

WASHTENAW COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

**ACT 381 WORK PLAN
TO CONDUCT
ELIGIBLE
DEQ RESPONSE
AND/OR
MSF NON-ENVIRONMENTAL
ACTIVITIES**

**400 NORTH RIVER STREET THE HISTORIC THOMPSON BLOCK
REDEVELOPMENT PROJECT YPSILANTI, MICHIGAN**

For

THOMPSON BLOCK PARTNERS LLC, ANN ARBOR, MICHIGAN

March 24, 2014

Prepared by: Mark Wilcox

WORK PLAN OUTLINE

Thompson Block Partners LLC

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1.0 INTRODUCTION

Mark Wilcox of JC Beal Construction has prepared this Non-Environmental Work Plan for the eligible property ("Property" or "subject property") located at 400 North River Street, including parcel IDs 422, 423, 424, 425, 431 and the alley between same in Ypsilanti. See Figure 1 for a site location map. See Figure 2 for property survey map. The Washtenaw County Board of Commissioners amended the Washtenaw County Brownfield Redevelopment Authority Brownfield Plan to include the Project as hereinafter defined on November 25, 2013.

The Historic Thompson Block Redevelopment involves the improvement of a three story building located in the bustling Depot Town area. 400-408 River Street is a three story structure that will be redesigned to include two floors of residential loft space and the first floor level focused on retail. The Project has serious interest from numerous retail/commercial tenants for the first floor space.

The Project also has 16 Lofts and with the current demand for quality rental units, we are confident that absorption of our unique loft apartments will not be a problem for us. The finished project will result in over 13,300 square feet of retail and 15,600 square feet of residential space. This building has been underutilized for many years. The Thompson Block has stood almost vacant since the early 1960s and completely vacant since the 1980s. There was a fire that occurred in the building in 2009 that expanded the scope of work required to restore this significant historic structure. All mechanical, electrical, plumbing and HVAC systems need replacement. The building lacks life safety and modern telecommunication systems. Thompson Block Partners, LLC is the project developer and J C Beal is the project manager. The Developer has applied for a Michigan Business Tax credit equal to 12.5% of its eligible investment at the eligible property.

Presently, the building is a vacant and an obsolete structure. Disinvestment for many years has led to decline in value, appearance and use. Renovation of this building will revitalize the surrounding neighborhood by increasing residents and pedestrian traffic, and providing outlets for new retail. The new residential units will be a welcome addition to this growing area of Depot Town.

Investment for the Project described in this Work Plan is estimated at approximately \$7 million in improvements to land and buildings. Based on the current site conditions, certain eligible activities are necessary to prepare the property for redevelopment. The following sections present site background information, current property conditions, the proposed eligible activities, and the costs associated with the proposed activities.

1.1 ELIGIBLE PROPERTY INFORMATION

a. Location

The Property is located at 400-408 North River Street and 107 East Cross Street, in Ypsilanti's Depot Town area. The Property currently consists of a dilapidated three story 26,000 square feet historic structure on the edge of Ypsilanti's Historic Depot Town. The property is bounded by residential housing to the north, additional residential housing to the east, Cross Street to the south, and River Street to the west.

The Property encompasses approximately 3/4 of an acre. Please refer to the Brownfield Plan located in Appendix A for the legal description. See Figure 1 for a Scaled Property Location Map and Property Survey Information, Figure 3 for the Thompson Block PUD Plan and Figure 4 for Site photographs.

b. Current Ownership

Thompson Block Partners LLC, currently owns the property. See attachment, 1.1.b ownership

c. Proposed Future Ownership

There are no plans for ownership other than what is currently in place.

Contact information is as follows:

Thompson Block Partners LLC

221 Felch Street

Ann Arbor, MI 48103

Contact Person: Fred J Beal, Managing Member

Phone: 734-662-6133, ext. 103

d. Delinquent Taxes, Interest, and Penalties

No delinquent taxes, interest, or penalties are known to exist for the Property.

e. Existing and Proposed Future Zoning For Each Eligible Property

The Historic Thompson Block is zoned as B3, or Central Business District with Historic District Overlay. See attached Figure 3, PUD Application for the utilization of 107 East Cross Street as parking to support the overall development.

1.2 HISTORICAL USE OF EACH ELIGIBLE PROPERTY

The Historic Thompson Block is a 150-year old three-story building located in Ypsilanti's historic Depot Town area. Built with the bricks and stone of the Great Western Hotel, the Thompson Block

has played host to the 14th and 27th infantry during the civil war, it was rumored to have been a stop on the underground railroad with a direct link to the Michigan Central Railroad across the street, it has been a paint store (1880), a fire department (1895) and one of the first Dodge (and bicycle shop) dealerships in the area (1916). The building lost most of its tenants in the late 1980's and has stood empty since.

