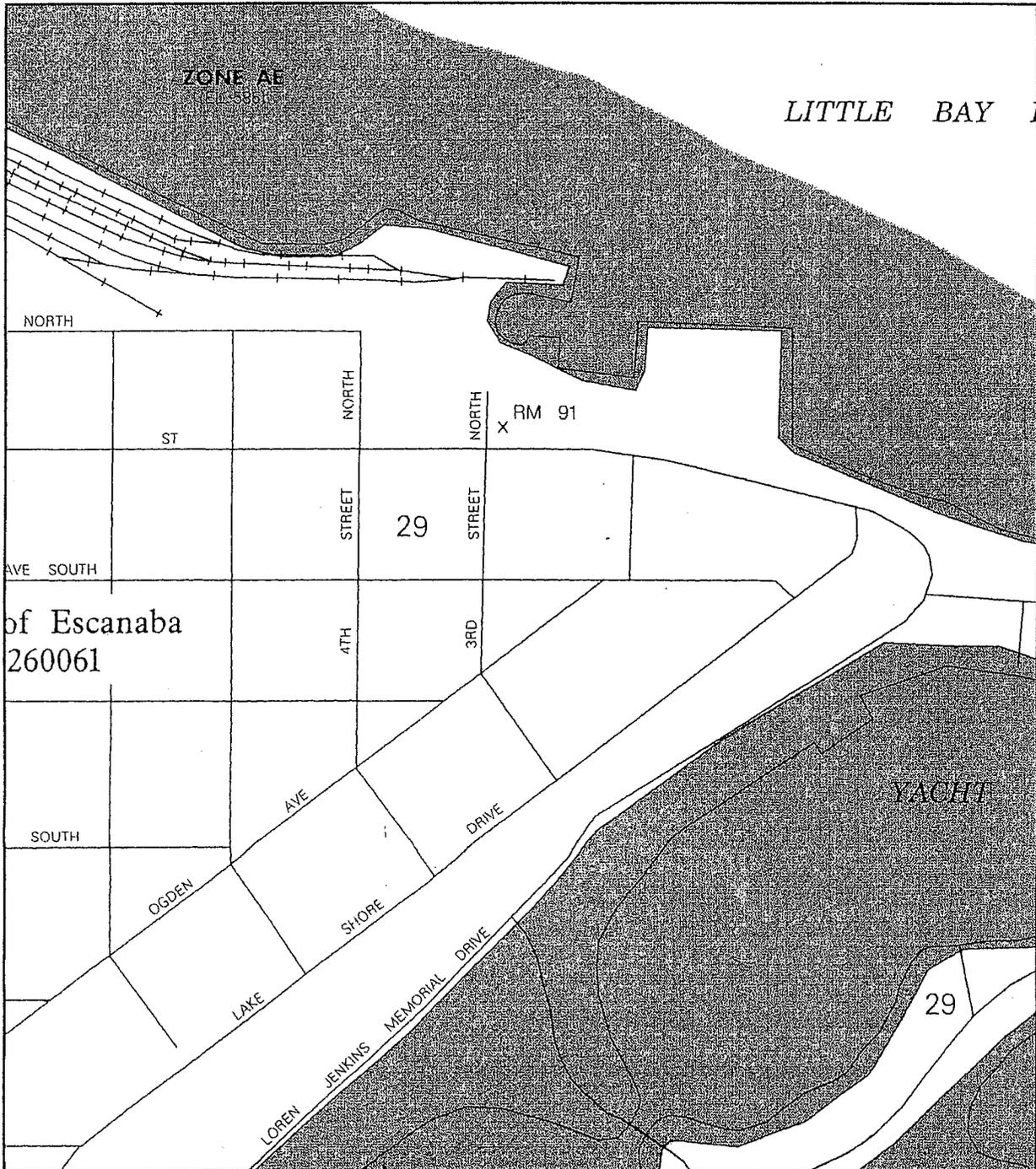
4 sale record(s) found.

Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms Of Sale	Liber/Page
04/30/1998	\$0.00	QCD	ESCANABA INDUSTRIAL FOUNDATION	CITY OF ESCANABA	QCD	503/811
03/19/1998	\$65,668.00	WD	CARON EDWARD J & ELAINE D	CITY OF ESCANABA	ARMS-LENGTH	503/809
09/06/1988	\$10,400.00	WD	CHICAGO & NORTH WESTERN TRANS CO	CARON EDWARD J	ARMS-LENGTH	319/182
10/05/1970	\$1,920.00	WD	STATE OF MICHIGAN	CHICAGO & NORTH WESTERN RAILWAY CO	ARMS-LENGTH	231/248

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FEMA



APPROXIMATE SCALE  
500 0 500 FEET

**NATIONAL FLOOD INSURANCE PROGRAM**

**FIRM**  
**FLOOD INSURANCE RATE MAP**  
DELTA COUNTY,  
MICHIGAN  
(ALL JURISDICTIONS)

**PANEL 806 OF 1105**  
(SEE MAP INDEX FOR PANELS NOT PRINTED)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
ESCANABA, CITY OF	260061	0806	C

Notice to User: The MAP NUMBER shown below should be used when placing map orders; the COMMUNITY NUMBER shown above should be used on insurance applications for the subject community.

**MAP NUMBER**  
**26041C0806 C**

**EFFECTIVE DATE:**  
**JUNE 8, 1998**



Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)

**APPRAISER QUALIFICATIONS**

## APPRAISAL QUALIFICATIONS

of

**Tony Pardee**

Wisconsin Certified General Appraiser #1417-10  
Michigan Certified General Appraiser #1201072905  
Iowa Certified General Appraiser #CG03524

**PARDEE APPRAISAL  
SERVICES, LLC**  
*Peshigo, WI*

**Owner-** August 2006 to Present

Previously Pardee Real Estate LLC August 2006 – September 2014

Specializing in real estate appraisal and consulting, Pardee Appraisal Services, LLC consolidates the experience of individuals with diverse backgrounds and expertise. Specific services available include commercial real estate, residential real estate, machinery and equipment, and business valuation appraisals and consultation services in conformity with USPAP and FIRREA. Additional Services available include but not limited to: market and feasibility studies and expert witness testimony related to the services provided.

## APPRAISAL EXPERIENCE

Income Producing and Special Purpose properties, including (but not limited to) the following:

- Apartment/multi-family
- Lodging facilities
- Special purpose properties
- Retail shopping centers
- Subdivision & condominium development (incl. retail, commercial multi-and single-family residential, & condominiums)
- Industrial/warehouse, production facilities
- Senior housing (CBRF, adult family home, assisted living, senior apartments, RCAC)
- Office buildings

Residential Real Estate Appraisal Services, FHA certified

- Single-family
- Waterfront
- Agricultural
- Recreation

Equipment Valuation

- Manufacturing
- Industrial
- Construction
- Retail
- Restaurant

## ADDITIONAL EXPERIENCE

**Commercial Appraiser** – Meicher Real Estate LLC; Middleton, WI  
Commercial Real Estate Appraisals. April 2001 – September 2006

## EDUCATION

Appraisal Institute, courses completed:

- Standards of Professional Practice
- Advanced Income Capitalization
- Highest & Best Use and Market Analysis
- General Applications
- Disclosures and Disclaimers
- Business Practices and Ethics
- Fundamental of Separating Real, Personal Property and Intangible Business Assets: 2012
- Online Business Practices and Ethics: 2011
- Analyzing Tenant Credit Risk and Commercial Lease Analysis: 2010

Appraisal Education Academy, courses completed:

- National USPAP Update Course: 2014-2015; 2012-2013; 2010-2011
- Bullet Proof Your Appraisal: 2014
- Sales Adjustment Strategies for the Current Market: 2013
- Valuation of Basements: 2013
- Cost Approach: Dilemma or Valid Conclusion: 2012
- Effective Report Writing: 2008
- Uniform Appraisal Dataset Overview And Application: 2011
- Reviewing Appraisals: 2011
- Foreclosures and Short Sales: Dilemmas and Solutions: 2011
- New Tools for a New Market: 2010

Wisconsin Realtors Association, Courses Completed:

- Fannie Mae's/Freddie Mac's UAD Update-2014: 2014

American Society of Appraisers, courses completed:

- Principles of Appraisal Practice and Code of Ethics: 2014
- BV201 – Introduction to Business Valuation, Market Approach: 2014
- ME201 - Introduction to machinery and Equipment Valuation: 2014
- ME202 - Machinery and Equipment Valuation Methodology: 2014
- ME203 – Advanced Topics and Case Studies: 2014
- ME204 – Machinery and Equipment Valuation – Advanced Topics and Report Writing: 2014

McKissok, courses completed:

- Introduction to Expert Witness Testimony
- Michigan Law 2013; 2011; 2009: 2007
- Expert Witness Testimony: 2009
- Appraising the Oddball: 2007
- 2006 National USPAP Update Course
- The Cost Approach: 2007
- The Dirty Dozen: 2007

## Education (Cont.)

Other Education Taken:

- New Interagency Appraisal and Evaluation Guidelines

University of Wisconsin - Whitewater; December 2001

Areas of Study:

- Real Estate Development
- Real Estate Investments
- Real Estate

## REPRESENTATIVE CLIENTS

Banks/Lending Companies

- Stephenson National Bank & Trust
- Wells Fargo RETECHS
- Nicolet National
- Peshtigo National Bank
- Farmers and Merchants Bank & Trust
- State Bank of Florence
- Choice Bank
- Upper Peninsula State Bank
- M Bank
- BayLake Bank
- First National Bank
- Investors Community Bank
- BLC Community Bank
- Heartland Business Bank

Current License Images

NO. 147 20 SUPERSEDED

**The State of Wisconsin**  
**Department of Safety and Professional Services**

*Hereby certifies that*  
**TONY J PARDEE**  
*was granted a certificate to practice as a*  
**CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY**  
**RELATED TRANSACTIONS IS AQB COMPLIANT**  
*in the State of Wisconsin in accordance with Wisconsin Law*  
*on the 10th day of June in the year 2006.*  
*This authority granted herein must be renewed each business day by the granting authority.*  
*In witness whereof, the State of Wisconsin*  
*Department of Safety and Professional Services*  
*has caused this certificate to be issued under*  
*its official seal.*



*This certificate was provided on the 11th day of February in the year 2009*

<small>REGISTRATION NUMBER</small>	STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU CERTIFIED GENERAL APPRAISER LICENSE	L873/90
TONY JOHN PARDEE 83221 DEER HAVEN CT PESHTIGO WI 54157		
EXPIRES 1203072905	EXPIRES DATE 07/31/2017	ISSUE NO 2962022



**STATE OF IOWA**  
 IOWA DEPARTMENT OF COMMERCE  
 PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED  
 HAS BEEN GRANTED A CERTIFICATE AS A  
 GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. CG03425      EXPIRES: 6/30/2017

PARDEE, TONY J.  
 PARDEE APPRAISAL SERVICE, LLC  
 N3121 DEER HAVEN CT.  
 PESHTIGO, WI 54157

APPRAISAL QUALIFICATIONS  
of

Eric Stauss

Staff Appraiser- May 2013 to Present

*PARDEE APPRAISAL  
SERVICES, LLC  
Peshtigo, WI*

Specializing in commercial real estate appraisal and consulting, Pardee Appraisal Services, LLC consolidates the experience of individuals with diverse backgrounds and expertise. Specific services available include commercial real estate appraisal and consultation in conformity with USPAP and FIRREA; market and feasibility studies; business valuations; expert witness testimony related to the services provided.

**APPRAISAL EXPERIENCE**

Income Producing and Special Purpose properties, including (but not limited to) the following:

- Apartment/multi-family
- Lodging facilities
- Special purpose properties
- Retail shopping centers
- Subdivision & condominium development (incl. retail, commercial multi-and single-family residential, & condominiums)
- Industrial/warehouse, production facilities
- Senior housing (CBRF, adult family home, assisted living, senior apartments, RCAC)
- Office buildings

**EDUCATION**

Appraisal Institute, courses completed:

- Basic Appraisal Principles
- Basic Appraisal Procedures
- Real Estate Finance, Statistics, and Modeling
- 2014-2015 15-Hour National Uniform Standards of Professional Appraiser Practice (USPAP)
- General Appraiser Market Analysis Highest and Best Use
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Income Approach
- General Appraiser Report Writing and Case Studies
- Commercial Appraiser Review – Subject Matter Elective
- Expert Witness for Commercial Appraisers – Subject Matter Elective

Lakeland College – May 2013

- B.B.A Business – Accounting

University of Wisconsin - Whitewater; May 2006

- B.S. Education – Social Studies Broadfield w/History Emphasis

**REPRESENTATIVE CLIENTS**

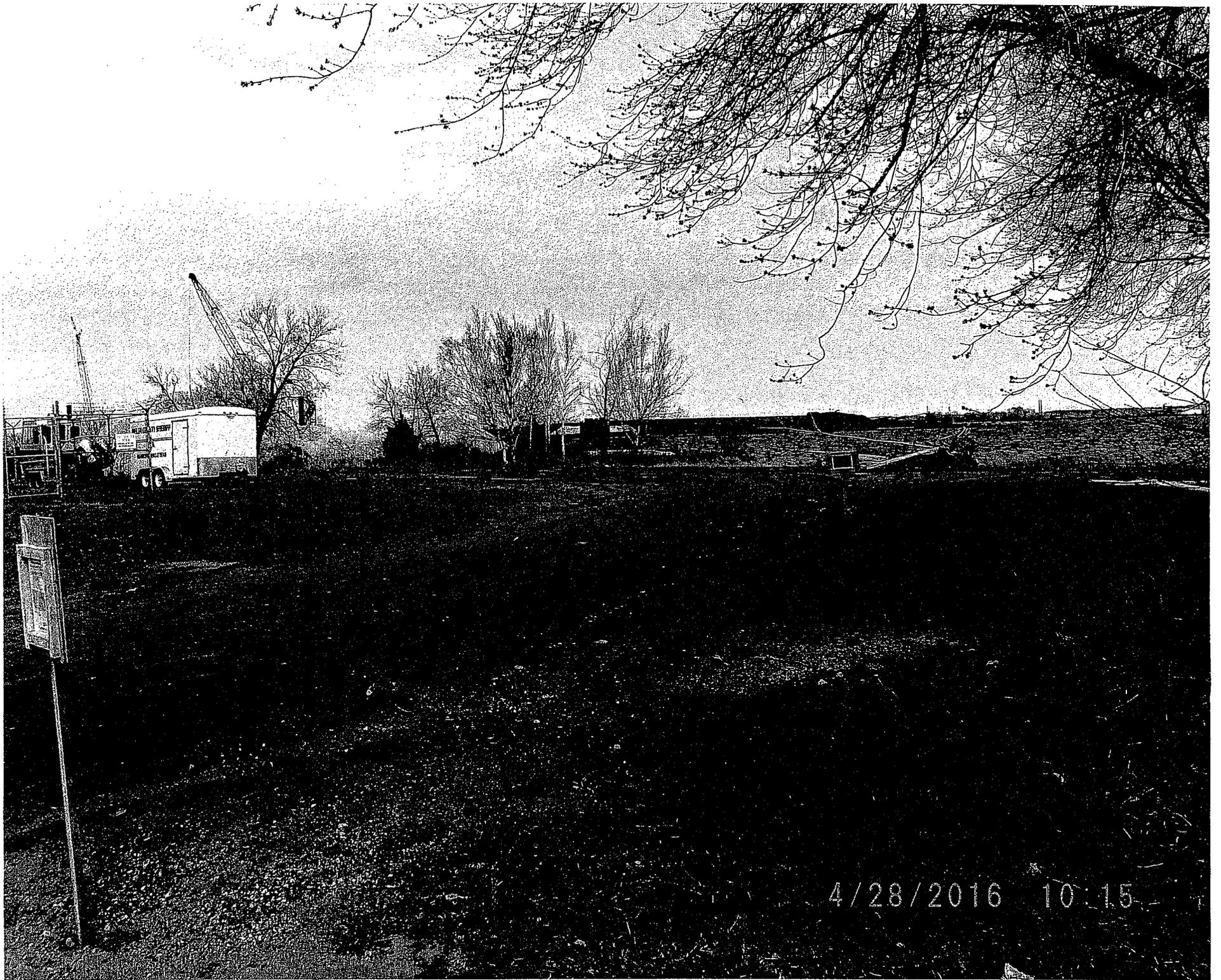
Banks/Lending Companies

- Stephenson National Bank & Trust
- Wells Fargo RETECHS
- Nicolet National
- Peshtigo National Bank
- Farmers and Merchants Bank & Trust
- State Bank of Florence
- Choice Bank
- Upper Peninsula State Bank
- M Bank
- BayLake Bank
- First National Bank
- Investors Community Bank
- BLC Community Bank
- Heartland Business Bank

Other Clients

- Midwest Asphalt
- Joy Properties
- Elliot & Company





4/28/2016 10:15

# **City Correspondence**

## **“Term Sheets”**

 **COPY**

**DeGRAND, REARDON  
& HALL, P.C.**

Attorneys at Law  
517 Ludington Street  
Escanaba, Michigan 49829  
Telephone (906) 786-6009  
Fax (906) 786-7555  
e-mail: degrandlaw@gmail.com  
June 29, 2016

Russell W. Hall  
John T. Reardon

\*Daniel R. DeGrand  
\*Ralph B. K. Peterson  
*\*Of Counsel*

PLEASE REFER TO  
OUR FILE NUMBER

Basic Marine, Inc.  
440 North 10<sup>th</sup> Street  
Escanaba, MI 49829

Attention: Daniel J. Kobasic, President

**RE: City-Owned Water Frontage**

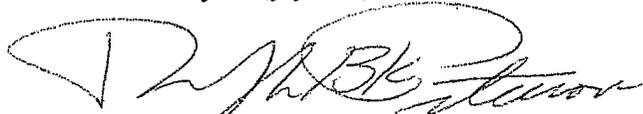
Dear Gentlemen:

I write this letter on behalf of the City negotiating team concerning the city owned property which is the subject matter of that certain Term Sheet sent to you the beginning of June, 2016.

This letter is to advise you that the City negotiating team believes we are at an impasse. We see no benefit in further communication regarding this property.

The negotiating committee would suggest that you make a formal offer addressed to the City Council. Said offer would be placed on an agenda and would be voted up or down.

Very truly yours,



Ralph B.K. Peterson  
City Attorney

RBKP:mls  
cc: Jim O'Toole ✓  
Marc Tall  
Ron Beauchamp

Basic Marine, Inc.  
440 North 10<sup>th</sup> Street  
Escanaba, MI 49829

June 20, 2016

James O'Toole, City Manager  
City of Escanaba  
P.O. Box 948  
Escanaba, MI 49829

Dear Mr. O'Toole:

I am in receipt of your term sheet for purchase of the lakefront property located behind the Delta County Jail. The terms outlined are nearly identical to the terms offered by the City in December of 2014. At that time, Terrie Peters, Basic Marine's former controller, requested copies of the appraisal and/or comparable sales used to reach the City's asking price of \$118,500. Neither Terrie nor Basic Marine ever received them. I am making the same request. I would like to see copies of the appraisal and comparable sales used by the City of Escanaba to support the asking price outlined in your most recent term sheet. I make this request for a number of reasons.

First, since December of 2014, significant erosion has taken place along the lakefront behind the jail. Nothing has been done by the City to mitigate this issue. As such, what was 1.02 acres has now eroded to become .66 acres per the survey of the property commissioned by Basic Marine. It boggles the mind to think that erosion of nearly 40% of the property somehow enhanced the value. Yet, that is exactly what the City's position is when one considers that the land mass has decreased but the asking price remains the same.

Second, because Basic Marine seeks to make a fair offer on the property, we hired a licensed commercial appraiser to assess the value of the property. The appraiser, Tony Pardee of Pardee Appraisal Services, LLC of Peshtigo, Wisconsin has impeccable credentials and used comparable sales from inside and outside the area to evaluate the property. In fact, one of the comparable sales used was the City's own sale of the Escanaba power plant property. According to Mr. Pardee, the appraised value of the property is \$26,000. Council members, with the exception of Mr. Tall, were offered a copy of the appraisal for their review.

As mentioned earlier, the property is badly eroded and will continue to erode as lake levels cyclically rise. Restoring the property to a usable condition will require an investment in the mid to upper six figures. Basic Marine has first-hand experience at this, as we have undertaken significant investment to restore the pier on the adjoining property as well as the property behind the home at 110 North 3rd Street in Escanaba. As a point of reference, the dredging alone to make the jail property usable will cost \$7 per cubic yard. Restoration of the property will require approximately 15,000 yards to be dredged and placed back on land from where it washed away. At a cost of \$7 per cubic yard, this amounts to \$105,000 and the

material would only be piled. Now, the material would have to be spread and the area manicured at additional costs.

Additionally, the jail property will require approximately 270 feet of new steel sheet piling to prevent future erosion at a material cost of \$640 per foot. At a total of cost of \$172,800, this is for steel sheeting only and does not include tie backs, walers or labor necessary for installation. Before any real progress is visible, costs will exceed \$277,000.

Despite the massive investment, Basic Marine is still interested in this property because it restores and completes the old Merchant Dock to its original size and utility. ***Restoration of the dock also fits perfectly with the City's master plan, namely higher utilization of the north shore areas.*** We have chosen to undertake this endeavor because we believe the old Merchant Dock can once again provide economic value to the area. We are restoring the very foundation of the City of Escanaba. Historically, the Merchant Dock was the building block around which the City grew. We have already restored much of the Dock of our own initiative and at great expense. The addition of the jail property would complete what will be a world class marine facility in Escanaba.

The price sought for this .66 acres by the city is unrealistic and onerous, given all the additional investment required before the property provides any utility. The power plant was sold for what equates to \$26,315 per acre. Although the power plant property was used by the appraiser-Basic Marine hired as a comparable transaction, there is no comparison between the utility of the power plant property and the jail property. First, the power plant property is ready to use in its current state, unlike the jail property. The power plant property includes a building which in itself has a great deal of salvage value. If scrapped, the building would likely more than repay the buyer's investment. Essentially, one could argue that this means the City of Escanaba gave the property away for free.

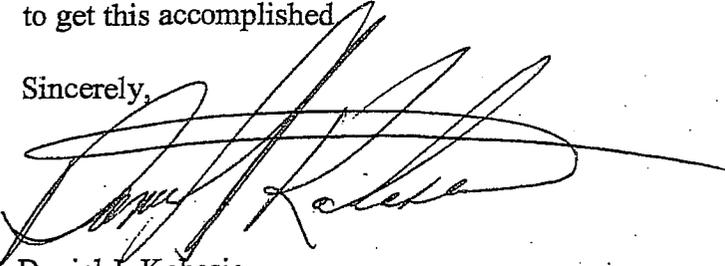
Basic Marine seeks to restore the Merchant Dock to its former viability. The work completed behind the home at 110 North 3rd Street shows what the jail property could become if we can reach a fair agreement for Basic to acquire the property and improve it. Additionally, we would be more than willing to work with the City of Escanaba to make the property accessible for public functions such as visiting tall ships, large yachts, etc.

Completion and restoration of the Merchant Dock will create jobs and commercial activity in the city. Other communities on Lake Michigan have done similar work and they are experiencing cruise ships, merchant ships and private vessels, which bring spending and commercial traffic to those localities. Escanaba has an opportunity to do the same thing here, at no cost to the City of Escanaba. The city would receive the fair, appraised price of the property, and the property would provide much needed tax revenue into the future. It is clearly a "win-win" situation for the city and its citizens.

Most council members have already seen the property and discussed our plans. Recently, we met with you to review the matter. We hope to be able to complete the transfer of the property soon so we can begin restoration and prevent further erosion and damage. We have information on other facilities on the Great Lakes that establish the benefits of such

restoration and improvement which we will share with the city. We want to turn a wasting property into a valuable facility for Escanaba, and we look forward to a successful discussion to get this accomplished.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel J. Kobasic". The signature is stylized with large, sweeping loops and a long horizontal stroke extending to the right.

~~Daniel J. Kobasic~~  
President

**TERM SHEET**

The City of Escanaba would make the following proposal to **Basic Marine** with regard to the sale of the City-owned property bordering Little Bay de Noc:

1. The City of Escanaba would present a warranty deed to Basic Marine for the property described in the survey attached hereto and designated as *Exhibit A*, in exchange for the sum of **One Hundred Eighteen Thousand Five Hundred (\$118,500.00) Dollars.**
2. Basic Marine would pay in addition to the amount set forth above an amount to the City which amount would be used to construct a non-motorized pathway on City property behind the county jail connecting the First Avenue North non-motorized pathway with the municipal dock pathway which pathway would be open to and benefit the general public. The said pathway is attached hereto as *Exhibit B*.
3. The cost of said non-motorized pathway is to be paid by Basic Marine at the time that the said property described in *Exhibit A* is transferred to Basic Marine and is in the amount of **Twenty-one Thousand Three Hundred Eighty-one and 25/100 (\$21,381.25) Dollars.**
4. The total sum to be paid by Basic Marine for the property described in *Exhibit A* and for the non-motorized pathway described in *Exhibit B* is in the amount of **One Hundred Thirty-nine Thousand Eight Hundred Eighty-one and 25/100 (\$139,881.25) Dollars.**
5. The within Term Sheet is subject to City Council approval and is further subject to the parties completing and executing a formal Purchase and Sale Agreement.

