

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
STATE BOUNDARY COMMISSION

---

IN RE:

PETITION FOR ANNEXATION OF  
TERRITORY IN CLAM LAKE TOWNSHIP  
TO THE CITY OF CADILLAC (WEXFORD  
COUNTY)

Docket No. 13-AP-2

---

**TERIDEE'S POST HEARING COMMENTS**  
**IN SUPPORT OF ANNEXATION PETITION**

**Introduction**

Petitioners for annexation are TeriDee, LLC and certain related parties ("TeriDee"). The area to be annexed is approximately 241 acres in size. TeriDee owns approximately 141 acres which are primarily vacant. Highway (public) property equals approximately 94 acres. Less than 6 1/2 acres of private property contained in seven parcels is owned by others. TeriDee own over 95% of the private property proposed for annexation.<sup>1</sup>

**Section 9 Considerations**

The State Boundary Commission (SBC or Commission) must consider the criteria set forth in subsections (a), (b), and (c) of Section 9 of the State Boundary Act, MCL 123.1009. However, the statute does not establish specific parameters or benchmarks for each criterion. Nor does it give greater weight to any particular criterion over all the others. The SBC must simply consider all of the criteria in coming to its ultimate decision concerning the reasonableness of the proposed annexation. After considering all of the criteria, one member

---

<sup>1</sup> Of the seven owners of private property not owned by TeriDee, two owners have indicated they have no objections to the annexation of the property.

may give greater weight to one or more of the criterion and much less weight to the others. Another member may find different criteria to be persuasive in making that member's decision.

Section 9(a) provides that the SBC shall consider:

*"(a) Population; population density; and area and land uses; assessed valuation; topography, natural boundaries and drainage basins; the past and probable future urban growth, including population increase and business, commercial and industrial development in the area. Comparative data for the incorporating municipality, and the remaining portion of the unit from which the area will be detached shall be considered.*

The population of the annexed area has 20 or fewer residents, some of whom support the annexation. The population of the City of Cadillac is approximately 10,000. The population of the Haring Charter Township is approximately 3,000. The population of Clam Lake Township is approximately 2,200. So, the proposed annexation would result in a population change to Clam Lake Township of less than 1%.

The area proposed for annexation is approximately 241 acres. That results in the very low population density of less than .08 persons per acre within the area to be annexed. In contrast, there are a significant number of residents in the Act 425 Transferred Area (containing 99 parcels) who will have their municipal jurisdiction changed. Evidently, the change in municipal jurisdiction over a much larger number of residents within the Transferred Area was deemed acceptable by Clam Lake Township pursuant to the Act 425 Agreement. Also, some of the few residents who actually reside in the annexed area have indicated support for the annexation.

The area proposed for annexation is approximately 241 acres (148 of which are privately owned). That is a very small fractional amount of the nearly 20,000 acres remaining within Clam

Lake Township after the annexation. Again, Clam Lake Township was content to allow a far greater land area (containing 99 parcels) to become part of Haring Charter Township through the Act 425 Agreement.

The land use in the annexed area is predominantly vacant privately owned property and publically owned vacant land or highway right-of-way. There are only six improved small residential parcels (and one vacant residential parcel) not owned by petitioners. The owners of two of the improved residential parcels support the annexation.

In 2011 Clam Lake Township indicated that the SEV of the proposed annexation area was \$510,900.00. That is a miniscule fraction of the total SEV of Clam Lake Township. In addition, the area transferred pursuant to the Act 425 Agreement consisting of 99 parcels in total had an assessed value of \$3,841,400.00 in 2011. That amount is more than seven and one half times the value of annexation area. Clam Lake Township had no objection to losing that greater assessed value pursuant to the Act 425 Agreement. (The 2013 values are assumed to be proportional to the 2011 value comparison.)

There are no natural boundaries or natural drain basins which separate the annexation area from the City of Cadillac. US-131 does bifurcate the annexation area. However, there are numerous examples across the state of Michigan where a city includes property on both sides of an expressway. The parcels on the west side of US-131 (Crosby Court) have no vehicular access other than through the City of Cadillac via Crosby Court.