1.3 CURRENT USE OF EACH ELIGIBLE PROPERTY

The structure is currently vacant.

1.4 SUMMARY OF PROPOSED REDEVELOPMENT AND FUTURE USE FOR EACH ELIGIBLE PROPERTY

The Thompson Block Redevelopment will take a dilapidated 3 story 26,000sf historic structure on the edge of Ypsilanti's historic Depot Town commercial center and turn it into a vibrant mixed use facility containing 16 luxury loft residences and up to 8 separate retail / restaurant venues in approximately 13,000sf of first floor and accessible lower level space, and create on a recently acquired adjacent lot 26 dedicated parking spaces and related storm water management facilities. Overall investment in this project will approach \$7 Million, and create 30+/- full time jobs of \$25.00 / hour or more and up to 100 additional part time jobs paying \$8.00-15.00 / hour to an area currently suffering from above average unemployment.

The project is located at the edge of, and in a structure long part of, Ypsilanti's historic Depot Town commercial center, Ypsilanti's "second downtown" located along the railroad and adjacent to the Huron River in a very pedestrian friendly area with easy access to residential neighborhoods, local businesses, and the Huron River park system.

The completed Thompson Block project will dramatically improve a highly visible stretch of River Street and the most important undeveloped corner in Depot Town, adding density immediately and attracting more with the creation of several new businesses and hundreds of new jobs, bringing additional visitors to Depot Town and helping to support existing restaurant and retail establishments.

The Thompson Block is a true historic rehabilitation project, taking a 160 year old building, originally constructed as a Civil War Barracks and seeing a wide variety of commercial uses for 140+/- years before being abandoned to deteriorate to the horrendous condition it was in when the vision of its current redevelopment began, and bring it back to life as a vibrant mixed use facility. The building has been approved for Federal and State Historic Tax credits, including an Enhanced State Credit.

The improvements to this currently vacant and blighted property will be permanent, and will help raise the value of this and the surrounding buildings to several times their current value, all of which will significantly benefit the surrounding community immediately and even more on a long term basis.

The project incorporates a number of energy saving features, including improved roof insulation and windows, life safety upgrades, energy efficient mechanical, electrical, and lighting systems, and air quality upgrades. The recent addition to the site of the adjacent lot has allowed for the introduction of both more extensive landscaping and bioswales and rain gardens for improved, on site, storm water management.

Depot Town, while already an active commercial center lacks retail diversity, in part because of its relatively small footprint. The Thompson Block redevelopment will add up to 8 separate retail / restaurant venues in approximately 13,000sf of first floor and accessible lower level space, allowing for a significant expansion of the local commercial mix.

1.5 INFORMATION REQUIRED BY SECTION 15(15) OF THE STATUTE

a. Public Benefit

The Property is located at the gateway to the City of Ypsilanti's Historic Depot Town area. As it currently stands, it is a constant reminder to Ypsilanti residents and guests of years of economic hardship and neglect that have plagued the city in past decades. It also represents an opportunity to showcase the progress Depot Town / the City of Ypsilanti has made in reviving one of its historic architectural achievements and resuscitating the Depot Town area in full. Renovation of this building will establish a quality community environment. The introduction of another residential presence in this area will also help promote a 24-hour street presence, acting as a crime deterrent and making the streets and sidewalks safer places.

The rehabilitation of The Historic Thompson Block will continue the economic investment made in recent years in Ypsilanti's Depot Town area, creating long-term economic investment in the area and increasing the income tax base for the City of Ypsilanti by providing new and additional retail and residential units.

The Historic Thompson Block will boost community moral by returning a vacant and functionally obsolete historic structure to the public, additionally it will increase employment possibilities in an area experiencing high rates of unemployment. All activities represented in this work plan are sufficient and necessary in order to complete the Historic Thompson Block restoration and all of its eligible activities.

b. Reuse of Vacant Buildings and Redevelopment of Blighted Properties

The Thompson Block Redevelopment will take a dilapidated 3 story 26,000sf historic structure on the edge of Ypsilanti's historic Depot Town commercial center and turn it into a vibrant mixed use facility containing 16 luxury loft residences and up to 8 separate retail / restaurant venues in approximately 13,000sf of first floor and accessible lower level space, with an overall investment in this project will approach \$7 Million. See attached Attachment 1.5.b Concept Drawings,

c. Job Creation

The Thompson Block Redevelopment is projected to create approximately 130 jobs; 30+/- full time jobs of \$25.00 / hour or more and up to 100 additional part time jobs paying \$8.00-15.00 / hour to an area currently suffering from above average unemployment.