DATED: June \_\_\_\_, 2016

**CITY OF ESCANABA,**  
a Michigan municipal corporation

\_\_\_\_\_  
By: **Marc Tall,** Mayor

\_\_\_\_\_  
By: **Robert S. Richards,** City Clerk

DATED: June \_\_\_\_, 2016

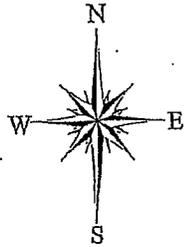
**BASIC MARINE,**  
a Michigan corporation

\_\_\_\_\_  
By:  
Its:

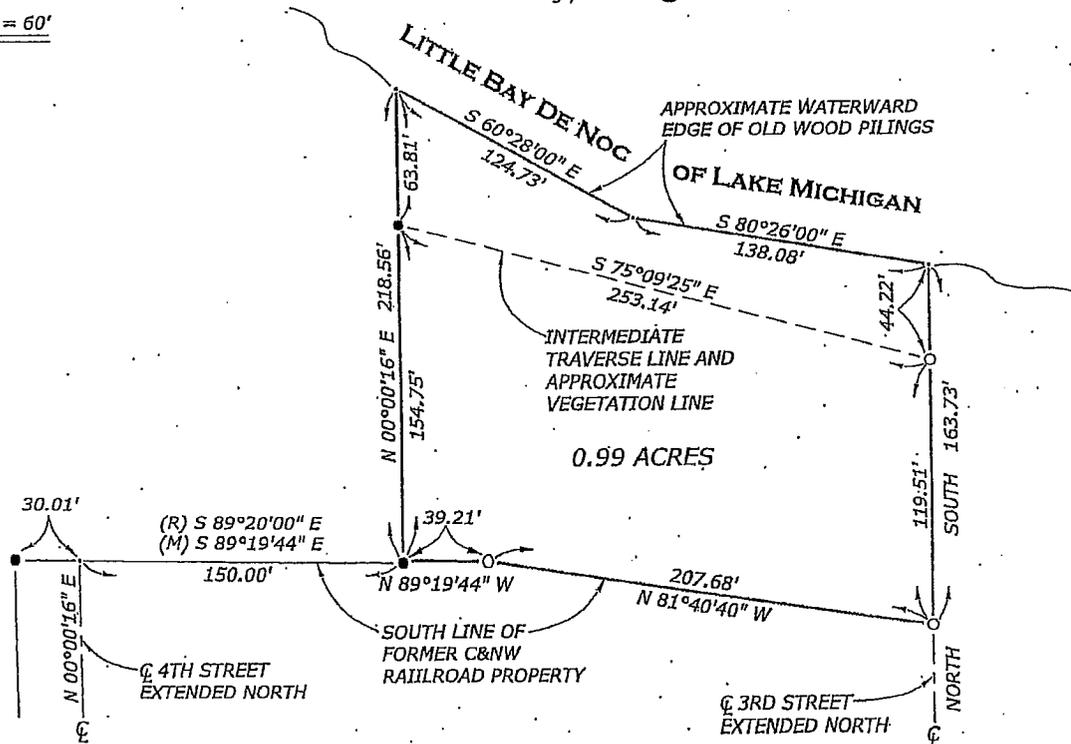
EXHIBIT "A"

Plat of Survey of  
**Part of Unpatented Lake Michigan Bottom Lands**  
**Opposite, Adjacent and Contiguous to**  
**Government Lots 1 & 2 of**  
**Section 29 T.39N., R.22W.**

City of Escanaba  
 Delta County, Michigan



SCALE 1" = 60'



JOB NUMBER	06362-0612C
SURVEY FOR	CITY OF ESCANABA
SUBJECT	BOUNDARY SURVEY
DATE OF SURVEY	DECEMBER 21, 2006
DATE OF MAPPING	DECEMBER 26, 2006

CERTIFICATE OF SURVEY TO:  
 CITY OF ESCANABA

I, TERENCE S. WANIC, A PROFESSIONAL SURVEYOR IN THE STATE OF MICHIGAN, HEREBY CERTIFY, THAT I HAVE MADE A SURVEY OF THE ABOVE DESCRIBED LANDS, THAT IRON MONUMENTS, TOGETHER WITH THOSE FOUND HAVE BEEN PLACED OR LOCATED AT THE POSITIONS INDICATED HEREON, THAT THERE ARE NO VISIBLE PHYSICAL ENCROACHMENTS EITHER WAY ACROSS PROPERTY LINES, EXCEPT AS SHOWN, THAT THE RELATIVE ERROR OR CLOSURE OF THE UNADJUSTED FIELD MEASUREMENTS OF THE SURVEY IS LESS THAN THE RATIO OF 1 PART IN 10,000.

TERENCE S. WANIC, Professional Surveyor No. 44296

**WANIC** 1410 Ludington Street  
 Escanaba, Michigan 49829  
 Phone (906)786-1755,  
 Fax 786-6487  
 LAND SURVEYORS, P.C.

**LEGEND**

	INDICATES A LINE NOT DRAWN TO SCALE
	IRON MONUMENTS SET
	IRON MONUMENTS FOUND
	CONC. MONUMENTS SET
	CONC. MONUMENTS FOUND
	CHISELED CROSS IN CONCRETE
(M)	MEASURED DISTANCE AND/OR BEARING
(R)	RECORDED DISTANCE AND/OR BEARING
	SECTION CONTROL CORNERS

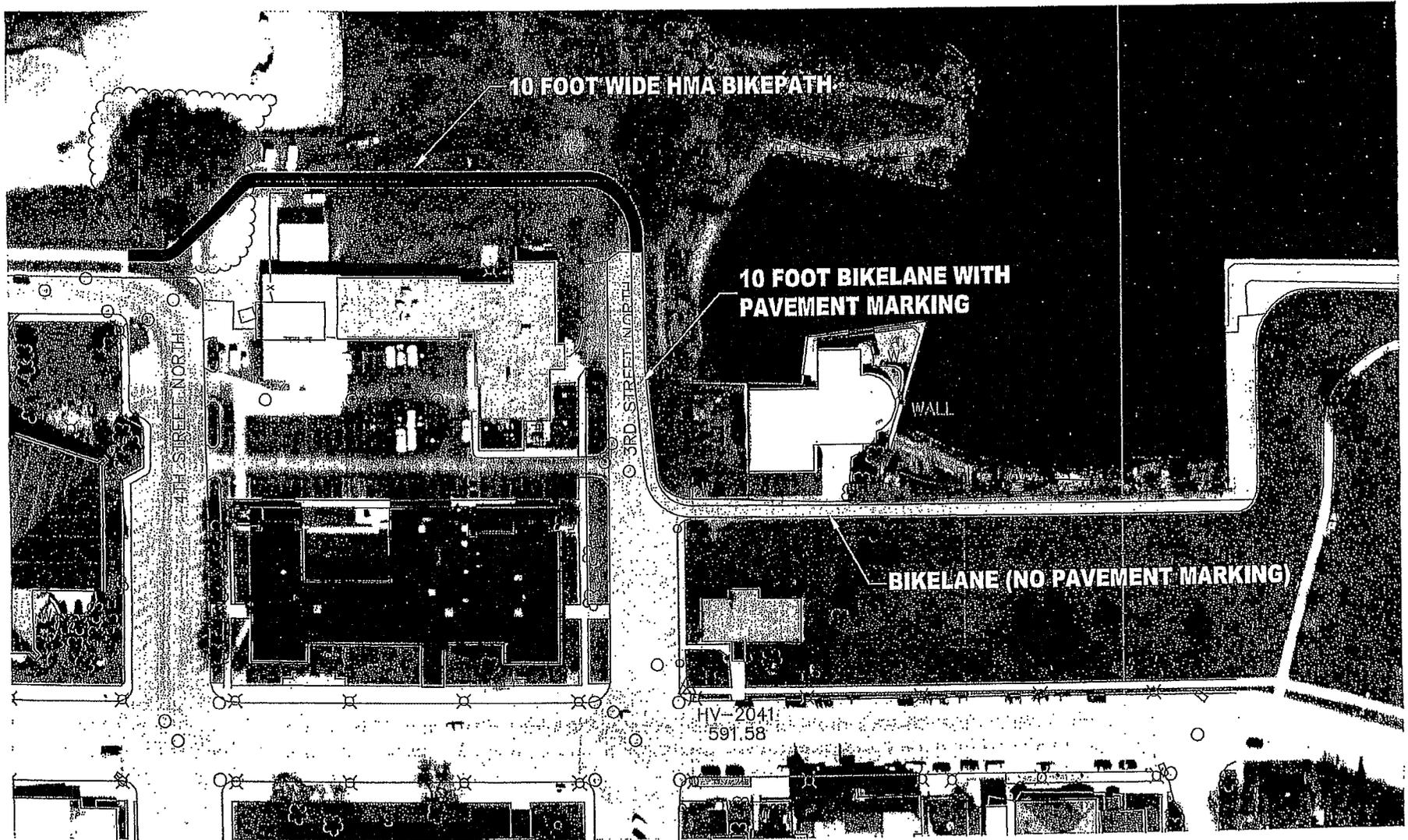
## City of Escanaba - Engineering Dept

### Engineer's Opinion of Costs

<b>Project Number:</b> 14-0031 <b>Estimate Number:</b> 1: Sheriff Dept Pathway <b>Project Type:</b> Miscellaneous <b>Location:</b> Sheriff Dept Pathway <b>Description:</b> Sheriff Dept Pathway from 4th St No and 1st Ave No to Municipal Dock	<b>Project Engineer:</b> William S. Farrell, P.E. <b>Date Created:</b> 9/8/2014 <b>Date Edited:</b> 9/11/2014 <b>Fed/State #:</b> <b>Fed Item:</b> <b>Control Section:</b>
--	---

Line	Pay Item	Description	Quantity	Units	Unit Price	Total
0001	1500001	Mobilization, Max. ____ 10%:max	1.000	LS	\$2,000.00	\$2,000.00
0002	2040021	Curb, Rem	40.000	Ft	\$11.25	\$450.00
0003	2050011	Embankment, LM	125.000	Cyd	\$9.75	\$1,218.75
0004	2050016	Excavation, Earth	200.000	Cyd	\$7.25	\$1,450.00
0005	3020010	Aggregate Base, 4 inch (12 foot wide)	680.000	Syd	\$5.25	\$3,570.00
0006	5010009	Edge Trimming	50.000	Ft	\$2.00	\$100.00
0007	5010703	HMA, LVSP (2 1/2 inch deep x 10 feet wide)	85.000	Ton	\$85.00	\$7,225.00
0008	8110125	Pavt Mrkg, Regular Dry, 4 inch, White	250.000	Ft	\$1.50	\$375.00
0009	8160062	Topsoil Surface, Furn, 4 inch	650.000	Syd	\$3.45	\$2,242.50
0010	8167011	_ Hydroseeding, Cl A	650.000	Syd	\$3.00	\$1,950.00
0011	8207050	_ Post, Treated, 4 inch x 4 inch x 8 foot	8.000	Ea	\$50.00	\$400.00
0012	8207050	_ Signage, Pathway	8.000	Ea	\$50.00	\$400.00
<b>Estimate Total:</b>						<b>\$21,381.25</b>

EXHIBIT "B"





 **COPY**

May 11, 2016

Basic Marine, Inc.  
440 North 10<sup>th</sup> Street  
Escanaba, MI 49829

Attention: Dan Kobasic

**RE: City-Owned Water Frontage**

Dear Mr. Kobasic:

The City of Escanaba has asked that I communicate with you with regard to the city-owned water frontage behind the jail.

It is my understanding that you asked the city manager for permission to cross the city-owned property with regard to your construction activities to the east of said city-owned property. The city manager gave the city's consent to your being able to cross said property.

It has now come to our attention however that you have put a "no trespassing" sign on city property and that you have parked vehicles and equipment on said property and that you have placed rubbish and/or materials on said property.

Please be advised that you have permission to only cross said property and we ask that you immediately remove any and all vehicles, equipment, rubbish and/or materials from city-owned property.

Very truly yours,

Ralph B.K. Peterson  
City Attorney

RBKP:mls  
cc: Jim O'Toole ✓

DeGRAND, REARDON  
& HALL, P.C.  
Attorneys at Law  
517 Ludington Street  
Escanaba, Michigan 49829  
Telephone (906) 786-6009  
Fax (906) 786-7555  
e-mail: [degrandlaw@gmail.com](mailto:degrandlaw@gmail.com)

received  
3/3/15

John T. Reardon  
Russell W. Hall  
\*Benjamin Z. Parmet

\*\*Daniel R. DeGrand  
\*\*Ralph B. K. Peterson

*\*Also Licensed in Indiana*

*\*\*Of Counsel*

PLEASE REFER TO  
OUR FILE NUMBER

March 2, 2015

Donald Bacon  
1415 Delta Avenue  
Gladstone, MI 49837

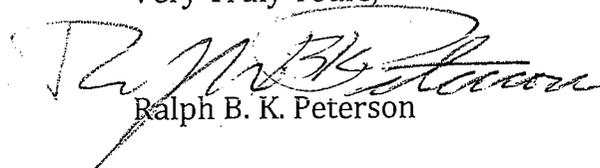
**Re: Negotiations regarding waterfront property**

Dear Mr. Bacon:

Please be advised that the City of Escanaba is hereby terminating negotiations with Basic Marine with regard to the sale of city owned waterfront property. These negotiations are terminated pending a positive outcome with regard to the OSHA matter.

I have copied this letter to Lyle Bero in as much as he and I had a discussion concerning a possible sale on February 19, 2015.

Very Truly Yours,

  
Ralph B. K. Peterson

RBKP/km

CC: Lyle Bero  
440 North 10<sup>th</sup> Street  
Escanaba, MI 49829

James O'Toole  
410 Ludington Street  
Escanaba, MI 49829

# Basic Marine faces OSHA fines

By Jordan Beck

jbeck@dailypress.net

ESCANABA — After being cited for 18 safety violations by the Occupational Safety and Health Administration (OSHA), local ship construction and repair company Basic Marine Inc. is now faced with \$242,940 in proposed penalties.

These citations, issued on Feb. 12, were based on findings from a follow-up inspection last August. However, OSHA's connections to Basic Marine Inc. date back much further than that, said Larry Johnson, area director of OSHA's Lansing area office.

"We have a history that goes back to 2008," Johnson said.

## At a glance

- After being cited for 18 safety violations by the Occupational Safety and Health Administration (OSHA), local ship construction and repair company Basic Marine Inc. is now faced with \$242,940 in proposed penalties.
- These citations, issued on Feb. 12, were based on findings from a follow-up inspection last August.
- Among the violations listed in the report are fall hazards, a lack of helmet requirements, respiratory hazards, and amputation hazards from a press brake.

The most recent OSHA citations received by Basic Marine Inc. consist of five repeated, 10 serious, and three willful violations. Johnson said the "willful" category is reserved for violations committed with intentional disregard

for or indifference to the law.

"OSHA does not take them lightly," Johnson said.

Among the violations listed in the report are fall hazards, a lack of helmet requirements,

respiratory hazards, and amputation hazards from a press brake.

Johnson said the last of these violations resembles a similar violation from 2008, which resulted in a Basic Marine Inc. employee sustaining an amputation injury.

"It was the same type of violation," Johnson said.

In addition to the proposed fines, Basic Marine Inc. has been placed on the OSHA Severe Violator Enforcement Program, Johnson said.

"That is a program that's reserved for the most egregious violators of the law," Johnson said.

See BASIC MARINE on page 3A

## Basic Marine: Fines

Continued from page 1A

As part of this program, Basic Marine Inc. will be subjected to additional scrutiny from OSHA in the future.

Currently, Basic Marine Inc. has some options as to how they will proceed. Within 15 working days of their receipt of the citations, they will be able to inform OSHA if they have any intent to contest them.

"Everybody has their right to their day in court," Johnson said.

He noted Basic Marine Inc. could also hold an informal conference with OSHA before contesting the violations. In this conference, they could discuss any evidence or views which may not have been taken into account in the hopes of reaching a settlement.

In a statement e-mailed to the local media, Basic Marine Inc. said they believed OSHA's findings and comments were inaccurate and that they plan to contest them.

3/21/15

Received  
12/9/14 3:00

copy: Neg. Team

John T. Reardon  
Russell W. Hall  
\*Benjamin Z. Parmet

*\*Also Licensed in Indiana*

DeGRAND, REARDON  
& HALL, P.C.  
Attorneys at Law  
517 Ludington Street  
Escanaba, Michigan 49829  
Telephone (906) 786-6009  
Fax (906) 786-7555  
e-mail: [degrandlaw@gmail.com](mailto:degrandlaw@gmail.com)

COPY

\*\*Daniel R. DeGrand  
\*\*Ralph B. K. Peterson

*\*\*Of Counsel*

December 4, 2014

PLEASE REFER TO  
OUR FILE NUMBER

11241.

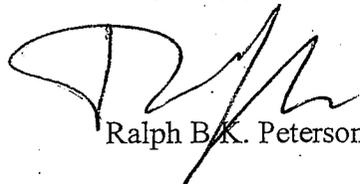
Robert S. Rosemurgy, Esq.  
Butch Quinn Law Offices  
816 Ludington St.  
Escanaba, MI 49829

**RE: Basic Marine**

Dear Bob:

Enclosed herewith is a revised Term Sheet whereby the City of Escanaba offers to sell the property bordering Little Bay de Noc. Please be advised that this is the best and last offer of the City. The only change we would be willing to make is that if Basic Marine requires an additional year to complete the project, we would be willing to enter into a four-year lease with option to purchase.

Very truly yours,

  
Ralph B.K. Peterson

RBKP:mls

Enclosure

cc: Jim O'Toole ✓

DEC 4, 2017  
PAGE 1

**TERM SHEET**

The **City of Escanaba** would make the following proposal to **Basic Marine** with regard to the sale of the City-owned property bordering Little Bay de Noc.

The transaction would be constructed as a three-year lease commencing from the date of execution of said lease. Basic Marine would have the option on or before the end of the three-year lease to purchase the property for the sum of **One Hundred Eighteen Thousand Five Hundred (\$118,500.00) Dollars** if all of the following conditions have been met:

1. At the time of the execution of the lease option agreement Basic Marine would pay the City of Escanaba **Fifty-nine Thousand Two Hundred (\$59,200.00) Dollars**. At the beginning of the second year of the lease Basic Marine would pay the City of Escanaba **Twenty-two Thousand One Hundred Sixty-six and 66/100 (\$22,166.66) Dollars**. At the beginning of the third year of the lease option Basic Marine would pay the City of Escanaba **Twenty-two Thousand One Hundred Sixty-six and 67/100 (\$22,166.67) Dollars**. All payments would be applied to the purchase price. The balance of the purchase price owed at the time of the exercise of the option would be due and payable at the time of said closing.
2. Basic Marine during the period of the lease and prior to its right to exercise the option to purchase the property would have to install sheet piling as a sea wall along the entire length of the City property.
3. Prior to Basic Marine having the right to exercise the lease option, Basic Marine would provide electrical service, sanitary sewer, storm sewer service and potable water service along the entire length of the City property.
4. Basic Marine would pay in addition to the amounts set forth above an amount to the City which monies would be used to construct a non-motorized pathway on City property behind the county jail connecting the First Avenue North non-motorized pathway with the Municipal Dock pathway which pathway would be open to and benefit the general public.  
(See attached.)

DEC 4, 2014  
Pg 2

- 5. Basic Marine would agree and abide by all property maintenance codes, zoning codes, city ordinances and state and federal laws.
- 6. In the event that Basic Marine completed all of the above items prior to the end of the three-year lease, Basic Marine would have the right to exercise said option and any funds that it has paid towards the purchase price of **One Hundred Eighteen Thousand Five Hundred (\$118,500.00) Dollars** excepting any monies paid to construct the non-motorized pathway, would be credited to the purchase price.
- 7. In the event that Basic Marine fails to complete and/or adhere to any of the within conditions prior to the end of said three-year lease, Basic Marine would have no right to exercise its option to purchase the property and any and all monies that Basic Marine has paid to the City would be forfeited.

The within Term Sheet is subject to City Council approval.

The within Term Sheet is further subject to the parties completing and executing a formal Lease with Option to Purchase.

DATED: December \_\_\_\_\_, 2014

**CITY OF ESCANABA,**  
A Michigan municipal corporation,

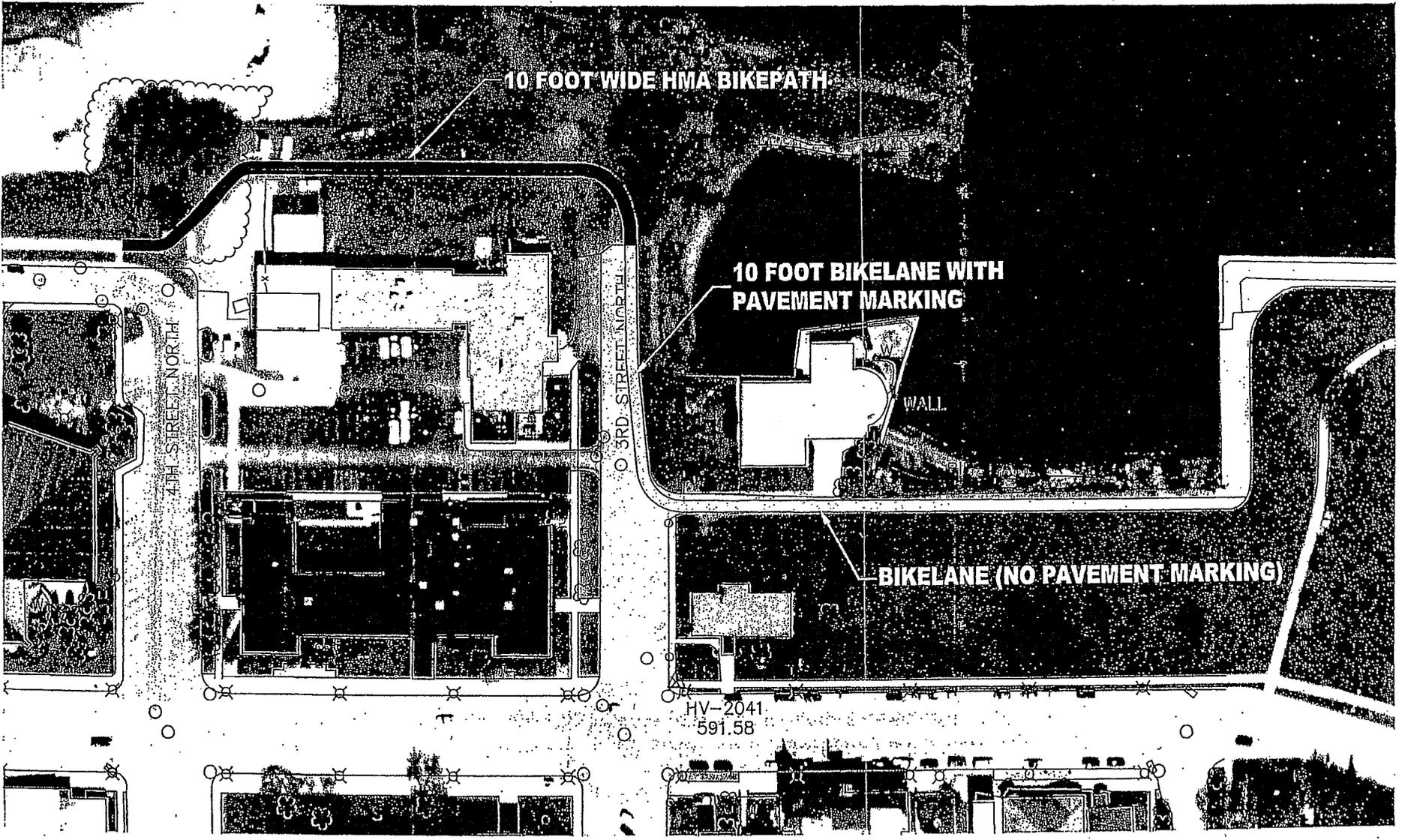
By: Marc Tall, Mayor

By: \_\_\_\_\_  
Name: **Robert S. Richards,** City Clerk

DATED: December \_\_\_\_\_, 2014

**BASIC MARINE,**  
A Michigan corporation

By:  
Its:



10 FOOT WIDE HMA BIKEPATH

10 FOOT BIKELANE WITH PAVEMENT MARKING

BIKELANE (NO PAVEMENT MARKING)

4TH STREET NORTH

3RD STREET NORTH

WALL

HV-2041  
591.58

**City of Escanaba - Engineering Dept**  
**Engineer's Opinion of Costs**

<b>Project Number:</b> 14-0031	<b>Project Engineer:</b> William S. Farrell, P.E.
<b>Estimate Number:</b> 1: Sheriff Dept Pathway	<b>Date Created:</b> 9/8/2014
<b>Project Type:</b> Miscellaneous	<b>Date Edited:</b> 9/11/2014
<b>Location:</b> Sheriff Dept Pathway	<b>Fed/State #:</b>
<b>Description:</b> Sheriff Dept Pathway from 4th St No and 1st Ave No to Municipal Dock	<b>Fed Item:</b>
	<b>Control Section:</b>

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0004	2050016	Excavation, Earth	200.000	Cyd	\$7.25	\$1,450.00
0005	3020010	Aggregate Base, 4 inch (12 foot wide)	680.000	Syd	\$5.25	\$3,570.00
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0007	5010703	HMA, LVSP (2 1/2 inch deep x 10 feet wide)	85.000	Ton	\$85.00	\$7,225.00
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0010	8167011	_ Hydroseeding, Cl A	650.000	Syd	\$3.00	\$1,950.00
0011	8207050	_ Post, Treated, 4 inch x 4 inch x 8 foot	8.000	Ea	\$50.00	\$400.00
0012	8207050	_ Signage, Pathway	8.000	Ea	\$50.00	\$400.00
<b>Estimate Total: \$21,381.25</b>						

**BURKHART, LEWANDOWSKI & MILLER, P.C.**

ATTORNEYS AT LAW

816 LUDINGTON STREET  
ESCANABA, MI 49829-0888

(906) 786-4422  
FAX: (906) 786-5128

RECEIVED  
DEC 12 2014

BY: \_\_\_\_\_

OF COUNSEL:  
THOMAS L. BUTCH  
ROBERT S. ROSEMURGY

TERRY F. BURKHART  
JOHN A. LEWANDOWSKI  
JOJEAN A. MILLER  
JEREMY J. NASTOFF

PLEASE REFER TO  
OUR FILE NO.  
2014366

December 11, 2014

Mr. Ralph B.K. Peterson  
Attorney at Law  
DEGRAND, REARDON & HALL, P.C.  
517 Ludington Street  
Escanaba, MI 49829

Re: Basic Marine

Dear Attorney Peterson:

I have your letter of December 4 and enclosure directed to the proposed land transaction between the City of Escanaba and Basic Marine. I am in Florida at present and any discussions, letters, or communications from the City should be made directly to Basic Marine. I am not involved in the matter any longer. Please note this for your file and take me off your mailing list in the matter.

Thank you.

Very truly yours,

BURKHART, LEWANDOWSKI & MILLER, P.C.



Robert S. Rosemurgy  
Attorney at Law

RSR/drh

e-mail: [rosemurgy@bqrlaw.com](mailto:rosemurgy@bqrlaw.com)

G:\DRH\2014366 LTR R PETERSON 12-11.DOCX-12/11/14

cc: Basic Marine

James V. O'Toole  
City Manager



410 Ludington Street  
Escanaba, Michigan 49829  
Phone (906)786-0240

September 23, 2014

Ms. Terrie Peters  
Basic Marine  
440 North 10<sup>th</sup> Street  
Escanaba, MI 49829

RE: City-Owned Property

Dear Terrie:

After several internal discussions as to what the terms of a possible sale should be regarding your request to purchase the City-owned property located behind the County Jail, I offer the attached "Term Sheet".

The "Term Sheet" was created so that the City could memorialize any conditions of a possible sale. In creating the terms, we looked at all aspects of your request to purchase the property along with the feedback we received from the Planning Commission and public, in general.

Please review the terms that we as a City are willing to entertain. If the terms are agreeable, simply have the document signed and returned to me.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. O'Toole', with a long horizontal flourish extending to the right.

James V. O'Toole  
City Manager  
(906) 786-9402  
[citymanager@escanaba.org](mailto:citymanager@escanaba.org)

Attachment: "Term Sheet"

*Sept. 23, 2014*  
*1st Term*  
*Sheet*

## TERM SHEET

The **City of Escanaba** would make the following proposal to **Basic Marine** with regard to the sale of the City-owned property bordering Little Bay de Noc.

The transaction would be constructed as a three-year lease commencing from the date of execution of said lease. Basic Marine would have the option on or before the end of the three-year lease to purchase the property for the sum of **One Hundred Thirty-three Thousand (\$133,000.00) Dollars** if all of the following conditions have been met:

1. At the time of the execution of the lease option agreement Basic Marine would pay the City of Escanaba **Sixty-six Thousand Five Hundred (\$66,500.00) Dollars**. At the beginning of the second year of the lease Basic Marine would pay the City of Escanaba **Twenty-two Thousand One Hundred Sixty-six and 66/100 (\$22,166.66) Dollars**. At the beginning of the third year of the lease option Basic Marine would pay the City of Escanaba **Twenty-two Thousand One Hundred Sixty-six and 67/100 (\$22,166.67) Dollars**. All payments would be applied to the purchase price. The balance of the purchase price owed at the time of the exercise of the option would be due and payable at the time of said closing.
2. Basic Marine during the period of the lease and prior to its right to exercise the option to purchase the property would have to install sheet piling as a sea wall along the entire length of the City property.
3. Prior to Basic Marine having the right to exercise the lease option, Basic Marine would provide electrical service, sanitary sewer, storm sewer service and potable water service along the entire length of the City property.
4. Basic Marine would pay in addition to the amounts set forth above an amount to the City which monies would be used to construct a non-motorized pathway on City property behind the county jail connecting the First Avenue North non-motorized pathway with the Municipal Dock pathway which pathway would be open to and benefit the general public.  
  