The annexed area is located at a major intersection of a divided US highway and a Michigan highway. It is one of the most logical places for probable future commercial growth. The Petitioners have received much interest in this particular location. Previously, a developer indicated that this is the only intersection in the Cadillac area that he would consider for a hotel

and a steakhouse restaurant. A community bank also indicated its intent to build at this location. The Petitioners have significant experience developing property and their research indicates this intersection is the logical area for future and probable commercial growth. Both Townships now concede that commercial growth at this intersection is inevitable.

The annexed area includes a large vacant parcel (141 acres) at a major intersection of two highways with utilities from Cadillac easily available at a cost effective price. In contrast, the intersection to the south in Clam Lake Township has no significant vacant parcels of the size necessary for the proposed development. Nor are utilities anywhere near that property. They are several miles away. Also, a very large church and a very large school are already located in that area. That fact has an impact on liquor licenses due to significant statutorily required separation distances and will limit available sites for full service restaurants with liquor licenses. In addition, that intersection is not as easily accessible for highway circulation purposes. Thus, this area is not as likely to support the kind of commercial development that Petitioners can bring to the region. Likewise, the intersection several miles to the north in Haring Charter Township is not an intersection with a state highway but with a county road and has issues with regard to the availability of large vacant parcels. There are also likely impacts on the Clam River to east of that intersection.

From an objective view, the property in question is a logical extension of commercial development for the City of Cadillac. Commercial development at this most logical location is clearly in the path of probable commercial development. The development will be consistent with the developments at a great number of such intersections across the State and all of the municipalities involved now agree that some amount of commercial development of this intersection is appropriate.

*"(b) Need for organized community services; the present cost and adequacy of governmental services in the area to be incorporated; the probable future needs for services; the practicability of supplying such services in the area to be incorporated; the probable effect of the proposed incorporation and of alternative courses of action on the cost and adequacy of services in the area to be incorporated and on the remaining portion of the unit from which the area will be detached; the probable increase in taxes in the area to be incorporated in relation to the benefits expected to accrue from incorporation; and the financial ability of the incorporating municipality to maintain urban type services in the area.*

Ultimately, the annexed area will be developed for commercial growth. It is clearly in the path of such growth. Such growth will require public water and sewer. Clam Lake Township cannot provide public water and sewer. Exxel Engineering has provided engineering information which shows that the City of Cadillac can provide the services quickly and at a reasonable price. Haring Charter Township claims to be able to provide such services. The timing and cost of providing such services are real issues. The commodity and O & M costs of Haring Charter Township's water utilities are likely to be significantly higher than Cadillac's. See attached Exxel and Gosling Czubak reports. Haring Charter Township's capital cost would be significantly more expensive than Cadillac's. The time to provide services will be multiples of the time necessary for the City of Cadillac to provide the same service.

Obviously, these items are critical in assessing the relative cost of providing public utilities to the annexed area. The Petitioners are very comfortable with the engineering data and cost estimates for receipt of public services from Cadillac. On the other hand, Clam Lake Township simply cannot provide these services and the provision of these services by Haring Charter Township is speculative as to timing. In any event, provision of such services by Haring

Charter Township, if ever available, will be significantly more costly than those services from the City of Cadillac. See following section entitled "Illusory Utilities".

In 2011 Clam Lake Township had approximately \$510,000 in taxable value within the proposed annexed area. Clam Lake Township is obviously not concerned about losing that amount of taxable value as it has attempted to transfer seven and one half time that amount in the large area that is part of the proposed Transferred Area under the 425 Agreement. Again, that agreement does not contain any property tax revenue sharing provisions. In contrast, the City of Cadillac and all of the other regional tax collectors such as the school, county, etc., stand to gain tens of millions of dollars in taxable value from the proposed development. The increase in jobs caused by Petitioner's development will also create significant spendable income for the entire region.

The City of Cadillac is an urban area with all of the services typically provided by a city. The annexed area will benefit from less costly public utilities and better services such as police and fire coverage. The evidence is that the City can provide public utilities at reasonable cost and an efficient time frame. There is no likelihood that the City cannot serve the annexed area in the same manner that it serves the rest of the City. The increased revenue from the very significant development (as a higher tax rate than charged by either Clam Lake Township or Haring Charter Township) will also be a real boon to the City and its tax payers while Clam Lake Township has already written off this property and more along with its development potential by transferring it to Haring Charter Township pursuant to the Act 425 Agreement with no revenue sharing at all.