d. Unemployment Status

According to the Michigan Department of Labor and Economic Growth, Office of Labor and Market Information the annual average unemployment rate in August of 2013 for the County of Washtenaw was 7.2%, and in the City of Ypsilanti 10.1%. At the same time the State of Michigan experienced a rate of unemployment of 9.0%.

e. Contamination Alleviation

Asbestos and lead will be abated as part of the eligible activities. No other environmental contamination has been found to exist at the site.

f. **Private Sector Contribution**

Private Investment is estimated at approximately \$7 million in improvements to land and buildings.

g. **Cost Gap Comparison**

No Greenfield site was considered, thus there is no Cost Gap Comparison. Please see Attachments B.1 and B.2 for project financial data.

h. **Create Another Brownfield Site**

Developer is not moving from another site and would not create another brownfield site.

i. **Project/Developer Financially Sound**

See Attachments B.1 and B.2 for project financial data.

2.0 CURRENT PROPERTY CONDITIONS

2.1 Property Eligibility

The property is considered "eligible property" as defined by Act 381, Section 2 because (a) the Property was previously utilized for commercial purpose; (b) it is located within the City of Ypsilanti, a qualified local government unit under Act 381; and (c) the Property is determined to be functionally obsolete as defined by Act 381.

The building's deterioration has left it dangerous and unable to be used to adequately perform the function for which it was intended due to a substantial loss in value. The requisite affidavit signed by a level 3 assessor certifying the assessor's expert opinion that the Property is functionally obsolete is provided in Appendix E. Further description of its eligibility is outline below.

2.2 Summary of Environmental Conditions

Environmental Site Assessments have generated no REC's

2.3 Summary of Functionally Obsolete and/or Blighted Conditions

400 – 408 North River is functionally obsolete according to the definition in Act 381, "the property is unable to be used to adequately perform the function for which it was intended, due to substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property."

- Current configurations do not meet market demand for the original commercial purpose of the building, nor does it meet market demand for its future residential use.

- Mechanical and electrical systems must be replaced.
- As it stands the building is an attractive nuisance to children because of physical conditions
- It is a fire hazard or is otherwise dangerous
- Life safety systems (smoke detectors, fire alarm systems, exit signs and fire sprinklers) must be installed
- The property has had utilities disconnected permanently due to them being rendered ineffective for current usage.
- The elevators must be brought up to code.
- Inter finishes have been stripped.
- Mechanical and electrical systems must be replaced
- A new security system must be installed
- The windows must be rehabilitated or replaced
- The entire roof must be replaced

A copy of the Assessor's Office affidavit that the building qualifies as functionally obsolete is included as Appendix E.

3.0 SCOPE OF WORK

3.2 Non-Environmental MEGA Eligible Activities

The potential non-environmental eligible activities will include brownfield and work plan preparation, demolition, lead and asbestos abatement and a contingency, all of which are not response activities. Individual activity categories are more fully described and detailed in Table 3, MSF Activities Costs, Environmental Evaluation / Public Infrastructure Improvements / Demolition / Contingency, prepared by JC Beal Construction Inc.

- a. Brownfield Plan and Work Plan Preparation. \$12,500.00
- b. Public Infrastructure Improvements: \$84,105.00
- c. Demolition: \$94,250.00
- d. Lead Abatement & Supervision: \$7,740.00
- e. Asbestos Abatement: \$8,475.00
- f. Site Preparation: \$0
- g. Engineering, Design, Testing & GCs: \$32,647.48
- h. MSF Review Fees: \$0
- i. Contingency, Design & Construction: 31,860.83
A 15% contingency factor to accommodate unexpected conditions that may be encountered during the redevelopment is hereby included.

4.0 SCHEDULE AND COSTS

4.1 Schedule of Activities

Project activities will commence in 2014 following the Washtenaw County Brownfield Redevelopment Authority (WCBRA), the Ypsilanti City Council, Washtenaw County Board of Commissioners and Michigan Economic Growth Authority (MSF) approvals of our Amendments.

Completion of the Project is anticipated within 10 - 11 months of commencement of work following the approval of this amendment and then solidifying financing that is predicated on these approvals. We expect to start construction in 2014 with completion in late 2015.

4.2 Estimated Costs

The itemized estimated costs to complete the Environmental and Non-Environmental eligible activities including all labor, equipment, subcontractors, and materials under this Work Plan are provided in Section 3.1 above. Table 1 provides a summary of the estimated costs to complete each task. See Table 3 MSF Activities Costs.

FIGURES

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