(See attached.)

5. Basic Marine would agree and abide by all property maintenance codes, zoning codes, city ordinances and state and federal laws.
6. In the event that Basic Marine completed all of the above items prior to the end of the three-year lease, Basic Marine would have the right to exercise said option and any funds that it has paid towards the purchase price of **One Hundred Thirty-three Thousand (\$133,000.00) Dollars** excepting any monies paid to construct the non-motorized pathway, would be credited to the purchase price.
7. In the event that Basic Marine fails to complete and/or adhere to any of the within conditions prior to the end of said three-year lease, Basic Marine would have no right to exercise its option to purchase the property and any and all monies that Basic Marine has paid to the City would be forfeited.

The within Term Sheet is subject to City Council approval.

The within Term Sheet is further subject to the parties completing and executing a formal Lease with Option to Purchase.

DATED: September \_\_\_\_, 2014

**CITY OF ESCANABA,**  
A Michigan municipal corporation,

\_\_\_\_\_  
By: **Marc Tall,** Mayor

By: \_\_\_\_\_  
Name: **Robert S. Richards,** City Clerk

DATED: September \_\_\_\_, 2014

**BASIC MARINE,**  
A Michigan corporation

\_\_\_\_\_  
By:  
Its:

**10 FOOT WIDE HMA BIKEPATH**

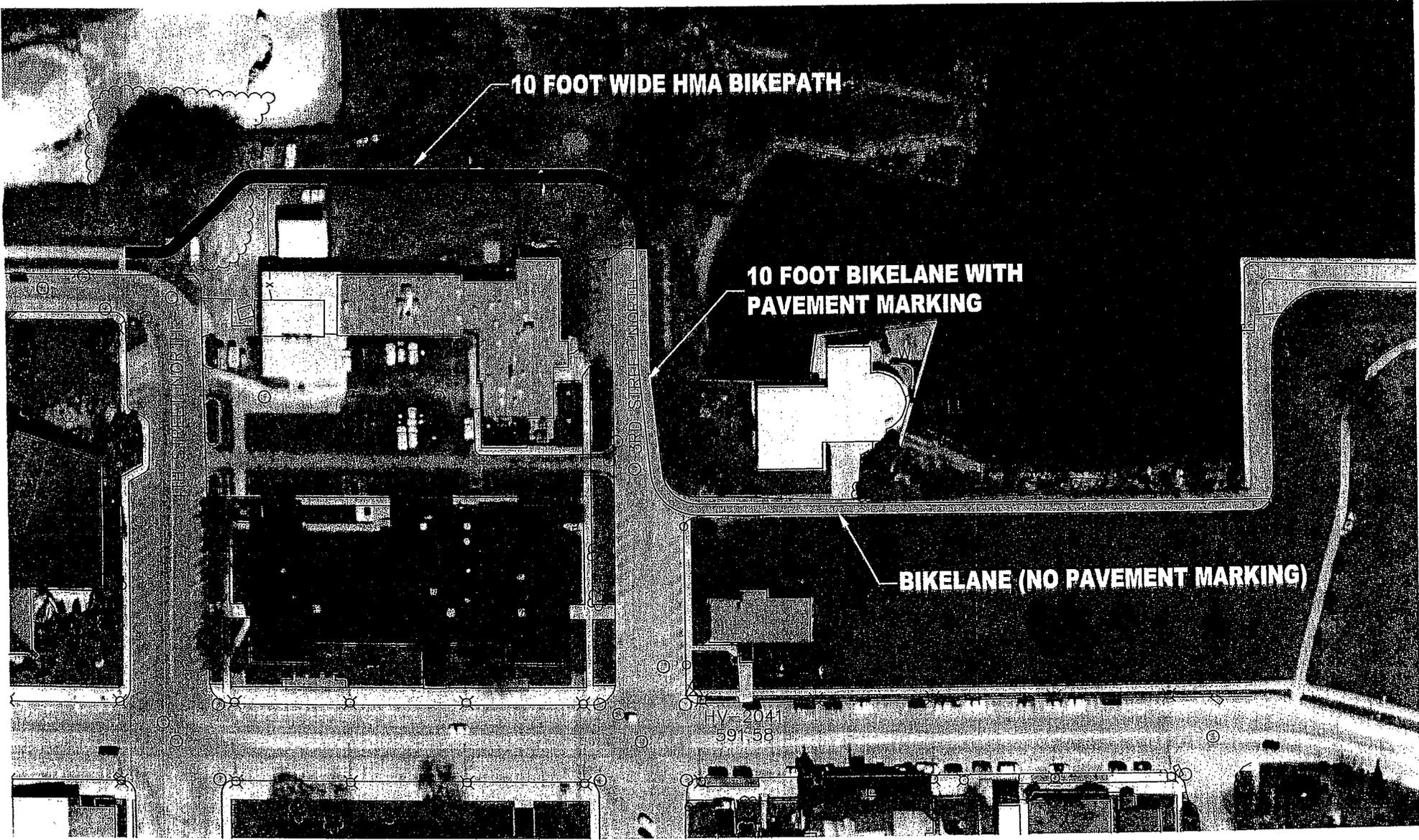
**10 FOOT BIKELANE WITH PAVEMENT MARKING**

**BIKELANE (NO PAVEMENT MARKING)**

3RD STREET NORTH

2ND STREET NORTH

HY-2041  
59158



**City of Escanaba - Engineering Dept**  
**Engineer's Opinion of Costs**

<b>Project Number:</b> 14-0031	<b>Project Engineer:</b> William S. Farrell, P.E.
<b>Estimate Number:</b> 1: Sheriff Dept Pathway	<b>Date Created:</b> 9/8/2014
<b>Project Type:</b> Miscellaneous	<b>Date Edited:</b> 9/11/2014
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<b>Estimate Total:</b>						<b>\$21,381.25</b>

**DeGRAND, REARDON  
& HALL, P.C.**

Attorneys at Law  
517 Ludington Street  
Escanaba, Michigan 49829  
Telephone (906) 786-6009  
Fax (906) 786-7555  
e-mail: [degrandlaw@gmail.com](mailto:degrandlaw@gmail.com)

John T. Reardon  
Russell W. Hall  
\*Benjamin Z. Parnet

*\*Also Licensed in Indiana*

September 18, 2014

**\*\*Daniel R. DeGrand  
\*\*Ralph B. K. Peterson**

**\*\*Of Counsel**

PLEASE REFER TO  
OUR FILE NUMBER  
11241.

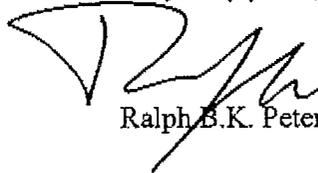
Jim O'Toole  
City Manager  
City of Escanaba  
P.O. Box 948  
Escanaba, MI 49829-0948

**RE: Term Sheet -  
Proposal between City of Escanaba  
and Basic Marine**

Dear Jim:

Enclosed herewith is the revised Kobasic term sheet.

Very truly yours,



Ralph B.K. Peterson

RBKP:mls  
Enclosure

## TERM SHEET

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DATED: September \_\_\_\_, 2014

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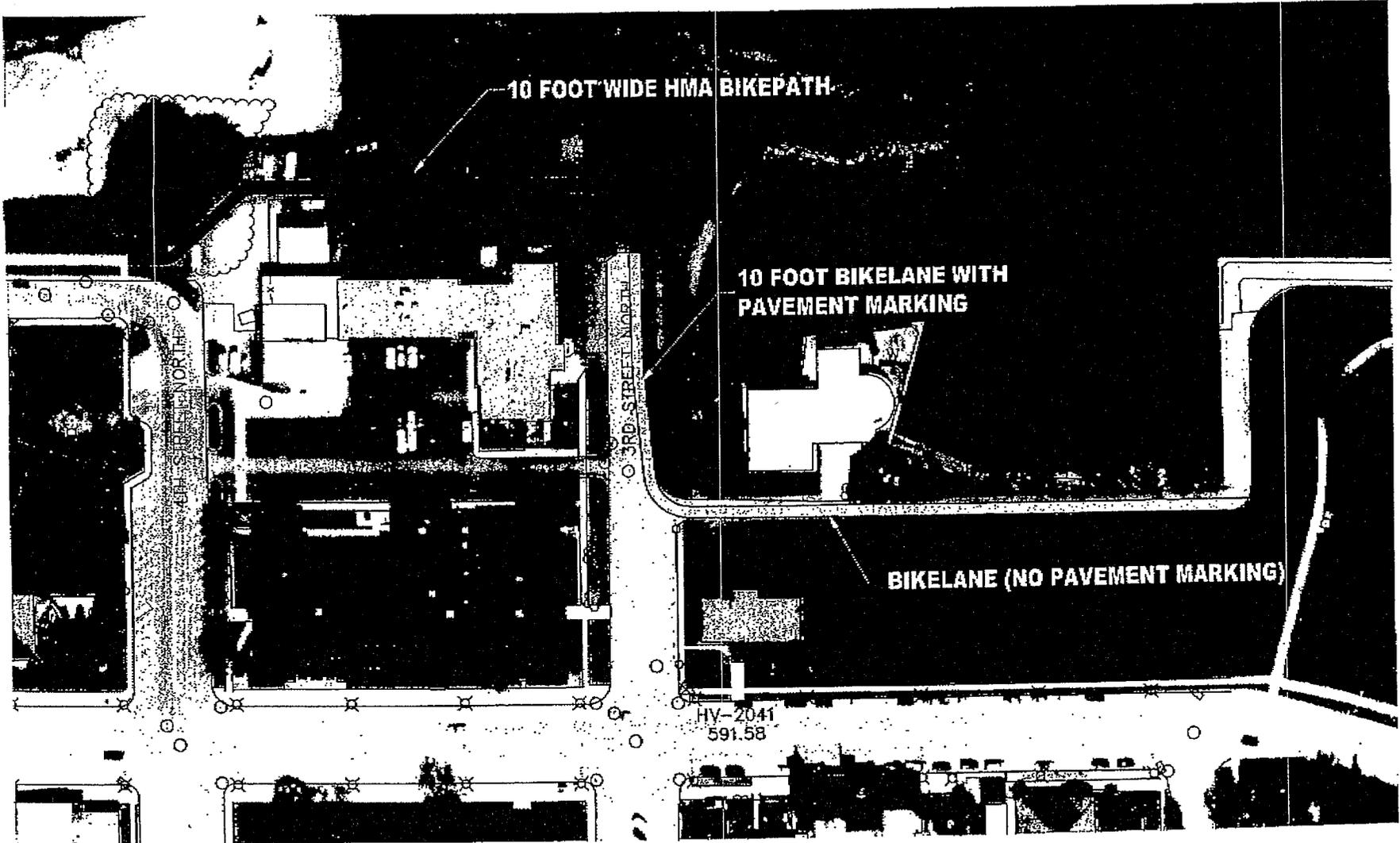
\_\_\_\_\_  
By: **Marc Tall,** Mayor

By: \_\_\_\_\_  
Name: **Robert S. Richards,** City Clerk

DATED: September \_\_\_\_, 2014

**BASIC MARINE,**  
A Michigan corporation

\_\_\_\_\_  
By:  
Its:



10 FOOT WIDE HMA BIKEPATH

10 FOOT BIKELANE WITH PAVEMENT MARKING

BIKELANE (NO PAVEMENT MARKING)

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**City of Escanaba - Engineering Dept  
Engineer's Opinion of Costs**

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<b>Estimate Total: \$21,381.25</b>						

**Basic Marine  
Correspondence  
“Offers/Requests”**

Basic Marine, Inc.  
440 North 10<sup>th</sup> Street  
Escanaba, MI 49829

June 28, 2016

James O'Toole, City Manager  
City of Escanaba  
P.O. Box 948  
Escanaba, MI 49829

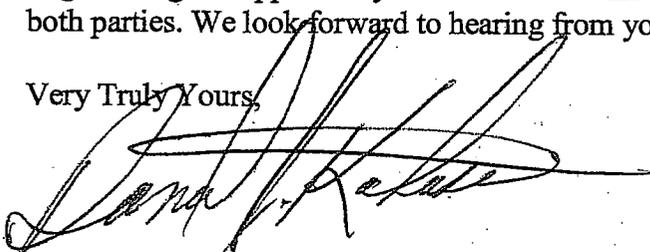
Dear Mr. O'Toole:

Basic Marine submitted its offer based upon the appraisal discussed in our letter. That is a good faith, fair value offer based upon a professional appraisal of the market value of the property. In past discussions, the city has stated it had an appraisal done, but the city has not provided us with a copy, although a copy has been requested several times. This is noted in the first paragraph of our letter of June 20.

In response to our letter you ask as to "our bottom line." If you question our appraisal or if your appraisal is different, let us know and we can discuss the differences and resolution of a fair purchase price. We believe the price should be fair to both parties, and should be based upon professional assessment of the value of the property under all of the circumstances. Those circumstances include the rapid erosion damage that is occurring, as well as the substantial expenses to be incurred to repair the deterioration that has occurred over the past many years. These were summarized and estimated in our letter of June 20. We can provide the council with a tour of the property if council members have questions.

You stated you would meet with council members of the "negotiating team" soon, and that might be a good opportunity for them to tour the site and review the appraisals obtained by both parties. We look forward to hearing from you.

Very Truly Yours,



Daniel J. Kobasic  
President

Basic Marine, Inc.  
440 North 10<sup>th</sup> Street  
Escanaba, MI 49829

June 20, 2016

James O'Toole, City Manager  
City of Escanaba  
P.O. Box 948  
Escanaba, MI 49829

Dear Mr. O'Toole:

I am in receipt of your term sheet for purchase of the lakefront property located behind the Delta County Jail. The terms outlined are nearly identical to the terms offered by the City in December of 2014. At that time, Terrie Peters, Basic Marine's former controller, requested copies of the appraisal and/or comparable sales used to reach the City's asking price of \$118,500. Neither Terrie nor Basic Marine ever received them. I am making the same request. I would like to see copies of the appraisal and comparable sales used by the City of Escanaba to support the asking price outlined in your most recent term sheet. I make this request for a number of reasons.

First, since December of 2014, significant erosion has taken place along the lakefront behind the jail. Nothing has been done by the City to mitigate this issue. As such, what was 1.02 acres has now eroded to become .66 acres per the survey of the property commissioned by Basic Marine. It boggles the mind to think that erosion of nearly 40% of the property somehow enhanced the value. Yet, that is exactly what the City's position is when one considers that the land mass has decreased but the asking price remains the same.

Second, because Basic Marine seeks to make a fair offer on the property, we hired a licensed commercial appraiser to assess the value of the property. The appraiser, Tony Pardee of Pardee Appraisal Services, LLC of Peshtigo, Wisconsin has impeccable credentials and used comparable sales from inside and outside the area to evaluate the property. In fact, one of the comparable sales used was the City's own sale of the Escanaba power plant property. According to Mr. Pardee, the appraised value of the property is \$26,000. Council members, with the exception of Mr. Tall, were offered a copy of the appraisal for their review.

As mentioned earlier, the property is badly eroded and will continue to erode as lake levels cyclically rise. Restoring the property to a usable condition will require an investment in the mid to upper six figures. Basic Marine has first-hand experience at this, as we have undertaken significant investment to restore the pier on the adjoining property as well as the property behind the home at 110 North 3rd Street in Escanaba. As a point of reference, the dredging alone to make the jail property usable will cost \$7 per cubic yard. Restoration of the property will require approximately 15,000 yards to be dredged and placed back on land from where it washed away. At a cost of \$7 per cubic yard, this amounts to \$105,000 and the

material would only be piled. Now, the material would have to be spread and the area manicured at additional costs.

Additionally, the jail property will require approximately 270 feet of new steel sheet piling to prevent future erosion at a material cost of \$640 per foot. At a total of cost of \$172,800, this is for steel sheeting only and does not include tie backs, whalers or labor necessary for installation. Before any real progress is visible, costs will exceed \$277,000.

Despite the massive investment, Basic Marine is still interested in this property because it restores and completes the old Merchant Dock to its original size and utility. *Restoration of the dock also fits perfectly with the City's master plan, namely higher utilization of the north shore areas.* We have chosen to undertake this endeavor because we believe the old Merchant Dock can once again provide economic value to the area. We are restoring the very foundation of the City of Escanaba. Historically, the Merchant Dock was the building block around which the City grew. We have already restored much of the Dock of our own initiative and at great expense. The addition of the jail property would complete what will be a world class marine facility in Escanaba.

The price sought for this .66 acres by the city is unrealistic and onerous, given all the additional investment required before the property provides any utility. The power plant was sold for what equates to \$26,315 per acre. Although the power plant property was used by the appraiser-Basic Marine hired as a comparable transaction, there is no comparison between the utility of the power plant property and the jail property. First, the power plant property is ready to use in its current state, unlike the jail property. The power plant property includes a building which in itself has a great deal of salvage value. If scrapped, the building would likely more than repay the buyer's investment. Essentially, one could argue that this means the City of Escanaba gave the property away for free.

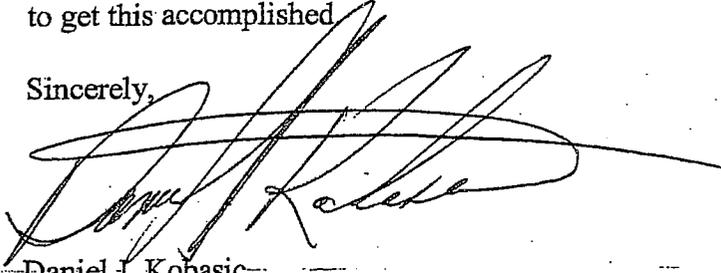
Basic Marine seeks to restore the Merchant Dock to its former viability. The work completed behind the home at 110 North 3rd Street shows what the jail property could become if we can reach a fair agreement for Basic to acquire the property and improve it. Additionally, we would be more than willing to work with the City of Escanaba to make the property accessible for public functions such as visiting tall ships, large yachts, etc.

Completion and restoration of the Merchant Dock will create jobs and commercial activity in the city. Other communities on Lake Michigan have done similar work and they are experiencing cruise ships, merchant ships and private vessels, which bring spending and commercial traffic to those localities. Escanaba has an opportunity to do the same thing here, at no cost to the City of Escanaba. The city would receive the fair, appraised price of the property, and the property would provide much needed tax revenue into the future. It is clearly a "win-win" situation for the city and its citizens.

Most council members have already seen the property and discussed our plans. Recently, we met with you to review the matter. We hope to be able to complete the transfer of the property soon so we can begin restoration and prevent further erosion and damage. We have information on other facilities on the Great Lakes that establish the benefits of such

restoration and improvement which we will share with the city. We want to turn a wasting property into a valuable facility for Escanaba, and we look forward to a successful discussion to get this accomplished.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel J. Kobasic". The signature is stylized with a large, sweeping initial "D" and "K".

Daniel J. Kobasic  
President



440 North 10<sup>th</sup> Street  
Escanaba, MI 49829  
Phone 906-786-7120  
Fax 906-786-7168



Date: November 7, 2014  
To: James O'Toole, City Manager  
Members of the City Council  
At: City of Escanaba  
Phone: 906-786-0240  
Subject: City-Owned Property behind Jail  
Reference: "Term Sheet" attached to Sept 23, 2014 letter from City to Basic Marine

Dear Mr. O'Toole and Council Members of the City of Escanaba,

During the meeting two weeks ago regarding the subject matter - with Daniel Kobasic, Robert Rosemurgy, Randy Viau (all representing Basic Marine); along with James O'Toole, Ralph Peterson, and other members representing the City, we were asked to provide a counteroffer for the subject property. In response to that request, we are proposing the following counteroffer that we feel would be treating both sides fairly:

1. Basic Marine (Basic) will pay \$66,500 for said property – in the way of the lease, as described per the referenced "Term Sheet"; thus, reducing the lease payments as follows:
  - a. At the time of execution of the lease agreement, Basic Marine would pay the City of Escanaba \$33,250;
  - b. At the beginning of the second year of the lease, Basic would pay the City \$11,084;
  - c. At the beginning of the third year of the lease, Basic would pay the City \$11,083;
  - d. The \$11,083 balance of the purchase price would be paid by Basic at the time of completion of the sheet piling project – at which time the City will deed the property to Basic and convey all of its rights, title and interest in the property to Basic.
  - e. This point of completion (for deed transfer) shall be determined by an independent third party surveyor, selected by and mutually agreeable to both parties.
2. Performance Terms
  - a. Basic Marine (Basic) is willing to work under a performance agreement, like that proposed by the City; subject, however, to the following time-line (contrary to that delineated in the referenced "Term Sheet"):
  - b. First off, a lease must be in place showing authorization for Basic to install sheet piling on the subject property, and dredge the waterfront along said property's shoreline.
  - c. Secondly, Basic can then apply for a permit to perform that work (sheet piling installation and dredging) – which will include submitting a copy of the deed for that property, along with a copy of the lease showing the authorization noted in "b." above. The approval process for such a permit is estimated to take anywhere from two to six months.
  - d. Thirdly, upon receipt of the permit just noted, Basic can then proceed with getting the sheet piling installed – going from west to east; beginning with the last sheet installed on Basic's property, and progressing eastward toward the peninsula point – where Basic has property adjoining the subject property;
  - e. Next, Basic can get the back fill taken care of.

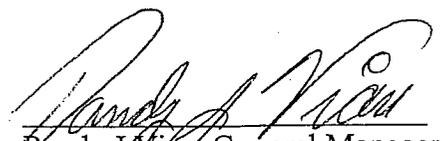
3. Finally, Basic can get the infrastructure in place, as described in the "Term Sheet" (just noting that this is the last item on the "performance" agenda, not the second).
4. Bike Path: Basic is willing to put in the grade and gravel the path, as well as seed alongside the path, in accordance with the specification provided with the referenced "Term Sheet". The City shall pave the path at its own expense, exclusive to the performance of this agreement.
5. The general, non-specific language concerning laws, regulations, etc. is not part of or relevant to this specific purchase. It is ambiguous and such matters are best left to law enforcement and regulators. Basic is subject to numerous general, marine, safety, Coast Guard and other regulations in its general operations. This provision should be removed from any agreement.
6. In summary, Basic Marine's counteroffer provides the City of Escanaba with a total purchase price of \$66,500, for the subject property, plus the value of Basic's contribution to the bike path noted in 4 above. In addition, this sale would save the City approximately \$400,000 of its own funds having to be expended into this property to repair the seawall, that is quickly eroding and being washed away.
7. Additionally, it has been noted by Mr. O'Toole that the "highest and best use of the subject property" is as part of the Basic Marine port area.
8. Expansion could result in the addition of technical construction of larger and deeper vessels than currently able to be handled at the Basic facility; which would require high tech jobs and additional construction work. It may also result in other shipbuilding and repair facilities using the port for their own furtherance of construction and repair work, as well as allowing for sea trials and other activities which could be performed at a larger facility. As Basic has presented previously, there have been discussions with various organizations, and letters of interest and intent to utilize the expanded capabilities, depending on the extent of such expansion. This also would produce additional jobs – with long-range possibilities.

By approving this transfer, Escanaba acts to encourage employment and growth in one of the City's primary manufacturing businesses. Time is important to the success of this project and we are interested in finalizing the transaction within thirty (30) days from the date of this proposal.

We look forward to working with the City and developing Escanaba's port facility for the future.

Signed, on behalf of Basic Marine, Inc.:

  
 Terrie Peters, Controller  
[terriep@basicmarine.com](mailto:terriep@basicmarine.com)

  
 Randy J. Vian, General Manager  
[rjv@basicmarine.com](mailto:rjv@basicmarine.com)

Cc: James O'Toole, City Manager  
 Marc Tall, City Mayor  
 Patricia Baribeau, City Council  
 Ralph Blasier, City Council  
 Robert Richards, City Clerk

Ralph Peterson, City Attorney  
 Dana Norden, City Assessor  
 Ronald Beauchamp, City Council  
 Michael Satten, City Council

Daniel Kobasic, Basic Marine President

Lyle Berro, Business Development Manager



440 North 10<sup>th</sup> Street Phone 906-786-7120  
Escanaba, MI 49829 Fax 906-786-7168  
Email: info@basicmarine.com

Date: November 30, 2013  
To: James O'Toole, City Manager – City of Escanaba  
Email: [jotoole@escanaba.org](mailto:jotoole@escanaba.org)  
Subject: Basic Marine acquisition of City Property  
Re: Tax ID No. 051-420-2929-200-002

*Basic  
O'Toole  
(INITIAL)*

Basic Marine, Inc. (hereinafter “Basic”) hereby requests the City of Escanaba to sell the subject property (as portrayed in the enclosed site plan) to Basic. Basic currently owns both properties along the water on either side of the subject property. Basic intends to use this property, as the link that connects the chain of adjacent waterfront properties, to begin to restore it to its original use – as a deep water port. This would expand the commercial and industrial capabilities of Basic, allowing Basic to bring in and work on larger and deeper vessels operating on the Great Lakes (such as cruise vessels and freighters), as well as saltwater vessels coming into the Great Lakes from foreign waters. This, in turn, would bring new business to Escanaba. The economic impact of that new business is reported to be about 5x whatever the direct impact is to Basic. Example: Basic brings in \$10 million worth of new business, then that would have an local economic impact of about \$50 million.

Basic intends to invest approximately \$500,000 into the property, upon acquisition, and within the first year, to restore the water depths to 28’ and install approximately 270’ of sheet piling (in conjunction with the new sheet piling being install on both properties adjacent to this property – east and west); thus, cleaning-up and beautifying that end of the waterfront property. Basic would also provide and install electricity and appropriate mooring equipment, for vessels to moor alongside the dock, so they can be worked on – in emergency situations, without having to lighten their loads (as is required at other ports on Lake Michigan), as well as bringing them in for / during their regular maintenance periods.

Upon making this investment, in conjunction with the investment into both properties adjacent to this property, Basic would hire 20-25 new employees, most of who would be in the skilled trades, such as welders, shipfitters, pipefitters, painters; along with support staff, such as engineers, supervisors, and administrative personnel.

In light of all this additional investment that Basic will be making, and the fact that the property is actually “filled property” (i.e. on top of peat) – making it unsuitable for building on it besides the intended / proposed use as described herein, Basic offers to purchase this piece of property for \$1.

Thank you, in advance, for your consideration and cooperation with our request,  
*Terrie Peters*, Controller

**BASIC MARINE, INC.**

440 North 10th Street  
Escanaba, MI 49829

2/21/2013

www.basicmarine.com

Phone: 906.786.7120

Fax: 906.786.7168

City Manager James V. O'Toole  
PO Box 948  
Escanaba, MI 49829



Subject: Basic Marine Harbor, Escanaba, MI

Dear Mr. O'Toole,

The harbor at Basic Marine is the original port on Lake Michigan that established the City of Escanaba. The ore trade that originally passed through this site was instrumental in the development of the United States of America.