*"(c) The general effect upon the entire community of the proposed action; and the relationship of the proposed action to any established city, village, township, county or regional land use plan." 1968 PA 191; MCLA 123.1009.*

Petitioner's proposal will result in millions and millions of taxable value to the region including the schools, county, transit, seniors, and library resulting in hundreds of thousands of tax dollars for those entities. In addition, this project will create hundreds of jobs as well as a substantial number of construction jobs in an area that has a very significant unemployment rate. This project is logically located for development at the intersection of two major highways. Any objective view of the annexation area results in the conclusion that the area should be used for commercial purposes. In fact, testimony at the public hearing indicated that, in the past, some of the property in question was devoted to commercial use. It is time to allow the property to develop and be served by public utilities from Cadillac. Clam Lake Township has no public utilities. Haring Charter Township has a more costly water system and it is speculative as to whether and when it will ever be able to provide sewer services. What is certain is that the service if ever provided will be substantially more expensive. See the Exxel Report.

### **Illusory Utilities**

Clam Lake Township has no public water or public sewer services. The purported availability of Haring Charter Township services to serve Petitioner's property merits additional discussion.

#### **A. Sewer**

##### **1. Timing**

Petitioners have been trying to develop the property for over six years. Now it appears that it will be at least two more years before the waste water treatment plant in

Haring Charter Township is constructed. There are earlier estimates that it would be available in 2014, then the spring of 2015, then it became the summer of 2015. Now, according to published reports, it may be ready "as early as summer of 2015." It appears that the completion date continues to slip. In fact, that waste water treatment plant is not currently under construction nor have construction bids been taken nor bonds sold for its financing. What happens if the bids come in higher than estimated? What will the final cost be? In addition to the treatment plant construction, significant infrastructure improvements must be constructed in order to connect Petitioner's property to the proposed waste water treatment plant. What will be the cost and timing of that construction and the acquisition of easements necessary to construct the connecting infrastructure? In contrast, the City of Cadillac has reasonably priced public sewer available immediately across the highway and a fully functioning available waste water treatment plant.

## 2. Prohibitive Cost

a. Capital Cost.<sup>2</sup> Petitioner estimates that it will cost approximately \$539,000 to connect to the City of Cadillac sewer system. In contrast, Petitioner estimates it will cost \$1,378,000 to connect to the proposed Haring Charter Township waste water treatment plant. See attached Exxel Report. The Township's own engineer

---

<sup>2</sup> At the hearing, the Townships attempted to show that property tax differentials somehow overcame the exorbitant additional capital costs of Township utilities. Of course, that discussion still fails to address other issues such as reliability, fire safety, water pressure, commodity and O & M costs, etc. The extreme differences in upfront, immediately payable capital cost were to be overcome in ten years. However, the document is based on the fallacy that the developer will pay all of the property taxes over the next ten years. In fact, the Petitioner, as the property developer, is very unlikely to pay much, if any, of the property taxes. Property taxes will become an obligation of the owners or tenants of the individual developed sites within the Project. There is also the significant fact that, pursuant to the Township resolution, all of the capital costs become immediate, upfront costs to the developer. Even if you accept the Township's calculation, it still requires ten years to repay the developer (which does not reflect the time value of money).

concedes that it will be at least \$1,257,000. Petitioners estimate does not include the cost of obtaining necessary easements. The Township concedes that easements are likely necessary and that its cost estimate also does not include those costs. In addition, the Township has not considered the legal costs and timing issues involved in the acquisition and possible condemnation for acquisition of such easements. So, the Township concedes an additional cost to the developer for sewer services of over \$700,000. Petitioner believes the difference will likely be closer to \$900,000. And the Townships have adopted resolutions indicating that no tax dollars will be allocated to the extension of the utilities for this site. These exorbitant and unnecessary costs will be entirely upfront costs to the development of the property.

b. Commodity and O & M costs for the proposed Township waste water treatment plant are unknown, but are certain to be significantly more than those charged by the City of Cadillac.

## B. Water

### 1. Timing

The City has a well field across the highway on Crosby. Haring Charter Township's nearest water supply is approximately 2 /12 miles away. Again, there is an issue of timing as to the provision of the infrastructure necessary for extension of the services to this property in question. Again, there are questions with regard to the time and costs for the acquisition and possible condemnation of necessary easements.

### 2. Prohibitive Cost

a. Capital Cost.<sup>2</sup> Petitioner estimates that it will cost \$635,000 to connect to the City of Cadillac water system. Petitioner estimates that it will cost \$1,527,000 to

connect to the Haring Charter Township's water system. See attached Exxel Report. The Township's engineer concedes that it will cost at least \$1,182,000 to connect. The Townships concede that the additional cost for connection to its services will be at least \$550,000 more than connection costs to Cadillac's system. Petitioner estimates that this difference will exceed \$900,000. Neither of these calculations takes into account the probable necessity and cost of booster pumps and a water storage tank. Petitioner's estimates for that construction add another \$300,000 to the cost of connection to Haring Charter Township's system. It is clear that the cost to connect to Haring Charter Township water utility is likely to be two to three times the cost of connection to Cadillac's system. Again, the Townships require that these exorbitant and unnecessary costs will be entirely an upfront cost to the developer of the property.

b. O & M Commodity Cost

It is undisputed that the cost for O & M and commodity services provided by Haring Charter Township are significantly higher than those same costs in Cadillac. See attached Gosling Czubak Report. Ready to serve charges and the cost per thousand gallons of water used are nearly double in the Township as compared to the City.

3. Safety/Reliability/Pressure

Perhaps even more significant than the exorbitant and unnecessary costs, is the issue of safety and reliability. Provision of Haring Charter Township water to the site is dependent on a dead end water main two to three miles in length. Such a long dead end water main may not even be approved by MDEQ. There are obvious questions as to reliability and fire safety inherent in a dead end water main of that length. See attached

Exxel Report. The pressure necessary for firefighting purposes is likely to be unacceptable. At minimum, another \$300,000 for booster pumps and a water storage tank is likely to be necessary. In contrast, the firefighting safety and pressure capacity of the Cadillac system is not an issue.

Thus, the total capital cost differentials for both water and sewer are likely to range from \$1,575,000 to over \$2,000,000 without adding on the costs of easements and easement acquisition. Nor do those numbers reflect the ongoing additional commodity and O & M charges. Effectively, these amounts make the provision of utilities by the Townships illusory in nature. These exorbitant and unnecessary costs and impediments to the creation of jobs, increased public revenues, and to growth of the economy are exactly what the Commission should address and prevent and are further evidence of the sham nature of the Act 425 Agreement. See below

### **Act 425 Agreement Considerations**

Petitioners request that the Commission reject the 2013 Act 425 Agreement as it did the 2011 Agreement. Again, as in 2011, the Townships, now both represented by the same attorney, have entered into an Act 425 Agreement in an attempt to thwart the requested annexation and deprive the Commission of its statutory authority to decide annexation requests on the merits. Again, the Agreement was effective after the annexation petition was filed. The Township only took action to enter into this Act 425 Agreement AFTER it was informed that Petitioner was going to file an Annexation Petition.

In this case, the Petitioner first approached Clam Lake Township requesting an Act 425 with the City of Cadillac approximately six years ago. It appears that it will be at least another

two years before the Project is actually completed (if ever). That is an eight year delay in the development of the property.

There is no documented proof that either township board actually considered the factors set forth on page 3 of the Agreement. There are only self-serving conclusions in the Agreement. Certainly no documentation that they considered the relative cost of providing the sewer by the various municipalities was provided, although it was requested. The statute specifically requires that the parties must consider the probable effect of alternate courses of action on cost of services in the transferred area PRIOR to entering into the Agreement. The Townships held a joint hearing on the Agreement on May 8, 2013, and adopted the Agreement at that meeting. But the comparison wasn't minimally documented until September 16, 2013. See footnote 7 of Comparison of Infrastructure Cost submitted by Townships at the hearing on October 23, 2013. The undersigned, at a joint meeting of both Township Boards held on September 18, 2013, requested information that addressed this issue, but was told it wasn't available.