Basic Marine has established itself on this 38-acre site, located in the city limits of Escanaba. Now, 150 years later, this harbor is going to be the new heart for the Upper Peninsula's link to the world; as well as the only shipbuilding and marine repair facility of its kind in the State of Michigan.

Basic Marine, Inc. has earned a reputation for providing top-quality vessels and services, in a timely manner, and on a competitive basis. Enclosed hereto, for your reference, are brief summaries of some of Basic Marine's projects that have been completed over the past five years; along with a hull history, showing all steel-hulled vessels that have been successfully built and delivered (through hull 215), or are currently under contract to be completed (hull 216 and on).

The second aspect of the harbor at Basic Marine will be the construction of a deep water port which will allow deep draft saltwater ships to load and unload in Escanaba. Also, during winter lay-up season, this deep water port will allow for dockside storage, services and repairs of various Great Lakes' ore carriers to occur right here in Escanaba.

Basic Marine's location makes it easily accessible by truck, water and rail. Additionally, the railroad spur that enters the Basic Marine property has recently been extended to better enable Canadian National Railroad to serve the harbor.

As noted, Basic Marine is the only business of its kind in the State of Michigan. There are no other shipbuilding and repair companies in the state that are capable of the size and type of work accomplished at Basic Marine.

Because the lack of adequate water depths, that continue to decline in recent years, limit and curtail all the aforementioned activities, and stifle the growth of this industrial facility, Basic Marine requests, through your office and from the State of Michigan, financial support for dredging of the Basic Marine Harbor, so shipbuilding and vessel repairs can continue without hindrance; and so deepwater port activities can be developed further.

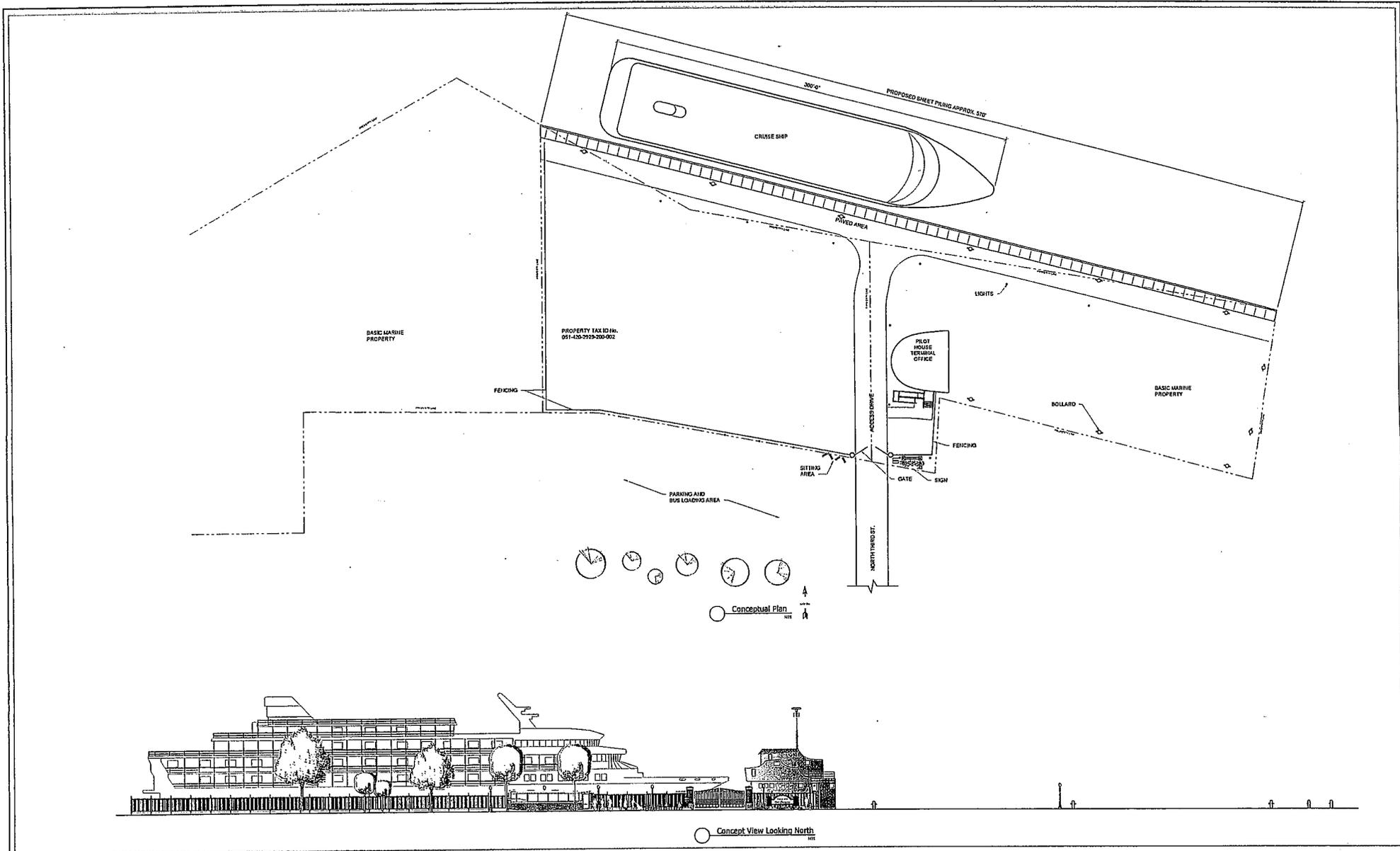
If you need additional information, please contact either of us, at your convenience:

Lyle L. Berro: 906-420-1115; LyleBerro@chartermi.net

P.O. Box 143, Escanaba, MI 49829

Terrie Peters: 906-786-7120; terriep@basicmarine.com

Thank you for your consideration.



# Proposed Escanaba Port Terminal

Mr. Daniel Kobasic  
11-26-2013

**Dynamic Design  
Group, inc.**  
Engineers—Architects—Project Managers  
*ddy* design document manage

Dynamic Design Group, inc.  
P.O. Box 1064  
900 1st Ave. So., Ste. A  
Escanaba, MI  
ph.: 906.786.3300

U.S. Department of  
Homeland Security

United States  
Coast Guard



Commander  
United States Coast Guard  
Sector Sault Sainte Marie

337 Water Street  
Sault Sainte Marie, MI 49783  
Staff Symbol: s  
Phone: (906) 635-3340  
FAX: (906) 635-3321

16000  
14-01-901  
30 January 2014

City of Escanaba  
Attn: City Manager  
410 Ludington Ave  
Escanaba, MI 49829

Dear Mr. O'Toole:

My name is Captain Steve Teschendorf and I serve as the Commander of U.S. Coast Guard Sector Sault Sainte Marie. As such, I am responsible for all Coast Guard statutory missions on Lake Superior and northern portions of Lakes Michigan and Huron. Some of those missions include search and rescue, law enforcement, marine safety, aids to navigation, marine environmental protection, and domestic icebreaking operations.

The purpose of this letter, consistent with 5 C.F.R. 2635.702(c), is to discuss the importance of Escanaba's waterfront to our Green Bay icebreaking activities. As you well know, commercial carriers transport various bulk commodities to and from the City of Escanaba's waterfront. During periods of ice cover, the safe and efficient movement of these cargoes often relies on U.S. Coast Guard icebreaker support. When conducting ice breaking operations in Little Bay de Noc, or when cutters need to stay overnight, our cutters moor at the Reiss Facility. Although we're grateful for the Reiss Facility's gracious hospitality, that dock is further up the bay than the cutters prefer to operate.

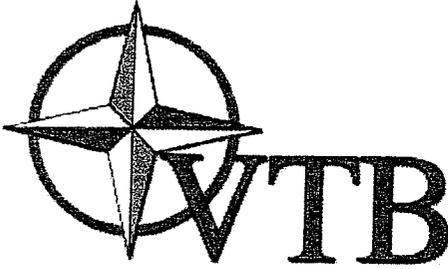
I understand you are considering a plan to build a dock nearer to the bay of Green Bay. If such a dock were to be built, and it had ample water depth, such a dock would benefit the transport of bulk commodities to and from your city as well as Coast Guard missions that support icebreaking in and around Green Bay. I have conferred with Captain Matt Sibley, the Commander of U.S. Coast Guard Sector Lake Michigan who also has purview over this area. Captain Sibley agrees with my assertion.

I thank you for your consideration.

Sincerely,

  
S. C. TESCHENDORF  
Captain, U. S. Coast Guard  
Commander, Sector Sault Sainte Marie

Copy: USCG Sector Lake Michigan



VanEnkevort Tug & Barge, Inc.  
909 North Lincoln Road  
Escanaba, MI 49829

Phone: (906) 786-1717  
Fax: (906) 786-1700  
Email: vtbarge@vtbarge.com

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Date: 2/07/14  
To: Whom It May Concern  
From: VanEnkevort Tug & Barge Inc.  
Re: Deep Water Dockage

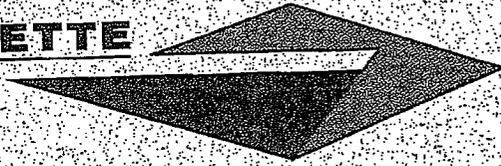
It has come to our attention that Basic Marine has an opportunity to acquire property that would allow vessels of notably deeper drafts to come into their facility. We currently do business with Basic Marine, but the scope of that business is limited by the current controlling draft at their docks.

If we were able to come into their facility at deeper drafts, the opportunities for us to do more business together would increase substantially.

Respectfully,

Dirk VanEnkevort  
President  
VanEnkevort Tug & Barge Inc.

**PERE MARQUETTE**  
SHIPPING COMPANY



Date: 1/28/14

To: Whom It May Concern

From: Charles Roy Leonard / COO, Pere Marquette Shipping

Re: Deep Water Dockage

It has come to our attention that Basic Marine has an opportunity to acquire property that would allow vessels of notably deeper drafts to come into their facility. We currently do business with Basic Marine, but the scope of that business is limited by the current controlling draft at their docks.

If we were able to come into their facility at deeper drafts, the opportunities for us to do more business together would increase substantially.

Sincerely

A handwritten signature in cursive script that reads "Charles Leonard".

Charles Roy Leonard  
COO, Pere Marquette Shipping



**CENTRAL MARINE LOGISTICS**  
INTER SHIP & NORTHERN INDIANA MARINE MANAGEMENT  
VESSEL MANAGEMENT ♦ STEAMSHIP AGENTS ♦ BULK FORWARDING



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445 N. BROAD STREET, GRIFFITH, IN 46319 • PHONE 219-922-2602 • FAX 219-922-2715  
CENTRALMARINELOGISTICS.COM

BASIC MARINE, INC.  
Dan Kobasic  
440 N 10<sup>th</sup> St.  
Escanaba, MI 49829

February 18, 2014

Dear Dan,

It was good to speak with you the other day. I am definitely excited to learn about your potential deep water ship repair project.

There is currently no local facility to repair vessels that can accept a typical US flagged Laker in loaded condition. As the US fleet gets older, the potential for a mechanical causality increases every year. In my opinion, it will only be a matter of time, before a lake boat will require a repair and be unable to off load cargo before heading to one of the few shipyards on the Great Lakes.

Your proposal of a deep water ship repair facility that can accommodate a loaded Laker will be most welcome and supported by industry.

Sincerely,

Tom Wiater  
Central Marine Logistics  
President

**BASIC MARINE, INC.**  
440 North 10th Street  
Escanaba, MI 49829

[www.basicmarine.com](http://www.basicmarine.com)  
Email:  
[info@basicmarine.com](mailto:info@basicmarine.com)

DUNS: 099946683  
Phone: 906.786.7120  
Fax: 906.786.7168

## **CONSTRUCTION EXPERIENCE and PAST PERFORMANCE**

Basic Marine, Inc. (BMI) is a fully-equipped, financially-sound and bondable shipyard. BMI is a small business with less than 50 employees. BMI has performed as the prime contractor for all new construction contracts and marine repair jobs since the 1980's for various commercial firms and government agencies, including: the United States Army, Corps of Engineers, Coast Guard, Geological Survey, Navy and Departments of Transportation. BMI has never defaulted on a contract nor had any contract terminated for the convenience of the Government or any commercial firm.

These jobs have ranged from minor repairs to major conversions to new construction; from multiple-year contracts to produce, overhaul, test and deliver freshwater and saltwater buoys, to multiple-option contracts for new barges and causeway modules; and single-vessel contracts for new specialty barges and passenger/vehicle ferries. All of these jobs have included tasks and requirements that are similar in nature and scope to the scope of work described in your solicitation.

Following is a brief synopsis of such jobs demonstrating BMI's ability to successfully design, construct, test and deliver complete vessels - with bilge/fuel handling, electrical, HVAC, hydraulic, mechanical, propulsion, safety, sanitary/sewage, and spud-handling systems; as well as build, paint and outfit vessels of various designs and sizes in accordance with contract specifications and regulatory requirements.

**BASIC MARINE, INC.**  
440 North 10th Street  
Escanaba, MI 49829

[www.basicmarine.com](http://www.basicmarine.com)  
Email:  
[info@basicmarine.com](mailto:info@basicmarine.com)

DUNS: 099946683  
Phone: 906.786.7120  
Fax: 906.786.7168

### Repair Contracts

Commander, USCG Maintenance and Logistics Command - Atlantic  
300 East Main Street, Suite 600  
Norfolk, VA 23510-9102  
Contact: Fax for all is 757-628-4676

Buoys Maintenance - Great Lakes Buoys  
Contract Officer: Gail McDaniel 757-628-4649

Services performed: overhaul, repair, blast, paint, renew faulty components on buoys located around the Great Lakes  
1. Contract HSCG80-04-D-000119 - Completed 4 years. Amount: varied each year\* Contract Specialist: Tara Holloway 757-628-4754

Drydocking Repairs - United States Coast Guard Cutters/Buoy Tenders  
Contract Officer: Michael Monahan 757-628-4639; Contract Specialist: Sandra Martinez 757-628-4591  
Services performed: De-rig vessels of various components (propulsion, electrical, hydraulic, mechanical, HVAC, etc.), overhaul/renew and reinstall; hull and deck repairs/section-replacements; blasting, cleaning and preserving tanks, exhaust stacks, decks, machinery spaces and hull exterior

1. Contract HSCG85-12-C-P45B75 - USCG Bristol Bay - Oct 2012. Final Amount: \$.9 million \*
2. Contract HSCG85-11-C-P45EP2 - USCG Mobile Bay - Oct 2011. Final Amount: \$.95 million \*
3. Contract HSCG85-11-C-P45M42 - USCG Katmai Bay - July 2011. Final Amount: \$.5 million \*
4. Contract HSCG85-10-C-P45CK6 - USCG Buckthorn - Sept 2010. Final Amount: \$.2 million \*
5. Contract HSCG85-10-C-P45CK6 - USCG Biscayne Bay - July 2010. Final Amount: \$.7 million \*

RV Laurentian Haul-Out & Repair  
c/o Great Lakes Environmental Research La  
4840 South State St.  
Ann Arbor, MI 48109  
Primary Contact: Eugenia Lashbrook

1. Contract EA-133R-12-SE-1188 - Drydock R/V Laurentian - Jul 2012. Final amount: \$.14 million \*  
Overhaul shaft, propeller, rudder, bearing, tanks, and valves; renew piping and plating; blast and paint hull

USAED Buffalo, Cleveland Project Office  
1035 East 9<sup>th</sup> Street  
Cleveland, OH 44114-1003  
Primary Contact: Paul Rogers at (216) 685-1211

1. Contract W912P4-10-P-0002 - Drydock Tug Cheraw - Jan 2010. Final amount: \$.5 million \*  
Overhaul shaft, propeller, rudder, bearing, tanks, and valves; renew piping and plating; blast and paint hull
2. Contract W912P4-11-C-0001 - Drydock Derrick Barge McCauley - April 2011. Final amount: \$.75 million \*  
Crop, renew and paint rake and hull-plating and structural members; crane work

\* Contract Type: The contracts listed above were awarded as Fixed Price contracts. Several pre-priced Options/Rates were included in the bids, and awarded during the progress, for these jobs.

**BASIC MARINE, INC.**  
**440 North 10th Street**  
**Escanaba, MI 49829**

**www.basicmarine.com**  
**info@basicmarine.com**

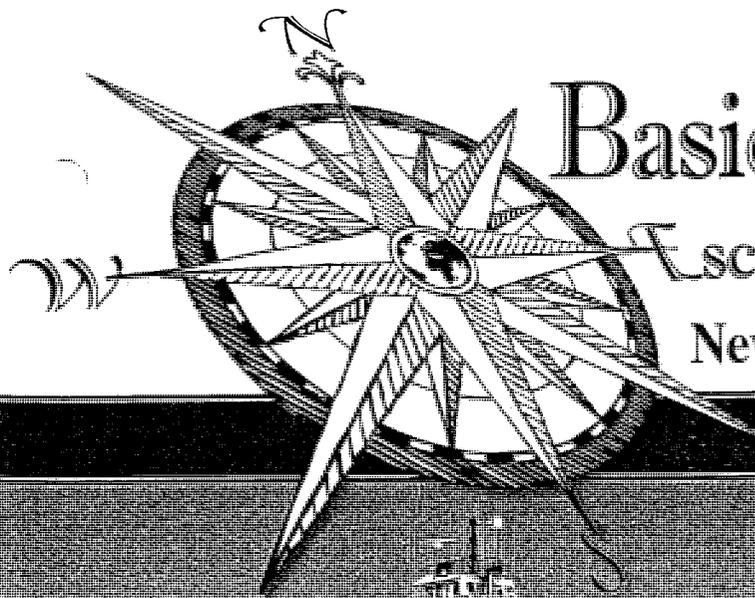
**Contact: Terrie Peters**  
**Phone: 906.786.7120**  
**Fax: 906.786.7168**

Basic Marine, Inc. (BMI) is a small business with less than 50 employees capable of constructing, testing and delivering steel hulls of various sizes and designs. BMI's production schedule could easily accommodate the construction schedule requirement for this project. All units are built on BMI's sole location which includes 38 acres at: 440 North 10th Street, Escanaba, MI 49829. BMI has successfully built, tested and delivered several steel-hulled vessels, as noted below.

<u>Description</u>	<u>Customer/Contact</u>	<u>Dimensions</u>	<u>Special Features</u>	<u>Contract Amount</u>	<u>NTP - Construct</u>	<u>Completion</u>
Director - Marine Design Center US Army Engineer District, Philadelphia Wanamaker Building, 100 Penn Square East Philadelphia, PA 19107-3390  Design, construct, test and deliver:						
Edward Vollberg Ph: 215-656-6850 Fax: 215-656-6868						
Gravel Revetment Barge - Contract W912BU-09-C-0056	Memphis District	200 x 40 x 8	hydr-driven spuds, winches, electrical, HVAC, crane, head, galley, office	\$8.2 million	Sep-09	Feb-12
6 Deck Cargo Barges - Contract W912BU-10-C-0012	Mobile District	120 x 28 x 7	cargo boxes	\$3.4 million	Jul-10	Jan-12
Stop Log Barge - Contract W912BU-10-C-0016	Nashville District	150 x 52 x 7	stop log foundations; elevated walkways	\$1.4 million	Mar-10	Jun-11
14 Deck Barges - Contract W912BU-08-C-0037	Galveston District	95 x 70 x 10	salt water ballasting for all WT compartments	\$25 million	Sep-08	May-11
One Floating Crane Barge - Contract W912BU-09-C-0003	Huntington District	70 x 35 x 6' 3"	pedestal-mounted crane	\$1.6 million	Oct-08	Dec-09
One Deck Barge - Contract W912BU-06-C-0028	Rock Island District	150 x 59-6 x 12	spuds, elec-driven spud winches, various systems	\$6.7 million	Apr-08	Jul-09
Twenty Pipeline pontoons - Contract W912BU-06-C-0026	Vicksburg District	48 x 18 x 4	pipeline, castings, t-rails	\$4 million	May-07	Oct-08
One Anchor Barge - Contract W912BU-05-C-0020	Vicksburg District	60 x 22-2 x 5-3	winch overhaul	\$1 million	Apr-06	Mar-08
Six Deck Cargo Barges - Contract W912BU-04-C-0016	Omaha District	120 x 30 x 6-3	cargo boxes	\$2.7 million	Jun-05	May-07
Naval Sea Systems Command 1333 Isaac Hall Ave. S.E. Stop 2020 Washington Navy Yard 20376-2020  Stephen Piasecki Ph: 202.781.2969 Fax: 202.781.4651						
Contracts to Design, Construct, Test and Deliver:						
Two Covered & Seven Uncovered Lighters - Contract N00024-04-C-2200	Norfolk, VA & Keyport, WA	110 x 39-4 x 9	warehouses on deck top with roll back doors	\$6.9 million	May-04	Jan-08

**BASIC MARINE, INC. - HULL HISTORY**

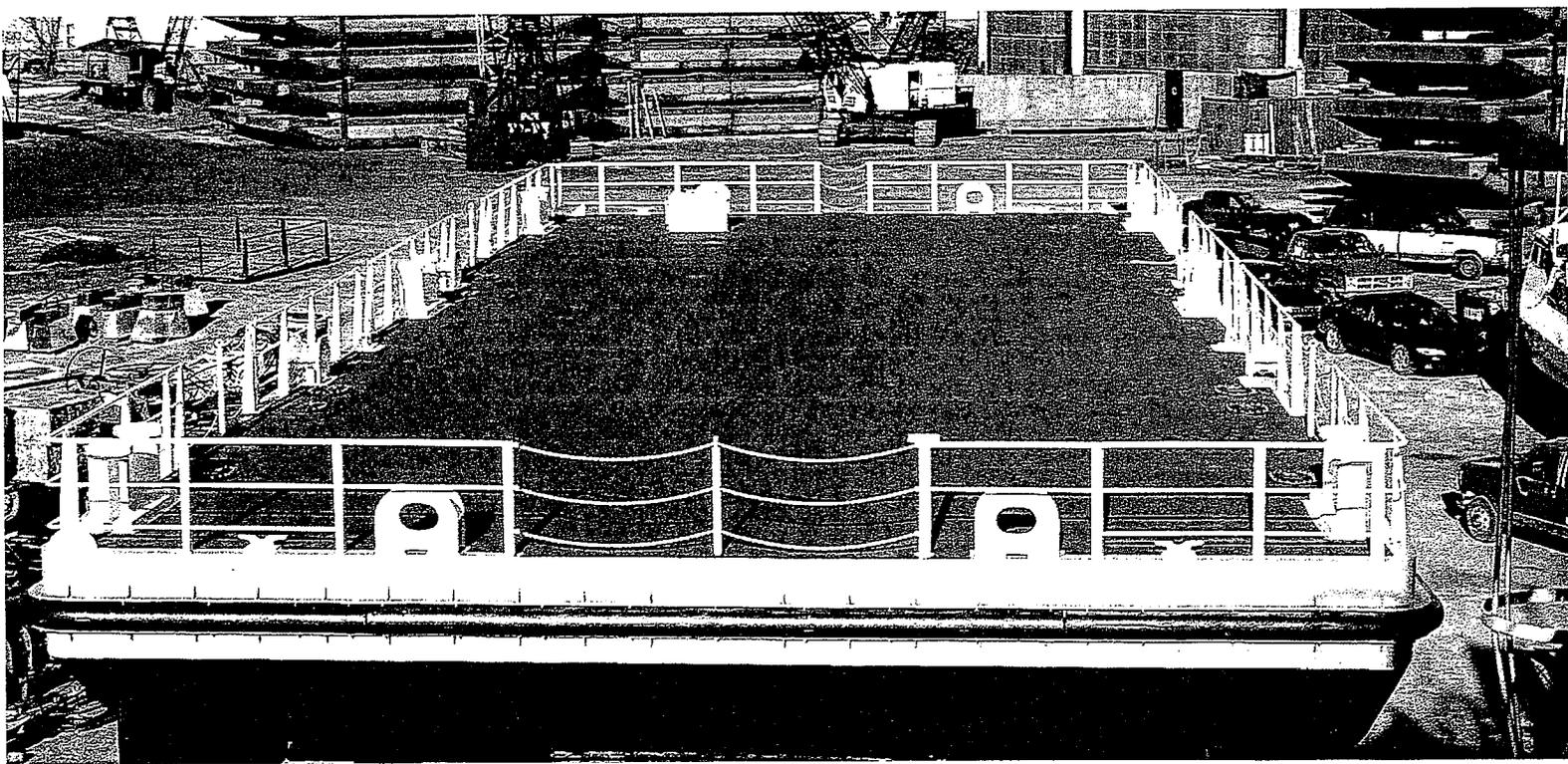
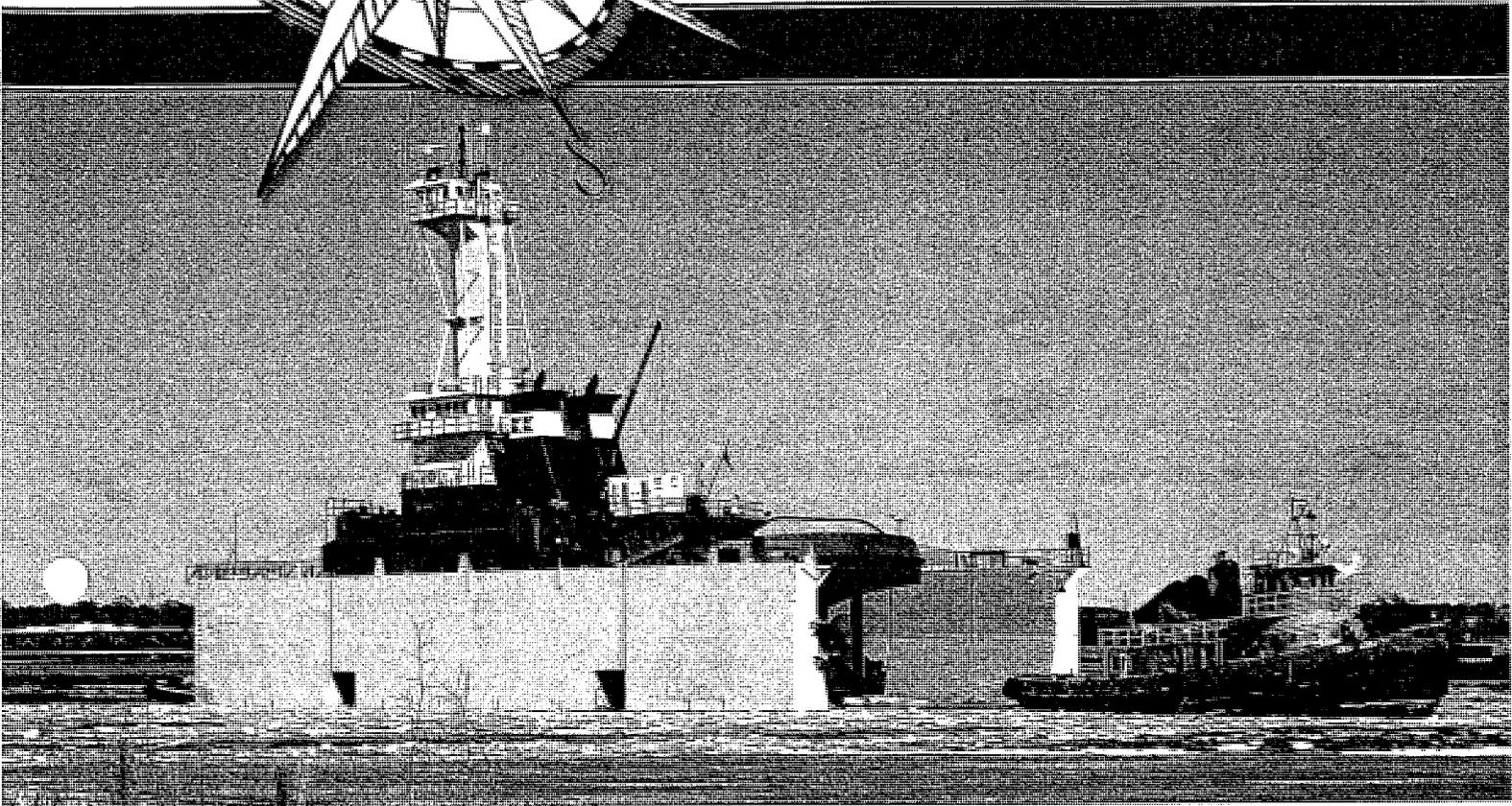
<u>HULL NO</u>	<u>YEAR</u>	<u>VESSEL TYPE</u>	<u>SIZE</u>	<u>LOCATION</u>
1		FISHING TRAWLER	80 X 22 X 12	NEW ENGLAND COAST
2		OFFSHORE OIL BARGE	180 X 54 X 12	NEW ORLEANS, LA
3		FISHING TRAWLER	80 X 24 X 12	CEDAR RIVER, MI
4		GATE BARGE	150 X 52 X 8	PITTSBURGH, PA
5	1988	DECK BARGE	200 X 50 X 8	PITTSBURGH, PA
6-9	1990	DECK CARGO BARGES	110 X 26 X 6	ST. PAUL, MN
10	1990	DECK CARGO BARGES	105 X 26 X 8	ST. PAUL, MN
11	1992	SPUD BARGE	150 X 46 X 10-6	DETROIT, MI
12-21	1989	NABRICO BARGES	160 X 34 X 9-6	VICKSBURG, MS
22	1992	DECK BARGE	110 X 26 X 7	PITTSBURGH, PA
23-24	1991	FERRY	SECTIONAL	OSAGE BEACH
25-28	1992	DECK CARGO BARGES	110 X 26 X 6	PITTSBURGH, PA
29-78	1993	DREDGE PONTOONS	47-6 X 16 X 3-10	ST. PAUL, MN
79-80	1993	STOP LOG BARGES	190 X 33 X 8	NASHVILLE, TN
81	1993	STOP LOG BARGE	135 X 35 X 8	NASHVILLE, TN
82-84	1994	COVERED LIGHTERS	33.55 X 12 X 2.75M	PHILADELPHIA, PA
85-88	1994	COVERED LIGHTERS	33.55 X 12 X 2.75M	LOS ANGELES, CA
89-90	1995	DECK CARGO BARGES	151 X 52 X 8	HUNTINGTON, WV
91	1997	FUEL OIL BARGE	125 X 26 X 7-6	ST. PAUL, MN
92	1997	FUEL OIL BARGE	125 X 26 X 7-6	VICKSBURG, MS
93	1996	FERRY	114 X 48 X 10-6	SUGAR ISLAND, MI
94-95	1997	HOPPER BARGES	175 X 26 X 11	PITTSBURGH, PA
96-97	1998	DECK CARGO BARGES	150 X 35 X 6	ROCK ISLAND, IL
98-103	1998	DECK CARGO BARGES	150 X 35 X 8	ROCK ISLAND, IL
104	1998	CRANE BARGE	150 X 46 X 9	ST. LOUIS, MO
105	1999	RO/RO SPUD BARGE	200 X 42-6 X 10	ESCANABA, MI
106	1999	CARGO BOX BARGE	140 X 54 X 7	LOUISVILLE, KY
107	2000	FUEL OIL BARGE	125 X 26 X 8	ST. LOUIS, MO
108	2000	FERRY	148 X 40 X 12	DRUMMAND ISLAND, MI
109-110	2000	DECK CARGO BARGES	110 X 26 X 7	PITTSBURGH, PA
111	2000	DECK CARGO BARGE	108 X 26 X 7	PITTSBURGH, PA
112	2001	WASH DOWN BARGE	72 X 36 X 11-6	LOUISVILLE, KY
113-115	2001	DECK CARGO BARGES	120 X 30 X 7	NEW ORLEANS, LA
116	2002	FERRY	105 X 44 X 5-8	MERRIMAC, WI
117	2004	RESEARCH VESSEL	101 X 24-9 X 9	CHEBOYGAN, MI
118	2004	DECK CARGO BARGE	150 X 35 X 6	ROCK ISLAND, IL
119	2006	CRANE BARGE	150 X 46 X 10	ROCK ISLAND, IL
120-121	2006	MANEUVER BOATS	80 X 32 X 4-6	ROCK ISLAND, IL
122-124	2005	OPEN LIGHTERS	110 X 39-4 X 9	NORFOLK, VA
125	2005	COVERED LIGHTER	110 X 39-4 X 9	KEYPORT, WA
126	2005	COVERED LIGHTER	110 X 39-4 X 9	PORTSMOUTH, VA
127-132	2007	DECK CARGO BARGE	120 X 30 X 6-3	OMAHA, NE
133-157	2006	PIPELINE PONTOONS	48 X 18 X 4	ST. LOUIS, MO
158-159	2006	OPEN LIGHTERS	110 X 39-4 X 9	PORTSMOUTH, VA
160	2005	DEBRIS BARGE	50 X 24 X 4	CHICAGO, IL
161-162	2006	ROCK BARGES	150 X 35 X 8-4	PEORIA, IL
163	2007	ANCHOR BARGE	60 X 22'2 X 5'3	VICKSBURG, MS
164-183	2008	VICKSBURG PONTOONS	48 X 18 X 4	VICKSBURG, MS
184	2009	KEWAUNEE BARGE	150 X 59'6" X 12	ROCK ISLAND, IL
185-186	2007	OPEN LIGHTERS	120 X 30 X 6-3	SILVERDALE, WA
187	2008	VICKSBURG PONTOON	48 X 18 X 4	VICKSBURG, MS
188-189	2009	VINCCLER DECK BARGES	150 X 45 X 10	VENEZUELA
190	2009	VINCCLER DECK BARGE	200 X 70 X 12	VENEZUELA
191	2009	HUNTINGTON CRANE BARGE	70 X 35 X 6	HUNTINGTON, WV
192	2009	RO/RO SPUD BARGE	220 X 55 X 12	ESCANABA, MI
193-206	2011	DECK BARGES	95 X 70 X 10	GALVESTON, TX
207	2011	MEMPHIS CRANE BARGE	200 x 40 x 8	MEMPHIS, TN
208	2011	NASHVILLE STOP LOG BARGE	150 x 52 x 7	NASHVILLE, TN
209	2010	BMI DECK BARGE	210 x 42-6 x 11	ESCANABA, MI
210-211	2012	MOBILE DECK CARGO BARGES	120 x 28 x 7	MOBILE, AL
212-215	2012	MOBILE DECK BARGES	120 x 28 x 7	MOBILE, AL
216	2012	FERRY BARGE	78'10 x 34'8 x 5'8	CHICAGO, IL
217	2013	DECK BARGE	120 X 30 X 6	OMAHA, NE
218-219	2013	SPUD BARGES	150 x 35 x 6	ROCK ISLAND, IL
220	2013	RO/RO SPUD BARGE	160 x 42 x 12	ESCANABA, MI



# Basic Marine, Inc.

Escanaba, Michigan

New Construction & Marine Repairs



# About BASIC MARINE, INC.

## **Quality workmanship and exceptional facilities**

### ■ What we do

**Custom-built steel vessels** delivered on time, with paint and equipment warranties, at competitive prices. Experienced with ABS, DOT's, U.S. Army, Corps of Engineers, Coast Guard, and Navy.

### ■ Facilities

**We have approximately 74,000 square feet of fully equipped fabrication, shop and warehouse facilities**—including a new "Cincinnati" 1000-ton press brake and new plasma cutting table—for cutting, fitting, welding, forming, rolling, surface preparation and coating, installing electrical, mechanical and safety systems.

**Basic Towing, Inc.** is an excellent partner to our production at Basic Marine. Basic Towing makes many of our product deliveries.

## Marine Repairs

### ■ Floating Drydock

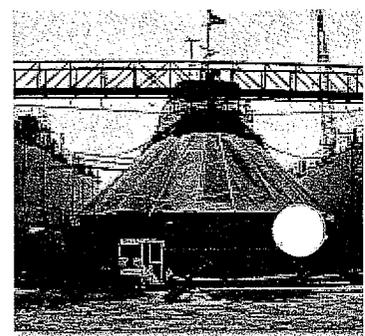
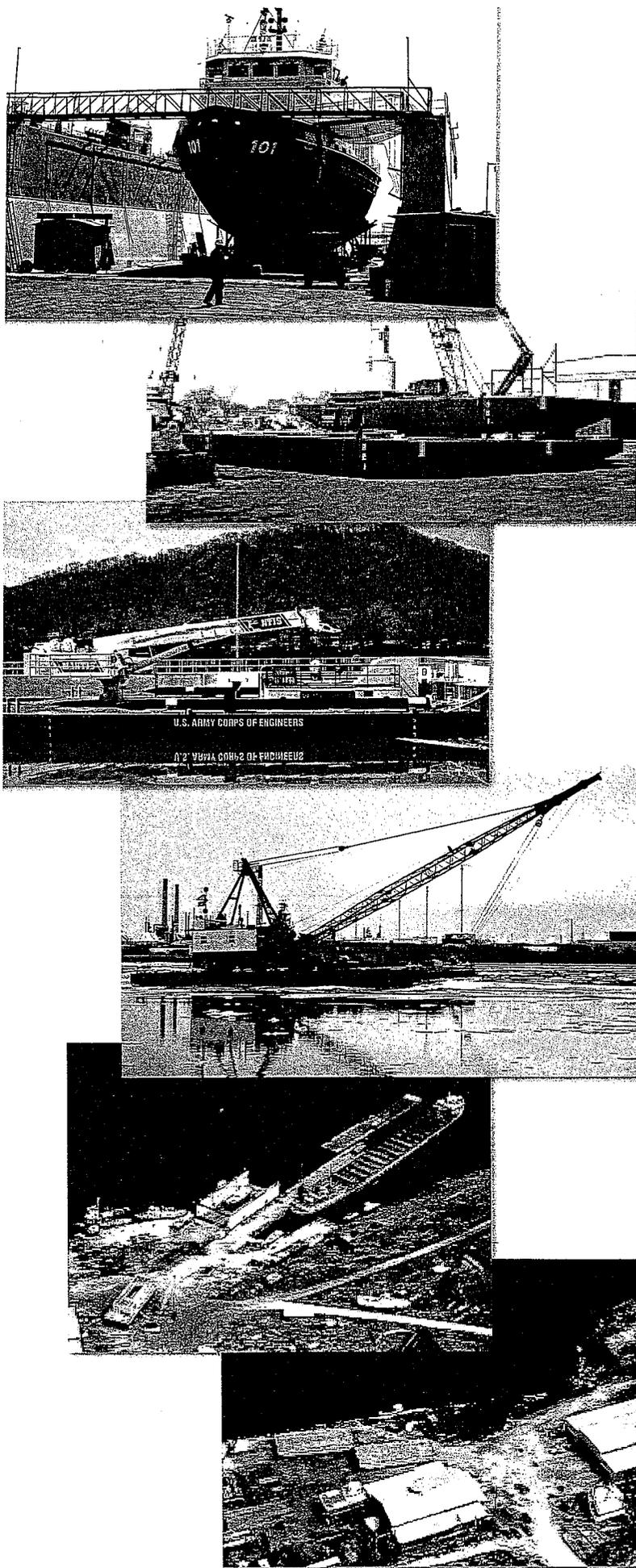
2300 tons; 160' x 65' (inside) with removable side wall. Repairs, replacements and installations of sections and components. Inspection and survey, surface prep and finishing, electrical, mechanical and safety systems.

### ■ Dock and Pier

More than 2000' of dockside space, plus 500' pier—averaging 15'-20' deep, 480V and 120V, 3-phase and single-phase shore power with water hook-up/access.

## Why to use BASIC MARINE

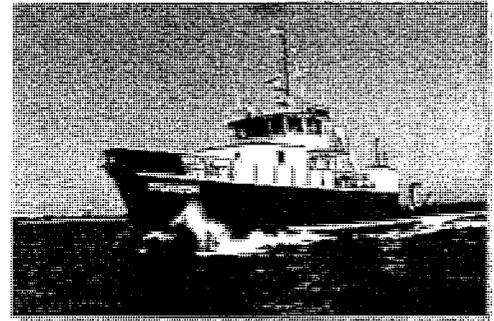
We offer great benefits to our customers, with access to 38 acres of waterfront property in the northern, naturally protected section of Green Bay, called Little Bay De Noc in Escanaba, MI. With this access, we offer 2000 feet of dock space, plus a 500-foot pier, Canadian National railway service into the yard; multiple gates for easier road access to, and from, the water front; and a recently-improved, 250' section of gravel road to better handle heavy lift trucks. All these features allow us to better serve our customers' needs for deliveries across the Great Lakes, and / or to the East or West coasts. Whether your needs are to have a loading or unloading point for a heavy lift ship, or heavy lift trucks; or to load our barge for a delivery; or even use train service into, or out of, the yard—we have you covered.



# Recent BASIC Projects

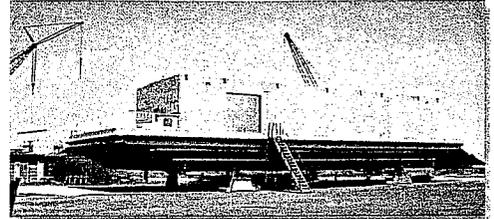
## R/V STURGEON RETROFIT

Basic Marine performed a retrofit on USGS's R/V Sturgeon, 101' long, 24'9" wide. Prior to the retrofit, the Sturgeon was non-functioning vessel; only a steel hull. No machinery was on board, beyond the existing shafts, propellers and rudders. Now it is a functional research vessel that services the Great Lakes for the United States Geological Survey.



## NINE NAVY BARGES

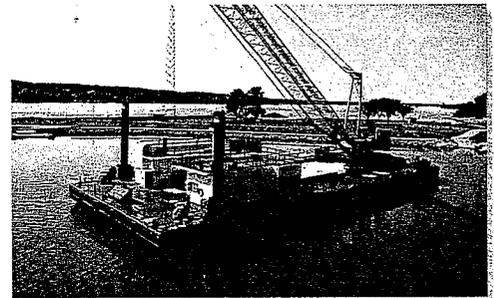
The Navy contracted Basic Marine, Inc. to design and construct seven YC deck barges and two YFN covered barges. These non-self-propelled barges have the primary task of carrying cargo to ships of the US Navy and are capable of transporting 570 metric tons. The decks have sufficient strength to accommodate cargo-handling operations using any electric forklift with an associated 5,000 kg capacity without causing any deck deformation. The barges are 33.55M in length, 12M beam, with a depth of 2.73M.



## The following projects were completed for the US ARMY CORPS of ENGINEERS

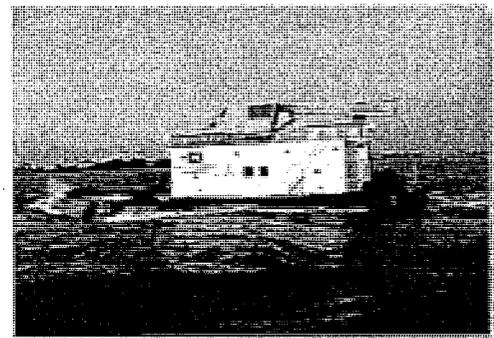
### CRANE BARGE 11

The primary mission of the barge is to remove rock, sand and silt from the inland waterway system in and around the Rock Island District. The vessel also places riprap rock to stabilize the riverbanks. The length of the barge is 150', with a 46' beam, and 10' depth. The barge is equipped with 3-42' OA spuds, 4 – electric barge winches and 4 – hydraulic spud winches. The deckhouse contains a welding shop, auxiliary generator room, gear locker, office, head, day room with seating for 12 and locker room. The hull compartments of the barge contain a below-deck machinery room, pump room, storage room, and 3 ballast tanks at each end of the barge.



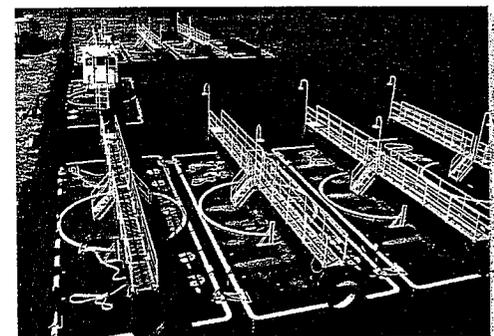
### CRAWLER CRANE DB-768

Another new Crane barge is used primarily for dredging in conjunction with Rock Island District's project maintenance fleet. The overall length of this barge is 150' long with a beam of 59 feet. This barge also has hydraulically operated spuds, plus heated spud wells; along with spaces similar to Crane Barge 11.



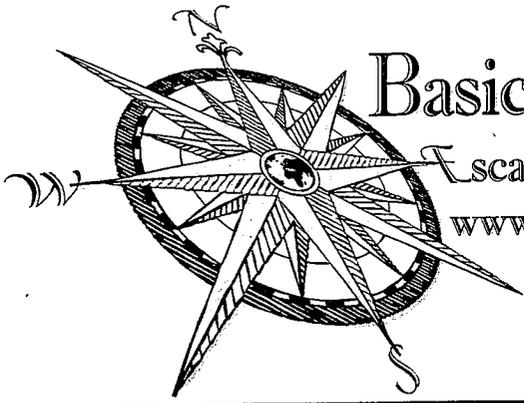
### MANEUVER BOATS 2001 & 2002

The new Maneuver Boats are 80' long with a 32' beam. The Mission Area is the Rock Island District geographical area, which includes the Illinois River. One Maneuver Boat is based at the Peoria Lock and the other at the La Grange Lock. The primary mission of the new Maneuver Boats is to provide a floating platform to raise and lower the dam wickets in a safe and effective manner, to regulate water pool elevation at the Peoria and La Grange Locks.



### TWENTY PIPELINE PONTOON BOATS

The Steel Pipeline Pontoon Boats are used primarily for the Vicksburg District to support and carry the Dredge Potter's discharge piping during operation and transport along the Mississippi River. The lengths of these boats are 48' long, 18' beam with a maximum depth of 4'.



# Basic Marine, Inc. New Construction & Marine Repairs

Escanaba, Michigan

[www.basicmarine.com](http://www.basicmarine.com)

Custom-Built Steel Vessels

Fully Equipped Steel Fabrication Facilities

Drydocking for Marine Repairs

## BASIC TOWING, INC.

### Basic Towing Services

Basic Towing has extensive experience with ice breaking, launch assistance and specialty hauls. We have beach loading capability and are able to supply heavy lift equipment to load and unload at customer's docks.

We also offer loading and unloading, roll on and roll off services at our Escanaba and Menominee, Michigan locations, which are both on the Bay of Green Bay.

We also make our facilities available for use with customer-supplied heavy lift equipment, if needed.

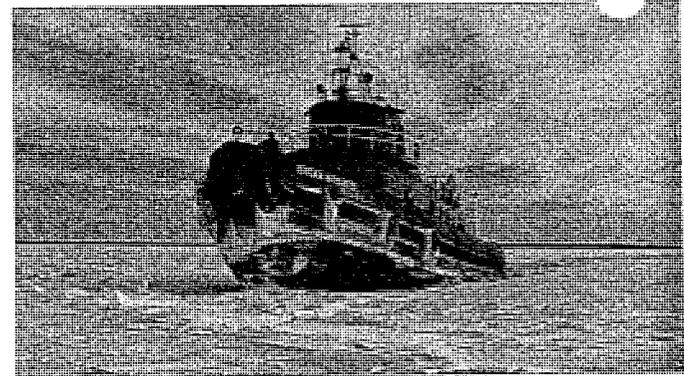
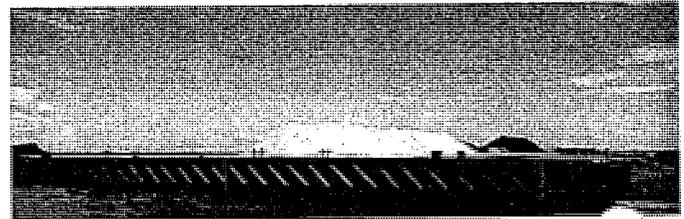
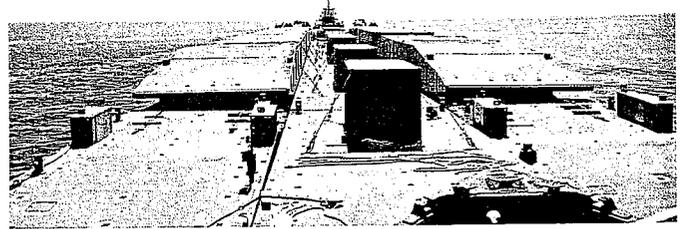
### The Basic Towing Advantage

#### Range of Service Area:

From our 38 acres of waterfront property in the naturally protected harbor of northern Michigan's Little Bay de Noc, we service customers ranging from Nova Scotia to the West Coast and all points between. Our routes cross the Great Lakes; south to the Gulf of Mexico via the Illinois and Mississippi waterways; and to the East Coast via the St. Lawrence Seaway or Erie Canal.

**Beyond Cost Considerations:** We know that price is a primary consideration in moving from point A to point B. We take pride in covering all the bases beyond.

- Reliable, dependable on-time service
- We stand by our quotes, no hidden cost
- Wide – ranging experience
- Availability of equipment
- ABS certified barges and tugs
- Equipment: well-maintained, plus new barge added in 2009

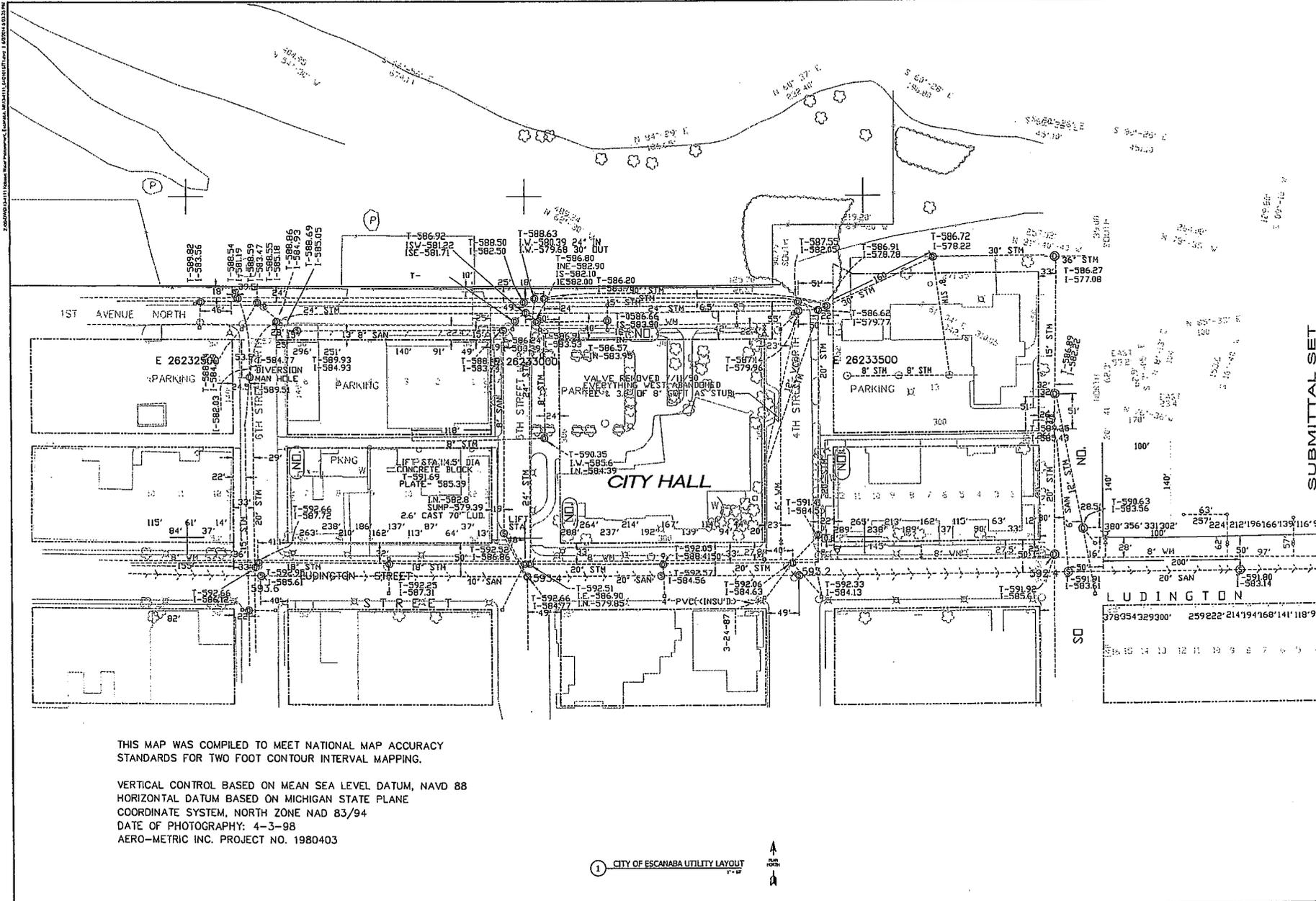


## Contact us for your next project:

440 North 10th St • Escanaba, MI 49829 • Phone (906) 786-7120 • Fax (906) 786-7168

[www.basicmarine.com](http://www.basicmarine.com) • [info@basicmarine.com](mailto:info@basicmarine.com)





THIS MAP WAS COMPILED TO MEET NATIONAL MAP ACCURACY STANDARDS FOR TWO FOOT CONTOUR INTERVAL MAPPING.