Also, note the description of the Economic Development Project in paragraph 3 of the Agreement. The language used is not very different from the language used in the Casco agreement which was found to be an invalid agreement. There is only a reference to a vaguely described potential mixed use development within a PUD zoning district which didn't and doesn't yet exist. There is no specific project. Not once prior to adopting the 425 Agreement, did the Townships even contact the Petitioners who own nearly all of the vacant property proposed for annexation. Petitioners were not contacted as to what their plans were or even to confirm that there were plans for any specific proposed development on the property in question. In Casco, the Court found that the agreement only "vaguely contemplated a plan of development at some point in the future." That was deemed to be insufficient to be an economic development project

under Act 425. Although this time there are many more requirements imposed on a development, if there ever is one (10 1/2 pages of zoning requirements), the description of a specific economic development project under Act 425 is still lacking.

Page 5 of the Agreement provides that Haring Charter Township will only provide public water and public sewer following receipt of one or more certified resolutions adopted by Clam Lake Township directing that the necessary infrastructure to the Transferred Area be constructed. Thus, there was no obligation for provision of the utilities to the Transferred Area unless there was a subsequent request by certified resolution adopted by the Clam Lake Township Board. Nothing required Clam Lake Township to request provision of services. If it requests services, the obligation for Haring to provide the services is subject to 1) Clam Lake Township being solely responsible for the payment of all costs including . . . 2) completion of construction and availability of Haring Charter Township waste water treatment plant for receipt of waste water. In effect, this is illusory obligation to provide services. What if Clam Lake Township refused to pass a certified resolution for construction of services to the Transferred Area. In effect, Clam Lake Township could nullify the purported obligation to provide utilities by simply not asking for them. It could kill whatever they vague undefined project there might be by simply not asking for the services. What if Clam Lake Township can't or chooses not to finance the services, again there is no Haring Charter Township obligation to provide them.

In addition, what is "availability" of the Haring Charter Township waste water treatment plant for waste water treatment? There is no specific capacity set aside for Clam Lake Township. Haring Charter Township can simply decide it has no capacity for Clam Lake Township property, for reason that Haring Charter Township users need it. There has already

been litigation between Haring Charter Township and City of Cadillac with regard to the availability of capacity in a waste water treatment plant. So, this issue is real.

After, but only after services to the Transferred Area are provided, the Townships agree to explore extension of waste water treatment services to other parts of Clam Lake Township. Again, there is no obligation for Haring Charter Township to provide any such services. And again, even as to a particular area of Clam Lake DDA designated as Phase 1, unless Clam Lake Township passes another one of these certified resolutions and again only if there is available capacity in Haring Charter Township waste water treatment plant will this provision of the Agreement ever become effective. Again there is no allocation of any capacity to Clam Lake Township for the DDA area, even if it passes a resolution requesting such service. This area is several miles further away from the Haring Charter Township utilities than is Petitioner's property.

Throughout the Agreement the question of availability of waste water treatment plant capacity is decided solely by Haring Charter Township. And if it is not available the Townships will talk about expanding, but only if Clam Lake Township pays all costs, etc. Again, Clam Lake Township doesn't have to agree to do so and if it doesn't, no expansion can occur and no services will be provided. If the parties can't agree, there will be no services. These provisions regarding the provision of public utility services to the Act 425 Transferred Area are illusory.

As noted, the Agreement also has 10 1/2 pages devoted to zoning requirements. It provides that rezoning of the vacant property in the Transferred Area will occur upon request of the property owner. If the property owner doesn't request that the property be rezoned there will be no development. Per the Agreement, Haring Charter Township is given all jurisdiction including zoning power. However, then the implementation of that zoning power is dictated in

excruciating detail by the terms of the Agreement. Although lip service must be paid to all of the procedures necessary under the Zoning Enabling Act, the actual result is pre-determined. Public hearings and other safe guards built into the Zoning Enabling Act are really meaningless under this agreement because the result is predetermined. That is, the Haring Charter Township's ordinance must comply with 425 Agreement provisions relating to zoning unless the 425 Agreement is amended, which requires Clam Lake Township's consent. In effect, Clam Lake Township has veto power over the exercise of the zoning power by Haring Charter Township. Clam Lake Township dictates to Haring Charter Township the result of the Haring Charter Township exercise of its legislative power. This is illegal.

Petitioner submits that the zoning arrangement which is the linchpin for this entire agreement is invalid. It is an invalid delegation of legislative power and is inconsistent with law and public policy. Act 425 may allow two municipalities to agree that one of them will zone the property and adopt ordinances to do so, but it does not allow one municipality to dictate the precise content of that zoning ordinance. Act 425 doesn't trump the Zoning Enabling Act nor other case law and public policy related to unlawful delegation of legislative power. There are also constitutional issues involved in this discussion.