VERTICAL CONTROL BASED ON MEAN SEA LEVEL DATUM, NAVD 88  
 HORIZONTAL DATUM BASED ON MICHIGAN STATE PLANE COORDINATE SYSTEM, NORTH ZONE NAD 83/94  
 DATE OF PHOTOGRAPHY: 4-3-98  
 AERO-METRIC INC. PROJECT NO. 1980403

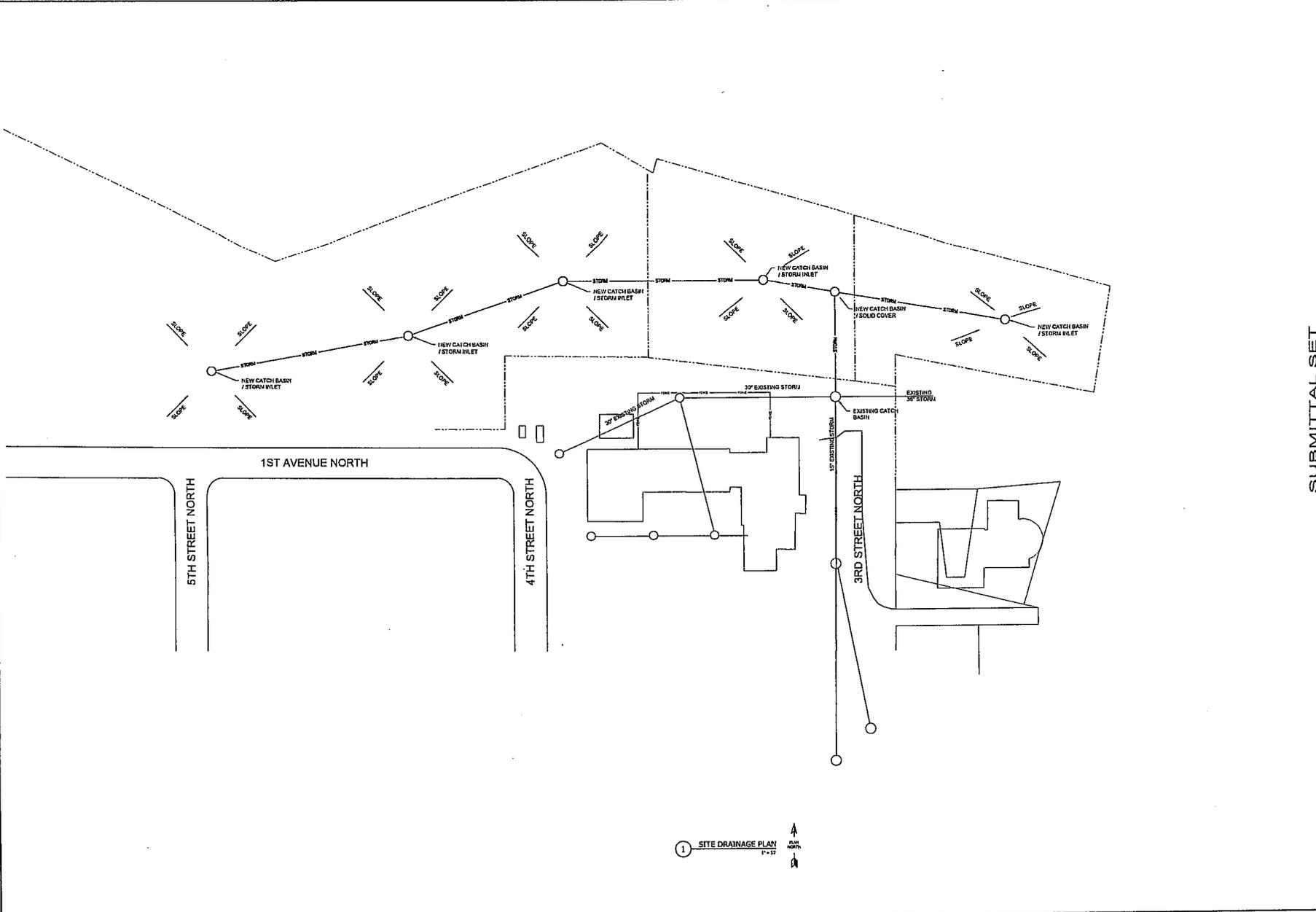
1 CITY OF ESCANABA UTILITY LAYOUT

DATE	
REVISION	
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Dynamic Design Group, Inc. 500 1st Ave. S.E., Ste. A Escanaba, MI P.O. #62333300 email: gdn@dsg-dgn.com www.dsg-dgn.com	
Project Name: REPOSING LAND DEVELOPMENT <b>ESCANABA PORT FACILITY</b> ESCANABA, MI	
Date	05-29-2014
Drawn By	RJV
Checked By	
<b>C1.4</b>	
Job No.	01234

SUBMITTAL SET



2020/05/13 11:11 AM User: Wang, Jiahua, Date: 2014/05/13 10:44 AM



**SUBMITTAL SET**

**Project Title**  
 REPURPOSING LAND DEVELOPMENT  
**ESCANABA PORT FACILITY**  
 ESCANABA, MI

**Date** 05-29-2014

**Drawn By** RJV

**Checked By**

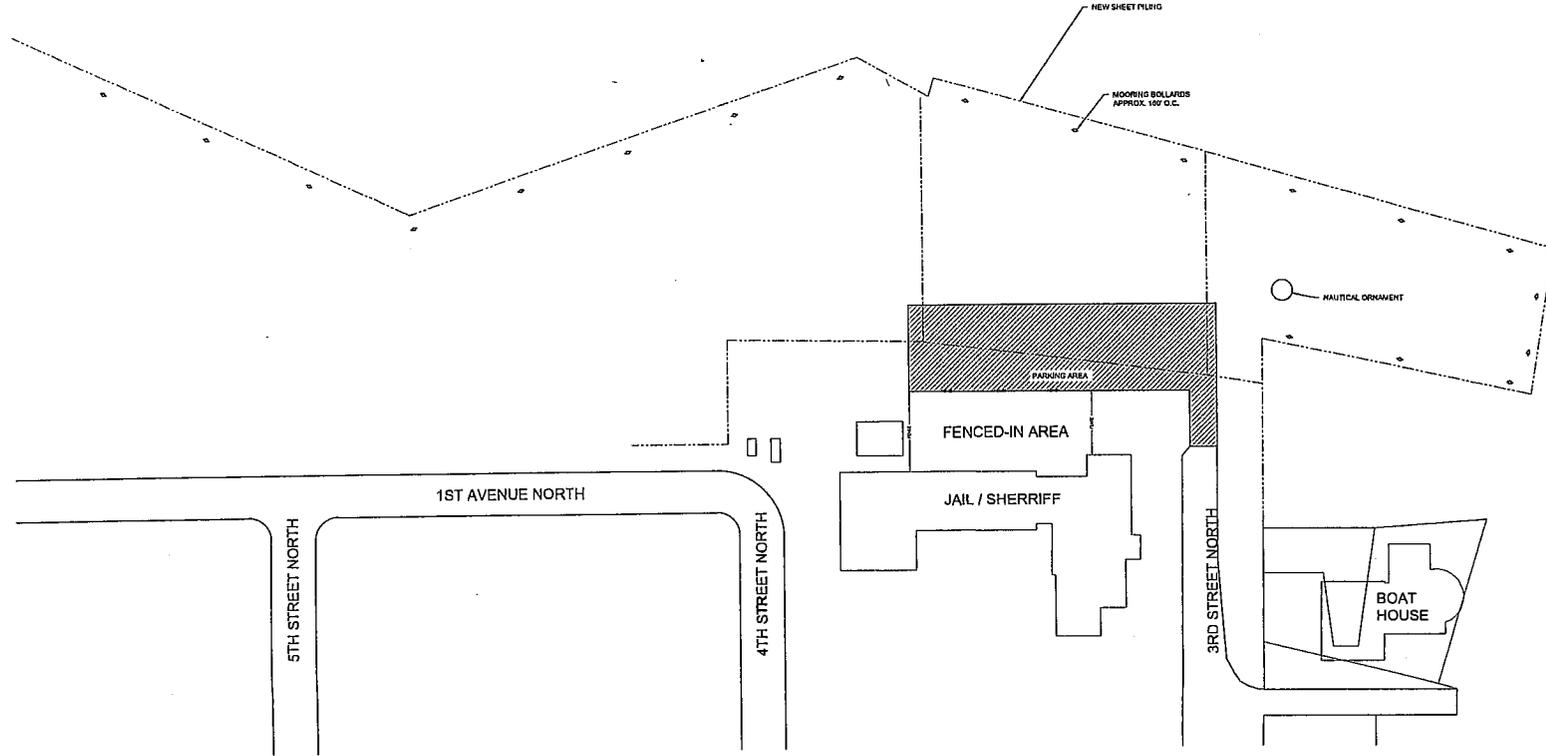
**C1.6**

Job No. 01234

REVISION	DATE

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 Dynamic Design Group, Inc. ENGINEER-IN-CHARGE-PROJECT MANAGER  
 RJV, design technician, mshaefer

2:50 PM 11/11/2014 11:11 AM 11/11/2014 11:11 AM



1 NEW DEVELOPMENT LAYOUT  
1"=50'

REVISION	DATE

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**Dynamic Design Group, Inc.**  
 Engineers • Architects • Interior Designers  
 AIA • IIDA • ASID • LEED AP

**SUBMITTAL SET**

Project No: REPURPOSING LAND DEVELOPMENT  
**ESCANABA PORT FACILITY**  
 ESCANABA, MI

Date: 05-29-2014  
 Drawn By: RJV  
 Checked By:

**C1.2**

Job No. 01234





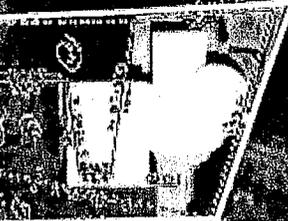
CITY  
SUBJECT

420-2929-200-001

CITY

County Jail

010-2929-328-001



Court House

Chambe

ASSESSOR PLAT NO. 1

LUDINGTON

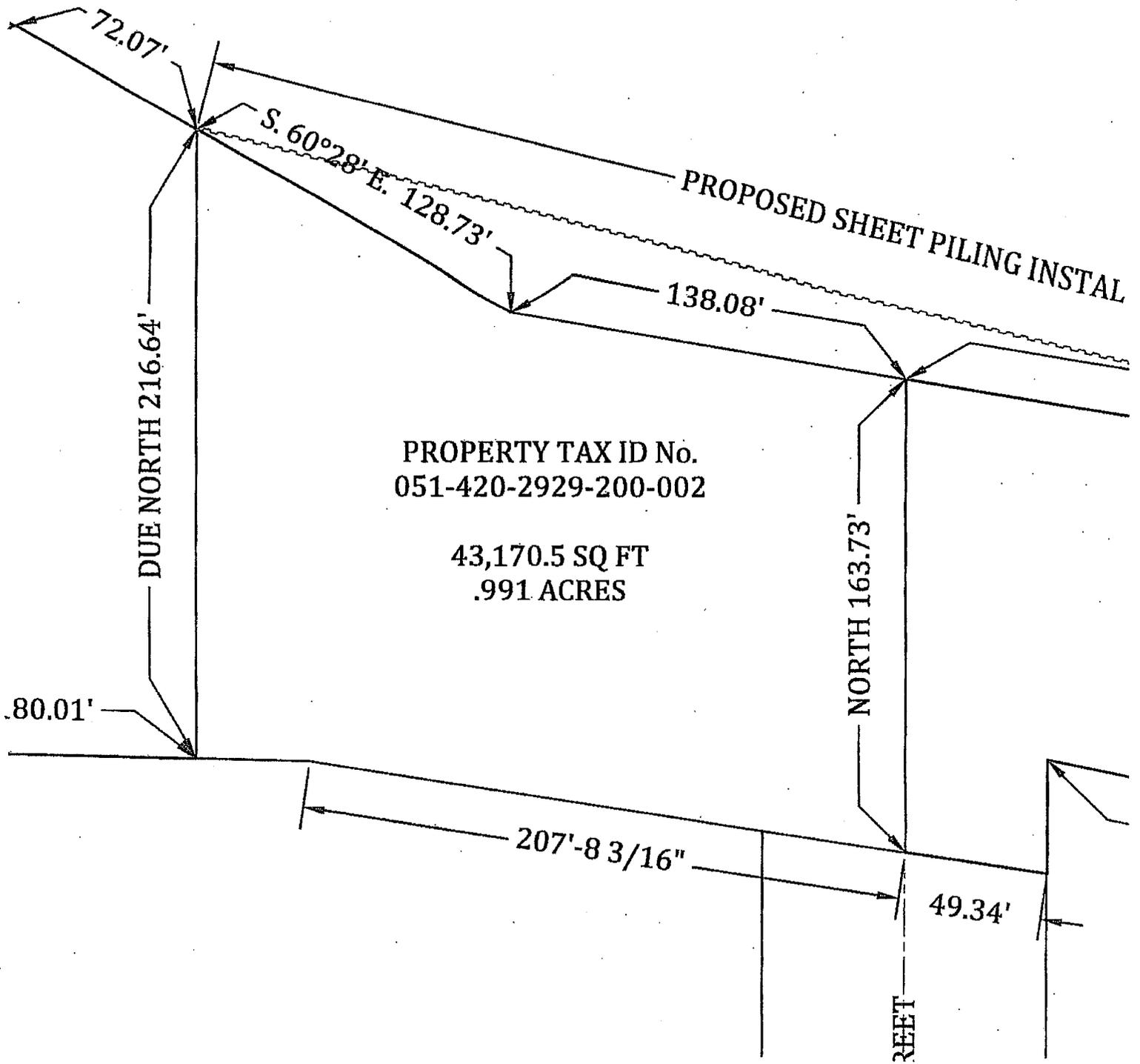
STREET

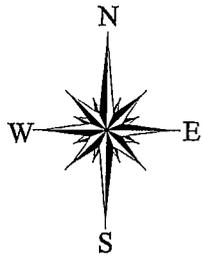
NORTH COURTHOUSE

NORTH THIRD

City Hall



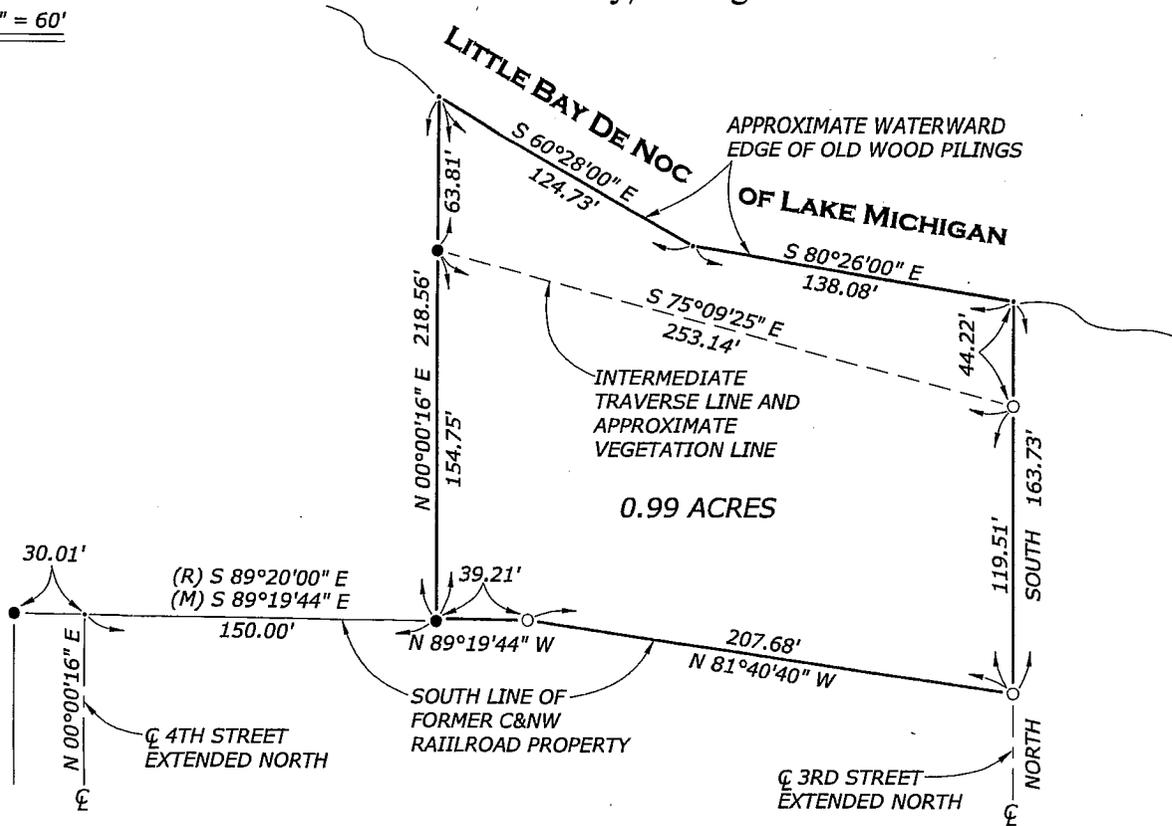




SCALE 1" = 60'

Plat of Survey of  
**Part of Unpatented Lake Michigan Bottom Lands**  
**Opposite, Adjacent and Contiguous to**  
**Government Lots 1 & 2 of**  
**Section 29 T.39N., R.22W.**

City of Escanaba  
 Delta County, Michigan



JOB NUMBER	06362-0612C
SURVEY FOR	CITY OF ESCANABA
SUBJECT	BOUNDARY SURVEY
DATE OF SURVEY	DECEMBER 21, 2006
DATE OF MAPPING	DECEMBER 26, 2006

CERTIFICATE OF SURVEY TO:  
**CITY OF ESCANABA**

I, TERENCE S. WANIC, A PROFESSIONAL SURVEYOR IN THE STATE OF MICHIGAN, HEREBY CERTIFY; THAT I HAVE MADE A SURVEY OF THE ABOVE DESCRIBED LANDS, THAT IRON MONUMENTS, TOGETHER WITH THOSE FOUND HAVE BEEN PLACED OR LOCATED AT THE POSITIONS INDICATED HEREON, THAT THERE ARE NO VISIBLE PHYSICAL ENCROACHMENTS EITHER WAY ACROSS PROPERTY LINES, EXCEPT AS SHOWN, THAT THE RELATIVE ERROR OR CLOSURE OF THE UNADJUSTED FIELD MEASUREMENTS OF THE SURVEY IS LESS THAN THE RATIO OF 1 PART IN 10,000.

TERENCE S. WANIC, Professional Surveyor No. 44296

**TERENCE S. WANIC**  
 LAND SURVEYORS, P.C.

1410 Ludington Street  
 Escanaba, Michigan 49829  
 Phone (906)786-1755,  
 Fax 786-6487

- LEGEND**
- INDICATES A LINE NOT DRAWN TO SCALE
  - IRON MONUMENTS SET
  - IRON MONUMENTS FOUND
  - CONC. MONUMENTS SET
  - CONC. MONUMENTS FOUND
  - ⊕ CHISELED CROSS IN CONCRETE
  - (M) MEASURED DISTANCE AND/OR BEARING
  - (R) RECORDED DISTANCE AND/OR BEARING
  - ⊕ SECTION CONTROL CORNERS

- **Planning Commission  
Minutes**
- **City Council Minutes**

**PLANNING COMMISSION MEETING  
ESCANABA, MICHIGAN  
August 14, 2014**

**DRAFT**

A meeting of the Escanaba Planning Commission was held on Thursday, August 14, 2014, at 6:00 p.m. in Room C101 at City Hall, 410 Ludington Street, Escanaba, MI 49829.

**PRESENT:** Chairperson Thomas Warstler, Vice Chairperson Patrick Connor, Secretary Roy Webber, Commissioners Todd Milkiewicz, Christine Williams, James Hellermann, Brian Black, and Stephen Buckbee

**ALSO PRESENT:** City Manager Jim O'Toole, Assistant City Assessor Kevin Dubord, City Council Liaison Ron Beauchamp, Confidential Secretary Amy Peltin and City Council Members: Mayor Marc Tall, Pat Baribeau, Matthew Sattem, and Ralph Blasier. Basic Marine Representatives: Lyle Bero, Randy Viau, and Terri Peters

**ABSENT:** Commissioner Kelvin Smyth

Chairperson Warstler called the meeting to order at 6:00 p.m.

**Roll Call**

Confidential Secretary Peltin conducted the roll call.

**Approval/Correction of the July 10, 2014, Planning Commission Meeting Minutes**

A motion was made by Commissioner Milkiewicz, seconded by Commissioner Hellermann, to approve the July 10, 2014, Meeting Minutes. Ayes were unanimous.

**Approval/Adjustments to the Agenda**

A motion was made by Vice Chairperson Connor, seconded by Commissioner Buckbee, to approve the meeting agenda. Ayes were unanimous.

**Conflict of Interest Declarations**

None.

**UNFINISHED BUSINESS**

Chairperson Warstler called for a recess at 6:02 p.m. so the members of the Planning Commission and members of the audience can tour Basic Marine.

Planning Commission reconvened at 7:10 p.m.

City Manager O'Toole stated at the last meeting everyone agreed on the land use and most of the conversation centered around the guarantee and performance regarding Basic Marine purchasing the land on 3<sup>rd</sup> Avenue North. City Manager O'Toole provided the Planning Commission members with a copy of the appraisal submitted to the City by Basic Marine, historical minutes from 2007, and the City Assessor's response to Basic Marine's appraisal.

Assistant City Assessor Kevin Dubord was present for the meeting to answer any questions. City Assessor Daina Norden was unavailable for the meeting, as she is in Lansing at tax tribunals, but did give a brief response to the Basic Marine appraisal submitted. Assistant City Assessor Dubord explained City Assessor Daina Norden's review of the appraisal. He stated the idea of an appraisal is you get 4 or 5 comparable properties that have sold and come up with an average price. The property is an industrial property and makes it more difficult to find properties to compare, so Basic Marine's appraiser gathered what they could for comparison. Usually on a residential property the appraisal institute says it is "good practice" to stay within a 15% deviation either way. Even on vacant land this percentage can be higher but when you get to an 80% variation it is a lot. City Assessor Norden feels their comparison is way out of line and has the depreciation at 100%.

Commissioner Williams asked why there was such a difference and what are they basing their analysis on. Chairperson Warstler stated the analysis being referenced is on pages 27 & 28 of the appraisal report.

Commissioner Williams asked if there was any documentation of the property being environmentally contaminated as Basic Marine's appraisal uses a residential foreclosure with potential contamination issues as a comparison. (110 North 3<sup>rd</sup> Street).

City Manager O'Toole did discuss with City Assessor Daina Norden, as well as a private appraiser, and that is where the \$133,000 recommendation originated from the two assessments. The City purchased the property in 1998 for \$65,000 and it has appreciated over the years and that was factored into the price of \$133,000 and with a private market assessment.

Commissioner Williams also noted that on page 28 of the Basic Marine appraisal it states adjustments were considered for the conditions of sale for each comparable due to the potential or having environmental contamination issues. She asked what are the contamination issues and where they were referenced as support.

City Manager O'Toole stated that City Assessor Norden considered the recent sale Basic Marine purchased (Irish property) and that the vacant property was a similar like property (the Peninsula).

Assistant City Assessor Dubord explained City Assessor Norden figured the value per square foot, which she does for all commercial property, as well as, per lineal foot. Per lineal foot - if you take the \$65,000 the City paid many years ago that comes out to \$245 per foot. Homes on Lake Shore Drive start at \$1000/ft by the park and down by Portage Marsh are \$350/ft. Basic Marine's appraisal is coming in at \$130/ft.

Chairperson Warstler asked if the City wants to sell the property and as a Planning Commission do they want to make a recommendation, and if so attach conditions to a sale.

City Manager O'Toole explained the Planning Commission is being asked the following: a) Is the proposed use consistent with the Master Plan, b) Are there any conditions of sale that might be recommended to the City Council, c) Are there any guarantees and recommendations the Planning Commission would move to the City Council, d) Planning Commission can make a recommendation not to sell the property and explain why. At the last meeting there was discussion regarding screening the property and cleaning up rubbish and debris. There was also considerable discussion regarding performance and guarantees.

Commissioner Hellermann asked if there has been a discussion regarding price. City Manager O'Toole stated there has and Basic Marine is at one number and the City at another and ultimately the City Council will decide the number they are comfortable with which will benefit the people of Escanaba.

Lyle Bero stated the best use of this property will be to allow Basic Marine to continue their break wall to allow access to larger ships. It will be a more park like setting, attract cruise ships and increase tourism. Mr. Bero discussed when Basic Marine approached the City and their campaign from 2002 "just add water" from the City of Cleveland- Cruise ships was to come in and tie up and Escanaba will be the "Riviera of the North". He went on to state industries will pop up increasing heavy industrial jobs by needing 200 temporary trade jobs to service ships and thereby increasing revenue for the City of Escanaba. Mr. Bero explained Escanaba has flat lands, museum, and lighthouse all very attractive to cruise ship passengers. Mr. Bero stated this will be the best thing for the City since Harnischfeger. Basic Marine would love to have the property at a fair price. It's important to obtain this property for what they need to do and stated it can be worked around if they have to, but it would sure make a nice presentation for our shoreline and it would be cleaned up. Heavy industrial work will not be at the end but more of a park like setting.

Commissioner Williams stated it is her job to not act on emotions but rather on fact and to her there seems to be two very different projects being presented by Basic Marine. She would like to know which project is priority, what are the timeframes involved, and when are we going to see the completion. She is really not comfortable with not having much to go on in terms of a timeline and commitment in writing from Basic Marine.

Mr. Bero explained this is a big project and takes a long time to complete and currently taking five months to drive 800 feet of pilings and a company is coming in on August 23, 2014, to start driving steel on the pier and extend it out 45 feet across and back down again. The pilings have to be installed on the dockside next. The first commitment is the steel sitting on the property to protect the shoreline and has a vision to have a harbor here to do dockside repairs and cruise ship destination. The second commitment will be installing the pilings, then dockside pilings, and then filled with rock, eliminating the piles, and having 223,000 cubic yards of sand removed. He estimated completion in two years as utilities will have to be run before concrete caps. Terri Peters explained the permit process takes approximately three months and the permit for the point is near completion. The entire project will cost \$20-25 million. Mrs. Peters stated completion of this project is expected for 2016.

Vice Chairperson Connor asked if this is such an important project for Basic Marine why Dan Kobasic was not present. Mr. Bero stated he elected not to be here. Mr. Bero cannot answer for Dan Kobasic, but Claude Kobasic was present for the tour and Terri Peters is present at this meeting and she is the Controller for Basic Marine.

Mr. Bero explained the property acquired from the Railroad is full of railroad ties, tracks and junk. Dan Kobasic has tried to clean it up however he was unable to get in without ruining heavy equipment. Once Basic Marine gets continuous shoreline, the beautification will come after the project is complete. There will also be an area for cargo containers.

Chairperson Warstler asked if Basic Marine did not acquire this property would that affect this project. Mr. Bero stated it would not stop the project but it would impact how nice the shoreline looks. Chairperson Warstler asked if they would install the pilings even if they did not own the

property. Mr. Bero stated they would not install \$300,000 of sheet piling into a property they did not own.

Commissioner Milkiewicz stated money talk is foolish considering this is a \$20-25 million project versus \$133,000. He would like to see performance based penalties to guarantee the work will be done within a certain timeframe. If Basic Marine does all the work they will not have to pay penalties and they get the property and it's what is best for the City of Escanaba in the long term.

Commissioner Black stated the project makes complete sense but what everyone is wrestling with is the community perception of Dan Kobasic and his relationship with the community and some of the things he's done in the past. Mr. Bero wanted to address that by saying Dan Kobasic has done many things for this community that no one even knows about. Mr. Bero presented a letter from the historical society rejecting his donation offer of the L.E. Block. Basic Marine was willing to spend \$50,000 to secure that ship for the community as a museum. Instead, it sat here until the time/price was right to sell it for scrap. He is also very generous in other areas around the community that people don't know about or see.

Commissioner Williams wanted to go on record stating that she doesn't have any history with Basic Marine or Dan Kobasic and she is in favor of the project but what she is struggling with is a plan before committing the City of Escanaba to selling a very important piece of property and a very valuable piece of property. She understands the desire to have a deep water port and it makes perfect sense for this area and the Upper Peninsula as a whole. She would like to see cleaning up of the property and committing to making that property attractive and accessible.

Mr. Bero responded by staying you have to look into what has happened in the last year and all that steel that is sitting there is the beginning of a commitment. The clean-up of the property a difficult job and will be completed once the continuous sheet piling in and backfilled that is when beautification begins. Basic Marine anticipates bringing in cargos from all over the world and need a place to put them.

Vice Chairperson Conner asked about the 15ft concrete wall being installed. Mr. Bero stated it will have a set back and will be able to drive on it and then next to it will be a railroad fence. Vice Chairperson Conner recalls Mr. Bero saying this would be for the public and then stated it would have a crane. Mr. Bero stated this will be heavy industrial and have a 160lb crane lifting in that area and will not be open to the public. City Manager O'Toole stated there would be one area preserved by the City between that property and the county property where the storm drain is located but is not on the lakefront and offered that this could be a condition of sale that Basic Marine pay for and install by picking up the bike path off of 1<sup>st</sup> Avenue North to the Municipal Dock and could affect price.

Commissioner Milkiewicz noted that as a result of 911 there are new security requirements with a large fence with security patrols and the general public will not have access.

Mr. Bero stated it will not be a park like area.

Commissioner Milkiewicz stated this is a good use for the property and has no problem selling at a fair price with guarantees written into the contract.

Commissioner Hellermann stated he doesn't recommend sale of property at this time as they will be able to get the jobs without purchasing the property. A deep water port will happen regardless

of the sale of the property. He would like to see cleaning and obstructions removed and may change his mind next year or two with improvements.

Commissioner Buckbee stated he likes the project, however the problem is promises not being fulfilled, and project does have very important economic benefits and if it is so important why is Basic Marine not willing to pay fair market value.

Vice Chairperson Connor stated his concern is performance and also Dan Kobasic not being present.

Commissioner Black stated questioned administration on the possibility of enforcing guarantees.

City Manager O'Toole suggested a subcommittee with one member of the Planning Commission, City Council, the City Attorney, and the City Manager and the City Assessor as ex-officio be formed to address Planning Commissioner's concerns, public concerns and come up with a viable plan and sale price, which would be forwarded to the City Council.

Commissioner Black feels this is a great opportunity given Basic Marine's past history.

Commissioner Williams stated she has no history but lacking a plan, time commitments, without that structure based on fact and not emotions she would back up City Manager O'Toole's recommendation to form a subcommittee.

Chairperson Warstler stated he supports the project but wants guarantees and the property could be Basic Marine's as fast as they could develop the property and would be foolish at any price without. Basic Marine needs to come to the table with a realistic time frame, milestones, price doesn't matter but \$33,000 is insulting considering the City paid \$65,000. He is also in favor of a subcommittee.

Commissioner Williams has a concern with this property being the only access to that area waterfront and would like to see it stay as a public access.

Mr. Bero responded by saying this piece of property is a danger right now and a liability for the City of Escanaba.

Vice Chairperson Connor made a motion to deny the request to sell City-owned property at this time until the City and Basic Marine can hammer out a contract that is beneficial to both sides, because in his opinion the offer wasn't enough; Commissioner Williams added that they involve the Planning Commission not just the City and Basic Marine.

**A motion was made by Vice Chairperson Connor, seconded by Commissioner Hellermann, to form a subcommittee comprising of one Planning Commissioner, City Council Member, City Attorney, City Manager, and City Assessor as ex-officio to come up with any conditions of sale and negotiate a price to bring to the City Council as a whole for discussion/debate for an approval or disapproval. Ayes were unanimous.**

**A motion was made by Commissioner Black, seconded by Vice Chairperson Connor for Chairperson Warstler to be appointed to the subcommittee.**

**Ayes: Commissioner Black, Vice Chairperson Connor, Commissioner Buckbee, Commissioner Milkiewicz, Commissioner Hellermann, Chairperson Warstler**

**Opposed: Commissioner Williams**

**Motion passed.**

**PUBLIC HEARING**

None.

**PUBLIC COMMENT**

Randy Viau stated Basic Marine is committed and have already bought the steel for the property owned by the City.

**NEW BUSINESS**

**1. Project Updates:**

- A. Zoning Board of Appeals Hearings/Decisions – No meeting was held.
- B. Delta County Planning Commission Update – A meeting was held regarding Cretens Brothers and their purchase of property on US 41 which was approved.
- C. Zoning/Land Use Permit Update – Since January 1, 2014, 39 zoning permits have been issued with a declared construction value of \$3.8 million.
- D. Various – A ceremonial bill signing today for the Superior Trade Zone legislation under the NEXT Michigan Development Act. The Governor was here to sign and a ceremonial signing at 4:00 p.m. today went well. Working on the bylaws and corporation enabling laws with a special council work session being scheduled for early September for presentation and also going to the Joint Governmental Board and then to the September 18, 2014, City Council for action. Once approved by everyone it will be submitted to the Michigan Strategic Fund and the Attorney General for review and along with an application, if approved thereafter it will be known as the Superior Trade Zone.

**GENERAL PUBLIC COMMENT**

None.

**COMMISSION/STAFF COMMENT AND ANNOUNCEMENTS**

Commissioner Buckbee asked for the City Website to be changed to allow a link for donating memorial of trees to be on the front page of the City website for easier access along with a small article about the program. City Manager O'Toole stated this could be done.

**ADJOURNMENT**

A motion was made by Commissioner Hellermann, seconded by Commissioner Black, to adjourn the meeting. The meeting adjourned at 8:30 p.m. Ayes were unanimous.

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Thomas Warstler, Chairperson

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James V. O'Toole, City Manager

Escanaba Planning Commission

City of Escanaba

---

Roy Webber, Secretary  
Escanaba Planning Commission

**PLANNING COMMISSION MEETING  
ESCANABA, MICHIGAN  
July 10, 2014**

A meeting of the Escanaba Planning Commission was held on Thursday, July 10, 2014, at 6:00 p.m. in Room C101 at City Hall, 410 Ludington Street, Escanaba, MI 49829.

**PRESENT:** Chairperson Thomas Warstler, Vice-Chairperson Patrick Connor, Commissioners Todd Milkiewicz, Christine Williams, James Hellermann, and Stephen Buckbee

**ALSO PRESENT:** City Manager Jim O'Toole, Ron Beauchamp City Council Liaison, City Engineer/Public Works Terry Flower, and Confidential Secretary Amy Peltin

**ABSENT:** Secretary Roy Webber, Commissioner Brian Black and Commissioner Kelvin Smyth

Chairperson Warstler called the meeting to order at 6:00 p.m.

**Roll Call**

Confidential Secretary Peltin conducted the roll call.

**Approval/Correction of the March 13, 2014, Planning Commission Meeting Minutes**

Chairperson asked that the May 8, 2014 meeting minutes stated he was excused rather than absent as he was at a conference for work.

**A motion was made by Vice-Chairperson Connor, seconded by Commissioner Hellermann, to approve the May 8, 2014, Meeting Minutes with correction. Ayes were unanimous.**

**Approval/Adjustments to the Agenda**

**A motion was made by Commissioner Buckbee, seconded by Commissioner Williams, to approve the meeting agenda. Ayes were unanimous.**

**Conflict of Interest Declarations**

None.

**UNFINISHED BUSINESS**

None.

**PUBLIC HEARING**

- 1. Site Plan Review and Request to Vacate Part of Alley – 2223 Ludington Street/109 South Lincoln Road – Romps Family LLC (aka Stonehouse Restaurant) –** The Romps Family LLC submitted an application for Zoning Land Use approval for property they own and/or control at 109 South Lincoln Road, Escanaba, Michigan. In the application, the applicants propose to construct a paved and landscaped parking lot. Additionally, a request is being made to vacate the western portion of the alley located on

Block 2 of the City Center Addition. City Manager O'Toole reviewed the site plan with the planning commission (see attached). A pre-application conference meeting was conducted with City staff and Michigan Department of Transportation, and a Developer on May 22, 2014. Fiscal impact is estimated at \$100,000. Staff is recommending the following conditions of approval as requested by MDOT:

1. Leave the existing (approx. 30ft wide) driveway approach on M-35 (the entrance closest to the intersection of Hwy M-35 & US-2).
2. Remove/close the existing driveway approach (approx. 16ft wide) on M-35 that currently provides access to the City alley from the highway by removal and replacement of the concrete curb and gutter.
3. Reconstruct an existing residential driveway (proposed as new 30ft wide access) on M-35 located near the southerly portion of the expanded parking lot (approx. 230ft south from the southerly curb line of Lincoln Road). This driveway access will be created as a MDOT style "M" opening with concrete curb delineation and gutter pan through the driveway opening area.
4. Remove the 3 existing parking stalls located within the southeast quadrant of the intersection of Hwy M35/US-2/Lincoln Road by removing and reconstructing the existing concrete curb line along the radius of this intersection such that vehicular access will be prohibited to this area.

This is a unique corner that had challenges trying to include everything to meet the traffic flow. The primary objective was to get traffic off of Lincoln Road as safely as it could be and eliminating the front corner collision points. Commissioner Buckbee questioned what part of the alley will remain. City Manager O'Toole and Mr. Romps explained that right now there is a "T" shaped alley and it will be changed to an "L" shaped alley, which will be paved. Commissioner Hellermann asked if the entrance/exit nearest the restaurant could be a right hand turn only exit. Mr. & Mrs. Romps would try to accommodate that request however, it is difficult to enforce. Commissioner Williams asked how many parking spaces they have. Mr. Romps stated they currently have 29 spaces and with the new parking lot they will have approximately 66 with handicapped between the restaurant and State Wide Realty. Commissioner Connor asked how many seats in the dining room. Mr. and Mrs. Romps stated they currently have 120 seats in restaurant with 16 employees working during lunch and 20 employees on average during dinner service on Friday and Saturday evenings. Commissioner Connor asked about snow storage and City Manager O'Toole stated there is a designated spot. Mr. Romps stated they have an arrangement with the Credit Union allowing them put snow on their property, and will haul if they need to. Commissioner Connor asked why parking slots 12-16 are directional and the rest are not. Mr. Romps stated they are trying to make the flow circulate. City Manager O'Toole stated those slots are angled with so someone would have to back up with the idea you will turn right on the existing alley and exit towards the cemetery to get the traffic flow off Lincoln Road. Chairperson Warstler asked if 20-25 parking spots are paved. Mr. Romps indicated all spots will be paved upon completion.

Commissioner Connor asked about vegetation and City Manager O'Toole stated there are 54 trees and shrubs to be planted on the property. Commissioner Williams asked the Romps if they had a plan for landscaping. Mr. Romps stated he had the Grounds Nursery do a sketch for him. He will be purchasing the shrubs from the Grounds Nursery; however they will not be doing the work. Mr. Romps explained he will have screens along Lincoln Road, back alley, and by the Credit Union and the entire front will be terraced in. Commissioner Williams discussed ways to filter water into the landscape rather than in the road or parking lot. She was recently in Washington D.C. and they were doing some creative things with landscaping such as lowering it to allow for runoff and thought this would be a good time to look into ways to filter the water into the landscaping rather than having it above ground. She pointed out Menards has been

successful at doing this type of landscaping. Mr. and Mrs. Romps pointed out that Walgreens had done this type landscaping and their parking lot completely floods now. City Manager O'Toole stated the plans show a slope to the alleyway and the corner hard surfaces are being removed and soft surfaces installed, which should improve the flooding in this area. Mr. Romps stated he will be putting in one tree on the front corner and will make it look nice.

**A motion was made by Commissioner James Hellermann, seconded by Vice-Chairperson Patrick Connor, Ayes were unanimous, to approve the Site Plan as submitted 2223 Ludington Street/109 South Lincoln Road – Romps Family LLC (aka The Stonehouse Restaurant) with the following conditions:**

- 1. Leave the existing (approx. 30ft wide) driveway approach on M-35 (the entrance closest to the intersection of Hwy M-35 & US-2).**
- 2. Remove/close the existing driveway approach (approx. 16ft wide) on M-35 that currently provides access to the City alley from the highway by removal and replacement of the concrete curb and gutter.**
- 3. Reconstruct an existing residential driveway (proposed as new 30ft wide access) on M-35 located near the southerly portion of the expanded parking lot (approx. 230ft south from the southerly curb line of Lincoln Road). This driveway access will be created as a MDOT style "M" opening with concrete curb delineation and gutter pan through the driveway opening area.**
- 4. Remove the 3 existing parking stalls located within the southeast quadrant of the intersection of Hwy M35/US-2/Lincoln Road by removing and reconstructing the existing concrete curb line along the radius of this intersection such that vehicular access will be prohibited to this area.**

**A motion was made by Commissioner Todd Milkiewicz, seconded by Commissioner Stephen Buckbee, recommending the City Council approve Ordinance 1154 – Order to Vacate an Alley in Block 2 of City Center Addition. Ayes were unanimous.**

### **PUBLIC COMMENT**

None.

### **NEW BUSINESS**

- 1. Review- Request to Purchase City-Owned Real Estate – Basic Marine, Inc. of Escanaba, MI has submitted a request to purchase City-owned real estate located at the end of North 4<sup>th</sup> Street. Currently, Basic Marine, Inc. owns both properties adjacent to each side of the City-owned lot along the waterfront. Planning Commission plan for this meeting will be to review and address any land use and zoning issues.**

Basic marine, Inc. intends to develop a deep water port so as to expand the commercial and industrial capabilities of their business. Basic Marine, Inc. has stated they intend to invest approximately \$500,000 into the property, upon acquisition to restore the water depths to 28' deep and install approximately 270' of sheet piling. In conjunction with the investment, if the sale is approved, Basic Marine, Inc. anticipates hiring 20-25 new employees, most of who would be in the skilled trades, such as welders, ship fitters, pipe fitters, painters, along with support staff such as engineers, supervisors and administrative personnel. City Manager O'Toole did get a fair market value of the property and assessor value with a sale price of the property at \$133,000. This price is subject to the City

Council approval, approval and recommendation of the Planning Commission, and any other contingencies that may arise.

Lyle Bero presented on behalf of Basic Marine, Inc. and stated as of last year they had put in about 800-900 feet of sheet steel piling to secure the docking area at Basic Marine. He stated he just walked the property being sought yesterday and the shoreline erosion is really bad at the property and 6-8 feet of shoreline has eroded in the last couple of days. The proposal from Basic Marine, Inc. is to have a continuous steel sheet wall all the way up to the point; in front of the round house next to the county jail. This would amount to approximately 1500 more feet of steel break wall to secure the shoreline. Mr. Bero stated about 10 years earlier when Basic Marine began planning this project he spoke with the casino and cruise ship lines and they have strong interest in coming to Escanaba and cater to an older demographic and Escanaba has flat sidewalks as compared to Marquette, which would suit their passengers better. Mr. Bero stated they would install a swing driveway so the Casino can bus people out to the Casino and golf course. He stated Escanaba has the best natural port on the Great Lakes and is the Caribbean of the North. The old dock for Escanaba was established in the 1850's in that location and the pylons that are currently underwater have been there for 150 years or more. Mr. Bero stated that as we look forward we have an opportunity to cruise ship barking and debarking point.

Once the land is purchased Dan Kobasic would install heavy electric, storm sewers, natural gas hook-up, secure the shoreline, dockside repair, as well as offer Joyce Vanekenfort (TUG) and the Trader services. In the past year they have only had 15-20 jobs which is a small amount of jobs and sat there all winter. He plans to create jobs each time a boat is in for repair which Basic Marine will sub contract out most of the jobs. By bringing in ships for dockside repair in the winter will need 15-20 skilled laborers per ship, each ship generating millions of dollars of revenue locally.

In the interest of Basic Marine and the community that Basic Marine should acquire that property. The potential is unlimited for Basic Marine in that area. There are interest letters included along with their proposal from various businesses that would love to see these improvements. Mr. Bero stated last year they had a request from a 1000ft ship to come in for dockside repairs and were unable to accommodate them. In the proposal submitted from engineering you can see we will have heavy electrical, water, sewage, storm sewers, gas hook ups, so ships can hook up to the natural gas line for heating in the winter. This will be the only port on the Great Lakes once dredging is complete down to 28 feet it will be able to take a vessel in distress. Mr. Bero stated there are lots of opportunities to be had from the continuation and expansion of Basic Marine and this piece of property is another way of putting the whole thing together. Mr. Bero stated there are not a lot of people that have the ability to do what's being done at Basic Marine. The idea that Dan Kobasic is doing this putting his own money, millions and millions of dollars into this project, and once Dan is gone it can never happen again. Once it's there and established it will keep on going and will be his legacy. Dan has no sons to take over the business and his three daughters have no interest in the business; he does have a nephew that will be taking over the business. The consideration of selling to Basic Marine is that it's a good choice for our community, it's a good economic aspect for the City of Escanaba, it's going to employ more people, increase population in the community and schools, and the overall economic impact on Escanaba will be terrific in the next 3-4 years.

Commissioner Williams asked if there is a plan in place if the sale doesn't happen and would you do the sheet piling to the edge of that property and end there and can ships still

dock there if the sale doesn't go through. Mr. Bero stated as you go from the West to the East the pilings/sheet steel is already to the eastern edge of the City property. Dan Kobasic is going to put pilings on the other part around the peninsula and back in around that harbor. It's critical and if he doesn't get the property it will curtail what he's able to do and will not be as smooth and look as good. Underneath that property is peat moss and a building can never be built on that land and that's the reason the jail is having so many problems.

Commissioner Buckbee stated he admires his plan and feels it is well thought out, except for the price they are offering of \$1.00 for the property. He asked why they would not offer fair market value like most businesses do. Mr. Bero stated Dan Kobasic is willing to pay fair market value for the property and he had an appraisal done by a professional appraiser and a whole study done on the property and also a comparison of similar property sales in the area and also Marquette area. Mr. Bero stated they are prepared to bring over the appraisal along with their offer to City Council. He stated he wasn't sure if the Planning Commission needed the appraisal and offer. City Manager O'Toole stated administration is holding to the \$133,000. Mr. Bero stated he has a copy of the appraisal however, the appraiser had a meeting in Wausau, WI and was unable to attend tonight's meeting and would like to come back and present his appraisal in person. Vice-Chairperson Connor asked for the dollar amount Basic Marine's offering. City Manager O'Toole stated the appraisal is new information and should be shared with him so he can review it with the city attorney and assessor.

Chairperson Warstler asked what Mr. Bero's position is with Basic Marine. Mr. Bero stated he is the Business Development Manager for Basic Marine, Inc. Mr. Bero will be the sales representative once the port is in place, bringing the ships into port. He's been working on this project for the past 10 years. He strongly feels this is the best deal for the City of Escanaba. We have the best harbor and an opportunity with a gentlemen who has the money to build it. There is several million dollars of steel sitting on the ground ready to be installed once the property has been purchased. There is no financing hold up he has the money and ready to proceed. This opportunity is here today to complete this harbor, make a deep water port, and put Escanaba on the world map with the best harbor in the Upper Great Lakes. Mr. Bero has visions of domiciling a ship here in the summertime; we will have an excellent facility to accommodate the ship. A cruise ship will bring approximately 150 people into the community for dining, shopping, as well as jobs, etc. Mr. Bero stated the economic standpoint tourism will be greatly increased. Mr. Bero stated this is an opportunity that only comes to Escanaba right now, if Dan Kobasic dies or he decides not to do it, it's not going to happen. Commissioner Williams apologized in advance but pointed out Basic Marine's operation is not very attractive as it's a large cyclone fence pretty much keeping everyone and everything away from the waterfront. She went on to say there is nothing attractive about the property and asked what would draw in people who arrived on a ship to feel welcome as it looks right now and what is the plan to improve the appearance of the property. Mr. Bero stated there are sketches of the improved property to include a nautical display on the property. The plans include a circle drive, a canopy for pedestrians, and plans to move an existing pilot house Dan Kobasic currently owns and move it to that location for restrooms. Commissioner Williams stated her concerns are not really the costs but rather it is the only access the City has to the North Shore. She would like to know if their vision is to open that up for people to navigate/access the shoreline. Mr. Bero stated this parcel has been owned by the City since 1998 and been vacant for many years and he noted the City also owns waterfront property by the power plant. Mr. Bero stated this small piece of

property is advantageous to make the whole project of Basic Marine viable. Mr. Bero stated the plans do indicate a sidewalk on 4<sup>th</sup> Street and will look nice.

Commissioner Hellermann asked is this piece of property pivotal for this 28foot draft when Basic Marine owns the property to the west for a large useable stretch. Mr. Bero stated this property is critical for cruise ships and pedestrian traffic. The property is 270 feet and a cruise ship is 400+ feet long.

Chairperson Warstler voiced his concerns over Basic Marine's past safety violations from January 2012 fined \$147,000 by OSHA and this concerns him if City of Escanaba sells the property to Basic Marine or any business at any price he feels the City of Escanaba becomes part of that by extension. He asked if Mr. Bero could address those violations as some were noted as repeat offenses. Mr. Bero stated they were little things like welders not wearing their helmets and they appealed that decision and the fine was dropped down to approximately \$40,000 and have had no issues since. Commissioner Warstler stated the City is here to protect the health safety and general welfare of our citizens and that is the major goal of the Planning Commission and feels that their first priority is to provide a safe working environment for their employees and he gets the idea that Basic Marine was thumbing their nose at OSHA and this is a cause for concern.

Commissioner Milkiewicz questioned Mr. Bero regarding his statement about the land and not being able to build on it due to peat moss but he mentioned a building for restrooms on the property. Mr. Bero stated it's not really a building but a pilot house made of steel and the building would not have a foundation or basement. City Manager O'Toole wanted to remind everyone that the City has not seen any soil boring study regarding this property. Commissioner Warstler had seen soil borings and he recalls no peat moss but contamination consistent with spent coal/petroleum type products. He will look for the soil borings done by DEQ.

Commissioner Williams asked would a lease rather than sale be a possibility. Mr. Bero stated he did not think that would be realistic and Dan Kobasic would not want to put money into a property he did not own. Mr. Bero stated the City of Escanaba has put a lot of time and money into developing a deep water port and has gotten nowhere. Mr. Bero stated this can happen right now if the property is sold to Basic Marine, Inc. Commissioner Williams would like to see more detailed plans. Mr. Bero stated Basic Marine will be cleaning up the area and filled in up to the peninsula and will be a park type area. Heavy construction is going on right now and the gravel will be used to fill in the break wall.

Commissioner Milkiewicz stated Basic Marine has been a bad neighbor with uncut grass, brush piles, gravel piles, old ships, refuse steel, and been sworn at on tours. This doesn't help when Basic Marine is trying to sell tourism as part of his proposal to the City. City Manager O'Toole asked what guarantees if any does the City have from Basic Marine to fulfill any or all of visions being presented by Mr. Bero today and can they be written down as conditions of sale. Mr. Bero stated the property will eventually be cleaned up and level. Along the dock area where ships tie off will be a concrete sidewalk and beyond that an asphalt driveway, storm sewers with catch basins.

Mr. Bero stated he guarantees these items will happen:

1. Deep water port
2. Winter there will be 10 1000ft ships in for repairs.

3. Basic Marine has excellent reputation for repairs and many ships do not want to go to Duluth for repairs. Mr. Bero also stated the Coast Guard has later ships now and there is no one on the Great Lakes that can handle such large ships for repairs and Basic Marine plans to be able to accommodate them with the purchase of this property and a deep water port.

Commissioner Warstler noted large ships are major polluters. Mr. Bero stated if this were a major issue it would be more regulated and when ships are docked they either shut down or are hooked up to natural gas lines to minimize pollution.

Commissioner Hellermann discussed the purchase sale agreement from 1997 between Basic Marine, Inc. and the City of Escanaba for another City-owned property. He noted there are a lot of stipulations many of which were not met. He also asked why there are no cruise ship commitment letters in the current proposal packet. Basic Marine's track record speaks for itself with a lot of promises made and not kept. Commissioner Hellermann also asked if Basic Marine was hoping to acquire the Delta County Jail facility to complete the vision, which the City of Escanaba has first right of refusal on that property.

Chairperson Warstler would like to see everyone on the same page and given Basic Marine's track record it would be naïve to sell the property at any price and a rent to own with performance benchmarks may be the best solution. Mr. Bero stated Basic Marine will not invest ½ million dollars into a property it doesn't own. Randy Viau was present and stated he was on the drawing side of the project and wanted to address the pollution questions. Mr. Viau stated that is why the 480v three phase 2000 amp services will be installed so the ships can plug in and turn their engines off.

City Manager O'Toole asked Mr. Bero if Basic Marine would be willing to give the Planning Commission a tour as a group of their operation and see the plans/vision being presented. Mr. Bero will check with owner, Dan Kobasic. Mr. Bero also noted the City is not using our waterways and this piece of land makes it a complete project. City Manager O'Toole suggested tabling until the Planning Commission meeting on August 14, 2014.

**A motion was made by Commissioner Hellermann and seconded by Vice-Chairperson Connor to table this discussion until the August 14, 2014 meeting.**

**Ayes were unanimous**

## **2. Project Updates:**

- A. Zoning Board of Appeals Hearings/Decisions – No meeting was held.
- B. Delta County Planning Commission Update – No meeting was held. A presentation by the Hydro Electric Energy Company opposing the windmills.
- C. Zoning/Land Use Permit Update – Since January 1, 2014, 25 zoning permits have been issued with a declared construction value of \$3.5 million.
- D. Various – Moving forward on the NEXT Michigan Development Zone and are putting the bylaws and rules and procedures together between the cities in both Delta and Marquette Counties. A first draft is expected to be completed by the end of

August 2014 for public consumption and input. All representatives attended the semi-annual meeting of the 5 NEXT Michigan Zones in Flint, MI, which was very helpful in seeing how others were doing things and discussion. Expect to hear more about branding the district as a trade zone and currently the name being discussed is the Superior Trade Zone. Once the application, rules, and bylaws complete we submit them to the Michigan Economic Development Strategic Fund for review and from there they go to the Attorney General for review. City Manager O'Toole did reach out to townships of Delta County and solicited a Township Representative to be on the review committee and Mr. LaChance of Baldwin Township is currently reviewing the agreement. City Manager O'Toole is also looking for Business and Industry representative to review as this is a multi-model plan.

### **GENERAL PUBLIC COMMENT**

None.

### **COMMISON/STAFF COMMENT AND ANNOUNCEMENTS**

None.

### **ADJOURMENT**

**A motion was made by Commissioner Hellermann, seconded by Commissioner Milkiewicz, to adjourn the meeting. The meeting adjourned at 7:30 p.m. Ayes were unanimous.**

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Thomas Warstler, Chairperson  
Escanaba Planning Commission

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James V. O'Toole, City Manager  
City of Escanaba

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Roy Webber, Secretary  
Escanaba Planning Commission

Attention: Escanaba Planning Commission.

Read in the paper where Basic Maine is requesting more property from the city for \$1,000,000. The property they now own looks like a junk yard. (mountains of gravel, old rusty boats, dead branches & etc) It is an eye sore. They should clean up that property before asking for more. "Beautification of the waterfront" (Quote from article) It isn't happening!

They say they will employ 22-25 new people. I suggest the city check their employment record.

Sharon Fosmo  
Esc. City tax payer  
Virginia Clairmont  
Ann Schaff.  
Chris Holmes

Received

JUL 16 2014

City of Escanaba  
City Clerks Office

Zimbra

jotoole@escanaba.org

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**Kobasic Land Sale**

---

**From :** Cathy Wilson <[REDACTED]>

Fri, Jul 25, 2014 01:25 PM

**Subject :** Kobasic Land Sale**To :** citymanager@escanaba.org, Cathy Wilson  
<[REDACTED]>

Dear Mr. O'Toole,

I am writing concerning the July 12th, 2014 Daily Press news item about Basic Marine's request to purchase one acre of Lake Michigan City owned property for 1\$. Before any consideration of increasing Mr. Kobasic's Lake Michigan land holdings, I'd very much like to see him show some regard to his fellow citizens enjoyment of the lake shore and it's views. Specifically, I'm saddened by the mountain of gravel he maintains directly behind the Public Library/City Hall building. I love the library and worked there as a Library Assistant for several years, leaving in 2005. The patrons and employees used to enjoy a restful and magnificent view of Lake Michigan outside of the libraries large windows. At least 10 years ago a giant mound of gravel was created on Basic Marine property which completely blocks any view of the lake from those windows. At the time we were told that Mr. Kobasic planned to level the gravel into roads in the near future, so it would be a temporary situation. Obviously, that was not the case and instead more view blocking piles have appeared.

I am saddened at the loss of serenity and beauty to the library's visitors and employees that has occurred for years and years now. As I plan to bring my young grandson to the library, I am incredibly sad he will not enjoy the beautiful lake and associate that with the wonderful library services. As a business owner, I respect a businesses need to conduct it's business on it's property when needed, but this seems to me to be a blatant disregard by Mr. Kobasic of his fellow citizens enjoyment of the lake shore view. Maybe he has completely forgotten the rest of us and is unaware and if it were pointed out to him he would want to correct this. If this is the case, then I would personally apologize to him for my animosity and thank him for his consideration.

If not, I cannot agree with parting with any more city property to his ownership.

Please feel free to pass on my concerns to Mr. Kobasic.

Thank you for your time.

Sincerely,

Cathy Wilson  
1611 Lake Shore Dr.

# Basic Marine wants city property

**By Jenny Lancour**  
*jlancour@dailypress.net*

ESCANABA — The Escanaba Planning Commission tabled a request from a local shipbuilder to purchase an acre of city-owned property on Lake Michigan for \$1.

Basic Marine Inc., 440 N. 10th St., Escanaba, submitted the request to the city via an e-mail on Nov. 30, 2013. The item was on the commission's agenda for Thursday's regular meeting.

The commission discussed the issue at length then tabled the request, asking for more information on Basic Marine's progress on its deep water port project underway, explained Chairman Tom Warstler on Friday.

Basic Marine is currently improv-

ing the shoreline on property it owns on each side of the city-owned land. Basic Marine, which builds and repairs ships, is restoring docks and the deep water port there to improve and expand its business.

According to Basic Marine's e-mail: "This would expand the commercial and industrial capabilities of Basic, allowing Basic to bring in and work on larger and deeper vessels operating on the Great Lakes such as cruise vessels and freighters as well as saltwater vessels coming into the Great Lakes from foreign waters."

If the city was to sell the property, Basic Marine noted it intends to invest approximately \$500,000 into the land including sheetpiling along the shore, beautification of the waterfront there, and installa-

tion of electricity and mooring equipment.

If the sale is approved, Basic Marine's total investment in its lakeshore property is anticipated to create 22-25 new jobs mostly in skilled labor trades, according to the company's e-mail.

The city-owned acre which Basic Marine is interested in buying for \$1 has 200 feet of shoreline along Little Bay de Noc and is located north of the county jail.

Warstler said the commissioners discussed several concerns regarding Thursday's agenda item. In addition to requesting an update on Basic Marine's work now underway, commissioners would like to see the land for themselves, he said.

"We actually want to see what progress has been made on the

property," said Warstler, adding the item was tabled until next month's meeting when commissioners plan to tour the site.

Warstler said the development project is consistent with Escanaba's comprehensive plan to make greater use of the waterfront on the city's north side.

Concerns were also expressed Thursday about the company's delay in past projects including an ore freighter that was ordered to be moved from the shoreline for safety reasons years ago, he said.

Decades ago, Basic Marine purchased property, it currently owns along 1st Avenue North from the city for \$1.

*Jenny Lancour, (906) 786-2021, ext. 143, jlancour@dailypress.net*

Vol. 106 No. 105

**Good morning,  
Lorraine Vaughan**

*Thank you for subscribing  
to the Daily Press*

## Deaths

Allen L. "Al" Erickson, Bark River.  
 Ted Flum, Escanaba, and Nahma.  
 Shirley J. Macabee, Ford River.  
 Harriet M. Spieth, West Bend, Wis.  
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 4A World/National  
 5A

## **APPOINTMENT(S) TO CITY BOARDS, COMMISSIONS, AND COMMITTEES**

Mayor Tall, with Council approval made the following appointments: Neil Hivala to a second term on the Board of Library Trustees, term ending June 1, 2019.

## **BOARD, COMMISSION, AND COMMITTEE REPORTS**

Council Members reviewed City Board and Commission meetings each attended since the last City Council Meeting.

## **GENERAL PUBLIC COMMENT**

Lyle Berro, Basic Marine Representative, reviewed the Basic Marine dock project on the North Shore. Mr. Berro stated Basic Marine asks for Council support to purchase the City Property located behind the County Jail so they could continue and complete their dock project

Roger Good, City resident, also spoke in support of the Basic Marine Project.

Manager O'Toole advised Basic Marine has yet to return a City Term Sheet. Manager O'Toole asked Basic Marine to return the Term Sheet given to them so information could be reviewed and a proposal could be given to Council so a public hearing could be held.

## **ANNOUNCEMENTS**

- Fun Run 31 and Rib Fest in downtown Escanaba was scheduled for Friday June 3, 2016.

Hearing no further public comment, the Council adjourned at 7:39 p.m.

Respectfully submitted

Robert S. Richards, CMC  
City Clerk

Approved: \_\_\_\_\_

Marc D. Tall, Mayor

# **2016 Master Plan**

Each strategy has an associated time frame, which serves as a benchmark for fiscal and planning purposes. The time frames for implementation are:

- Immediate (less than 2 years) - Projects and programs that usually require the effectuation of a zoning amendment, specific study, or new local legislation.
- Short Term (2-4 years) - Projects which require a greater degree of personnel commitment, local capital improvement funding, and the procurement of private or state and federal funding.
- Mid-Term (4-10 Years) - Projects or programs which have a greater degree of complexity and funding thresholds.

### 1. Local Economy

The economy of Escanaba and Delta County has long been dependent on natural resources, waterborne industry and manufacturing. However, these industries have shrunk and the region needs to broaden and diversify its economic base. Job growth in the region has been in sectors that offer lower wages than those in the manufacturing industry. In order to spark growth in new economy industries the region must attract and retain an educated workforce. The waterfront location and historic character of the City should be used as part of an asset-based strategy to attract visitors, residents, and businesses. In particular, the City needs to attract and retain young residents in order to sustain its economy.

**Goal: Build on the unique assets of the community to grow and diversify the local economy**

⇒ **Objective 1.1: North Shore Waterfront Redevelopment** - Diversify land uses along the industrial waterfront to accommodate public access, mixed-uses, and other waterfront related uses.



Image 12-1: Escanaba waterfront along Ludington Street.

The north shore waterfront has been repeatedly identified by community members as a priority for enhanced development and redevelopment. Community members felt that measures should be taken to identify new north shore waterfront opportunities which accommodate a diversified mix of land uses that not only enhances and preserves an industrial working port but also enhances the public enjoyment of the Bay, exposure to the working waterfront and provides opportunities for public access, open space and expanded public use. Many expressed concern that the area is underutilized and that some portions of the north shore appear to be blighted in need of clean up and better integrated into the downtown.

In 2010, the City adopted a North Shore Redevelopment Plan for the waterfront in which it identified opportunities for enhanced maritime industrial development, potential land re-purposing, increased opportunities for waterfront public access, open space and expanded public use.

⇒ **Action E1: Compatible Maritime and Waterfront Uses** - Seek, encourage, and foster a balance of uses and activities on the waterfront that are compatible with a working port and the broader goals of the community. Opportunities for waterside public access, open space, and the expansion of public use of the waterfront include improvements such as viewing platforms, piers, street ends, and non-motorized trails where feasible, or other physical improvements to improve the character and

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utilization of the waterfront should be explored. Develop form-based zoning standards that support waterfront redevelopment due to the irregular property line layouts.

**Action E2: North Shore Property Acquisition** - Should property within the near north shore zone within the downtown area become available, and should the City have an opportunity to acquire it, steps should be taken to purchase or acquire the property and work with the community and the private sector on a development and infrastructure plan which will meet the needs of maritime and recreational water dependent activities that has the potential to increase the overall economic value of the community with new investment that will stimulate the revitalization of the waterfront, provide new jobs, revenues, public amenities and other benefits to the community.

**Action E3: Relocate Civic Buildings** - The evolution of the waterfront from its beginning to the present reflects Escanaba's colorful history. The waterfront will always serve as a repository for memories of past events, but it must also continue to evolve so that a balance is maintained between continued maritime activities, public activities, and the unique history of the area. Over time, the Delta County Jail and Chamber of Commerce have become less than desirable uses on valuable downtown waterfront property. These facilities should be relocated to a site better suited to these uses and the two (2) properties should be repurposed for private development opportunities and new investment which has the potential to positively impact the revitalization of the downtown area, preserve the maritime water-dependent activities, provide new jobs, increase property values, and provide public amenities and other benefits to the City.

**Objective 1.2 Vibrant Public Spaces** - Develop and maintain places for the community to live, work, and play. Investing in public spaces to encourage greater interaction between residents and promote a healthier and more vibrant community is an approach to build communities around places which inspire people to collectively reimagine and reinvent the public spaces they share.

**Action E4: "Placemaking" Asset Inventory and Assessment** - The community should establish placemaking concepts and standards that promote the positive use of public space which has the potential to attract a knowledge-based industry and a talented younger workforce. In recent years the placemaking strategy has been shown to be an effective tool that and catalyst for economic development. Develop an inventory of existing public spaces and assets that capitalizes on community assets, inspiration, and potential for expansion opportunities and improvement opportunities which will contribute to the people's health, happiness, and well-being.

**Action E5: Community Festivals and Events** - Throughout the year, the City and Downtown Development Authority hold public events and festivals that attract residents and visitors into the downtown and waterfront area. Festivals are important because they can help the community to remember important events, bring family and friends together and educate the youth about the history and culture of the community. Continued community events which utilize City's parks, including the Municipal Dock area, should be encouraged and built upon.

**Objective 1.3 Downtown/Waterfront Linkage** - Create strong visual and physical connections between downtown and the waterfront. The Downtown Waterfront area has the strongest potential for mixed use redevelopment which can work in harmony with a working waterfront. The working waterfront along with the public waterfront need to be better connected to the downtown area and surrounding neighborhoods. Development standards are needed which encourage more people to stay longer and visit more often in order to grow and thrive. New development in this area should be integrated into the

character of the existing downtown and attractive to the community using "form-based" zoning standards. This would include pedestrian and non-motorized connectors and water uses that rely on the waterfront such retail development, outdoor sporting activities such as fishing and boating or similar uses.

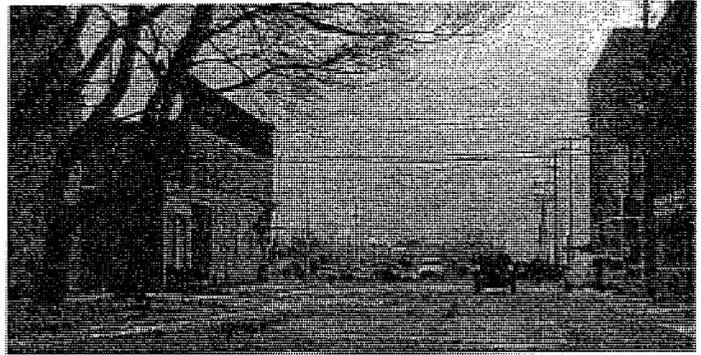


Image 12-2: Current view of waterfront from S. 7th Street, looking north. There is no visible link to the waterfront, a visitor might not know that it is there.

**Action E6: Public Access** - Explore opportunities for constructing a public multi-use facility including viewing area of harbor activities as recommended in the North Shore Master Plan. Connect the viewing platform to

non-motorized network. Should the Delta County Jail property be relocated to a different location, that parcel should be developed under this concept.

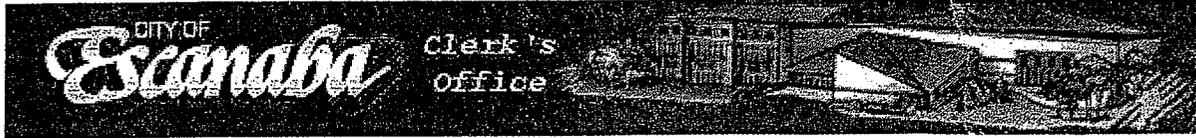
**Objective 1.4 Expand Use of the UP State Fairgrounds** - Maximize use of the fairgrounds year-round. Collaborate with U.P. State Fair Authority Board to develop a shared vision for the future of the fairgrounds and the surrounding properties.

**Action E7: Fairgrounds Expansion and Redevelopment** - Develop uses which are designed to keep activity at the fairgrounds on a year-round basis. Efforts to maximize the use of the fairgrounds and their property to a year-round use would be beneficial to not only the City of Escanaba but the Upper Peninsula members which make up the Fairground Board Authority. Work with the U.P. State Fairground Authority Board to establish property uses along the commercial frontage area of the U.P. State Fairgrounds that targets developments and uses, which complement fairground activities such as restaurants, entertainment venues, museums, travel related information centers and specialty small scale, auto dependent retail uses. Work with the Delta County Chamber of Commerce on possibly relocating to this area which is a better suited site for their organizational needs.

**Objective 1.5 An Attractive and Thriving Downtown** - Downtown will be a thriving, vibrant commercial district. Residents have expressed a strong desire for more investment and activity in the downtown.

**Action E8: Downtown Organization** - The downtown should continue to be organized into functional zones in order to create a critical mass, for not only retail businesses, but for professional offices and services that support downtown living. The encouragement of retail and entertainment anchors in the downtown ties into the reorganization of the downtown in definable districts. Downtowns such as Escanaba have a difficult time competing with regional and franchise stores, but often times excel in specialty retail, restaurants, and entertainment type uses. A modification to the Zoning Ordinance encouraging the reorganization of the downtown from Ludington Park to Lincoln Road into definable districts is recommended. Zoning Ordinances should be revised to enhance street traffic by limiting non-retail first floor uses where practical. Additionally, form-based zoning standards should be adopted to reinforce desired use patterns within the downtown district. The ground floor of downtown buildings should be limited to retail uses and professional services with a retail element when located within the Central Retail District. Where possible, upper floors should be utilized for professional offices and residential units.

NB#1  
CC 10/20/16



October 12, 2016

## MEMORANDUM

**TO:** City Council  
City Manager, James V. O'Toole

**FROM:** Robert S. Richards, CMC *RSR*  
City Clerk

**SUBJECT:** Agenda Item - Pawnbrokers License

The Mayor may grant to any suitable person a license authorizing such person to carry on the business of a pawnbroker subject to the provisions found in Chapter 23 of the City Code of Ordinances. This license shall designate the particular place in the city where such person shall carry on the business, and no person receiving the license shall carry on the business in any other place than the one designated in the license. The license shall be for the period of one year from date of issuance, unless sooner revoked for cause, and shall not be transferable. Before any license shall be issued the person applying therefor shall pay to the treasurer an annual license fee of fifty dollars (\$50.00), and shall give a bond to the City in its corporate name, in the penal sum of three thousand dollars (\$3,000.00), with sureties, to be approved by the City Council conditioned for the faithful performance of the duties and obligations pertaining to the business and for the payment of all costs and damages incurred by any violation of the article.

Attached please find the required information for Richard L. Semashko of Wheel N Deals. Please place Mr. Semashko's request on the agenda for the October 20, 2016, City Council Meeting.

#16-6711



### PAWNBROKERS APPLICATION

**Pawnbrokers - \$50 YEARLY**

Date of Application SEPT 14

Name of Applicant RICH L SEMASHKO Date of Birth [REDACTED]  
First Middle Last

Driver's License No. [REDACTED]

Local Address 1210 N LINCOLN

Permanent Address [REDACTED]

Phone No. - Local 789 2114 Permanent 789 2114

Name, Address, and Phone No. of Company, Corporation, or Firm:  
\_\_\_\_\_  
\_\_\_\_\_

Date & Location Setup \_\_\_\_\_

Kind or Type of Business BUY SELL SHOP

Length of Time Business will be Conducted 10 - 15

Address Where Last Transient Business was conducted: \_\_\_\_\_

If Vehicle is Used, License No. \_\_\_\_\_

Signed: [Signature]

Name

owner

Title

#### Application Reviewed by Public Safety

Recommended  Not Recommended

Approved: [Signature]

Public Safety Director

[Signature]

Robert S. Richards, CMC  
City Clerk

Account Number 101-000-451-000

Pawnbrokers Fee Paid: \$50   Cash  Check # \_\_\_\_\_ Rec'd By [Signature]



ACKNOWLEDGMENT OF SURETY  
(Corporate Officer)

STATE OF SOUTH DAKOTA }  
COUNTY OF MINNEHAHA } ss

On this 12th day of October, 2016, before me, the undersigned officer, personally appeared Paul T. Bruflat, who acknowledged himself to be the aforesaid officer of WESTERN SURETY COMPANY, a corporation, and that he as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



*M. Bent*

Notary Public — South Dakota

My Commission Expires March 2, 2020

ACKNOWLEDGMENT OF PRINCIPAL  
(Individual or Partners)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me personally appeared \_\_\_\_\_, known to me to be the individual \_\_\_\_\_ described in and who executed the foregoing instrument and acknowledged to me that \_\_\_\_\_ he \_\_\_\_\_ executed the same.

My commission expires \_\_\_\_\_

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL  
(Corporate Officer)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me personally appeared \_\_\_\_\_, who acknowledged himself/herself to be the \_\_\_\_\_ of \_\_\_\_\_, a corporation, and that he/she as such officer being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as such officer.

My commission expires \_\_\_\_\_

Notary Public



License or Permit No. \_\_\_\_\_

LICENSE AND PERMIT  
BOND  
As \_\_\_\_\_

of \_\_\_\_\_

State of \_\_\_\_\_

Name of Applicant \_\_\_\_\_

Address \_\_\_\_\_

Filed \_\_\_\_\_

Approved this \_\_\_\_\_

day of \_\_\_\_\_

# Western Surety Company

## POWER OF ATTORNEY

### KNOW ALL MEN BY THESE PRESENTS:

That WESTERN SURETY COMPANY, a corporation organized and existing under the laws of the State of South Dakota, and authorized and licensed to do business in the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the United States of America, does hereby make, constitute and appoint

Paul T. Bruflat of Sioux Falls,  
State of South Dakota, its regularly elected Vice President,  
as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, the following bond:

One Pawnbroker City of Escanaba

bond with bond number 62941057

for Richard Semashko dba Wheels & Deals  
as Principal in the penalty amount not to exceed: \$3,000.00

Western Surety Company further certifies that the following is a true and exact copy of Section 7 of the by-laws of Western Surety Company duly adopted and now in force, to-wit:

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.

In Witness Whereof, the said WESTERN SURETY COMPANY has caused these presents to be executed by  
Vice President with the corporate seal affixed this 12th day of October,  
2016.

ATTEST

L. Nelson  
L. Nelson, Assistant Secretary

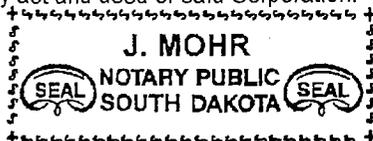
WESTERN SURETY COMPANY  
By Paul T. Bruflat  
Paul T. Bruflat, Vice President



STATE OF SOUTH DAKOTA }  
COUNTY OF MINNEHAHA } ss

On this 12th day of October, 2016, before me, a Notary Public, personally appeared  
Paul T. Bruflat and L. Nelson

who, being by me duly sworn, acknowledged that they signed the above Power of Attorney as Vice President  
and Assistant Secretary, respectively, of the said WESTERN SURETY COMPANY, and acknowledged said instrument to be the  
voluntary act and deed of said Corporation.



J. Mohr  
Notary Public

My Commission Expires June 23, 2021





## Chapter 23 - SECONDHAND GOODS

## FOOTNOTE(S):

--- (1) ---

**State Law reference**— Junkyards near highways, MCL 252.201 et seq., MSA 9.391(11) et seq.; licensing of pawnbrokers, MCL 445.471 et seq., 446.201 et seq., MSA 19.581 et seq., 19.740(1) et seq.; licensing of secondhand and junk dealers, MCL 445.401 et seq., 445.471 et seq., MSA 19.711 et seq., 19.740(1) et seq.

## ARTICLE I. - IN GENERAL

Secs. 23-1—23-15. - Reserved.

## ARTICLE II. - PAWNBROKERS

## FOOTNOTE(S):

--- (2) ---

**State Law reference**— Licensing of pawnbrokers, MCL 445.471 et seq., 446.201 et seq., MSA 19.581 et seq., 19.740(1) et seq.

## DIVISION 1. - GENERALLY

Sec. 23-16. - Defined.

For purposes of this article "pawnbroker" means any person who loans money on deposit, or pledge of personal property, or other valuable thing, other than securities or printed evidence of indebtedness, or who deals in the purchasing of personal property or other valuable thing on condition of selling the same back again at a stipulated price.

*(Code 1969, § 120.01)*

**Cross reference**— Definitions and rules of construction generally, § 1-2.

**State law reference**— Similar definition, MCL 446.203, MSA 19.583.

Sec. 23-17. - Action on bond.

If any person shall be aggrieved by the conduct of any licensed pawnbroker, and shall recover judgment against him therefor, such person may, after the return unsatisfied, either in whole or in part, of any execution issued upon the judgment, maintain an action in his own name upon the bond of the pawnbroker in any court having jurisdiction of the amount of the judgment remaining unsatisfied.

*(Code 1969, § 120.03)*

**State law reference**— Similar provisions, MCL 446.204, MSA 19.584.

Sec. 23-18. - Record of property received; contents, inspection.

Every pawnbroker shall keep a book to be inspected by the director of public safety in which shall be written in English, at the time he receives any article of personal property, or other valuable thing by way of pledge or pawn, a description of the article, the amount of money loaned thereon, the rate of interest to be paid on such loan, the name, residence and general description of the person from whom, and the day and hour when such property was received. This book, and the place where such business is carried on, and all articles of property therein, shall be subject to examination at any time by the director of public safety.

*(Code 1969, § 120.04)*

**State law reference**— Similar provisions, MCL 446.205, MSA 19.585.

Sec. 23-19. - Memorandum of pawn; interest.

A pawnbroker, at the time of such loan, shall deliver to the person pawning or pledging any goods, article or thing, a memorandum or note signed by him, containing the substance of the entry required to be made by him in his book by section 23-18. No charge shall be made or received by any pawnbroker for any such entry, memorandum or note. The memorandum or note shall be consecutively numbered and upon its back shall be printed in English in type as large as that in which the public acts of this state are printed, the following words: "If interest or charges in excess of three (3) percent per month, plus storage charges hereinafter provided, are asked or received, this loan is void and of no effect; and the borrower cannot be made to pay back the money loaned or any interest, or any charges or any part thereof, and the pawnbroker loses all right to the possession of the goods, article or thing pawned, and shall surrender the same to the borrower or pawner upon due demand therefor.

*(Code 1969, § 120.05)*

**State law reference**— Similar provisions, MCL 446.208, MSA 19.588.

Sec. 23-20. - Interest rates, storage charges, computations.

A licensed pawnbroker may charge upon any loan a rate of interest not to exceed three (3) percent per month, except that he is not required to accept any interest less than fifty cents (\$0.50) on a single loan. A pawnbroker may also charge fifty cents (\$0.50) per month or fraction thereof for the storage of property, except jewelry, after thirty (30) days but for not more than four (4) months, under any single pledge or pawn. No pawnbroker or agent or employee thereof shall make a loan upon any deposit, pawn or pledge at a rate of interest and charge or receive therefor in excess of the amounts provided for in this article. Interest on any loan shall not be payable in advance, and shall be computed on unpaid monthly balances only, but without compounding. A pawnbroker is not entitled to any examination fee or to make any charge in excess of the amounts provided for in this article.

*(Code 1969, § 120.06)*

**State law reference—** Similar provisions, MCL 446.209, MSA 19.589.

#### Sec. 23-21. - Destruction or defacing of pawned property.

No pawnbroker shall deface, scratch, obliterate, melt, separate or break into parts any particle or thing received by him in pawn or otherwise, or in any manner do, cause or suffer to be done by others, anything which shall destroy or tend to destroy the identity of such article or render the identification thereof more difficult.

*(Code 1969, § 120.07)*

**State law reference—** Similar provisions, MCL 446.213, MSA 19.593.

#### Sec. 23-22. - Pawn property acceptance.

No pawnbroker shall receive any pledge, pawn, articles or thing whatever from any person who is of unsound mind, from any person under the influence of drugs or alcohol or from any person under eighteen (18) years of age.

*(Code 1969, § 120.08)*

#### Sec. 23-23. - Fingerprints of seller.

At the same time any pawnbroker shall receive any article of personal property, or other valuable thing, by way of pledge or pawn, except motor vehicles, old rags, waste paper, books, magazines, tapestries, antiques and household furniture, he shall take in duplicate the legible imprint of the right thumb of the person from whom such property was received; or if that be not possible, of the left thumb or some other finger of such person. This fingerprint shall be taken under such rules and regulations as prescribed by the commissioner of the state police. One copy shall be forwarded within forty-eight (48) hours, together with a

statement of the nature of the property received, to the director of public safety. The second copy shall be forwarded within forty-eight (48) hours, together with a statement of the nature of the property received, to the state police.

*(Code 1969, § 120.09)*

**State law reference**— Similar provisions, MCL 445.472, MSA 19.740(2).

Secs. 23-24—23-35. - Reserved.

## DIVISION 2. - LICENSE

Sec. 23-36. - Required.

No person shall carry on the business of pawnbroker in the city without having first obtained from the mayor, a license subject to the provisions of this article, authorizing such person to carry on such business.

*(Code 1969, § 120.02(A))*

**State law reference**— Similar provisions, MCL 446.201, MSA 19.581.

Sec. 23-37. - Issuance; fee and bond.

The mayor may from time to time issue under his hand, and the official seal of his office, to any suitable person a license authorizing such person to carry on the business of a pawnbroker subject to the provisions of this article. This license shall designate the particular place in the city where such person shall carry on the business, and no person receiving the license shall carry on the business in any other place than the one designated in the license. The license shall be for the period of one year from date of issuance, unless sooner revoked for cause, and shall not be transferable. Before any license shall be issued the person applying therefor shall pay to the treasurer an annual license fee of fifty dollars (\$50.00), and shall give a bond to the city in its corporate name, in the penal sum of three thousand dollars (\$3,000.00), with at least two (2) sureties, to be approved by the city council conditioned for the faithful performance of the duties and obligations pertaining to the business and for the payment of all costs and damages incurred by any violation of the article.

*(Code 1969, § 120.02)*

**State law reference**— Similar provisions, MCL 446.202, MSA 19.582.

Sec. 23-38. - Revocation.

Upon any conviction of any person doing business as a pawnbroker under the provisions of this article, or on conviction of any clerk, agent, servant or employee of any such person, the license of such person shall forthwith be revoked by the mayor, and no part of the license fee of such party shall be returned to him, and no further license as a pawnbroker shall be granted to such person for the period of one year from the date of such revocation.

*(Code 1969, § 120.99(B))*

**State law reference—** Similar provisions, MCL 446.219, MSA 19.599.