In paragraph 12 of the Agreement there is an unlawful restriction on future legislative bodies of both townships with regard to the exercise of legislative discretion to address potential benefits of annexation which theoretically could include significant revenue sharing agreements. That provision simply chains the hands of the members of subsequent boards of both of these townships. Again, this is an invalid restriction.

The Agreement provides that all property tax, revenues sharing and revenues of any kind generated by the property belong solely to Haring Charter Township. It's hard to believe that

there is no provision for sharing of property taxes or revenue sharing ever. What an incredibly one-sided deal.

Article II of the Agreement recognizes that the provisions regarding no revenue sharing will probably prevent Haring Charter Township from providing the public sewer and public water services referred to in the Agreement and Clam Lake Township from paying and financing such services. So the parties had to insert a provision that they will attempt to negotiate an amendment of the Agreement with regard to the lack of any revenue sharing. This is recognition within the four corners of the document itself that it is unreasonable on its face.

Finally, two pages of the Agreement are devoted to Clam Lake Township reimbursing and indemnifying Haring Charter Township for every conceivable scenario arising out of the 425 Agreement, including proceedings before the State Boundary Commission, judicial proceedings involving the 425 Agreement and annexation, administrative and judicial proceedings involving the 425 Agreement zoning provisions, etc., etc. And the reimbursement and indemnity require payment of actual attorneys' fees not limited to reasonable fees. Again, what a one sided Agreement.

What we have is an undefined economic development project, illegal delegation of zoning power, illegal binding of subsequent legislative bodies, no obligation to actually provide sewer and water services, no actual allocation of any capacity for such service, no tax or revenue sharing, complete and total indemnification, etc., etc., etc. What township in its right mind would ever adopt such an agreement. No one would. Unless of course, the agreement is a mere sham designed to accomplish a different purpose than the one stated, such as depriving the SBC of its statutory jurisdiction to address the merits of a legitimate annexation request. The totality of the circumstances compel a finding that what we have here is still a sham. The sham is much

better disguised than it was in an earlier Act 425 Agreement between these parties, but it is still a sham.

As was said in the Casco case: "The purpose of the Agreement was to bind nonparties (the property owner) in derogation of their rights, to limit the authority of the SBC, and to ward off any attempts by municipalities to annex a portion of the Township." That was not then and is not now acceptable.

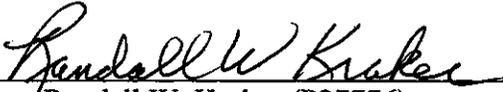
### Conclusion

Petitioner respectfully requests that the SBC approve the proposed annexation and allow the primarily vacant property to be served by immediately available and reasonably priced utilities from the City of Cadillac and put to beneficial use generating hundreds of thousands of tax dollars for the area, hundreds and hundreds of jobs where jobs are badly needed, and more shopping opportunities for the entire region. Petitioner respectfully requests that the State Boundary Commission reject the Act 425 Agreement as a sham agreement not consistent with the intent of the Act and for lack of compliance with the procedural requirements necessary to approve such an agreement.

Respectfully submitted,

VARNUM LLP  
Attorneys for Petitioners

Dated: November 22, 2013

By:   
Randall W. Kraker (P27776)

Business Address and Firm Telephone Number:  
Bridgewater Place, P.O. Box 352  
Grand Rapids, Michigan 49501-0352  
(616) 336-6000

REVISED – October 22, 2013  
REVISED – February 8, 2012  
January 5, 2012

## **Concerns regarding water and sanitary sewer service from Haring Township rather than the City of Cadillac.**

### **Water**

- Usage rates for Township are twice City rates.
- Quality of Township water is inferior to City.
- Ability of Township system to provide adequate pressure and fire flows.
- Cost to extend Township service to annexed area is \$900,000 more expensive than City connection (see accompanying cost estimate).
- Reliability of Township system due to 2 mile length of dead end main

### **Sanitary Sewer**

- Usage rates are unknown from Township but anticipated to be higher than City.
- Cost to extend Township service to annexed area is \$840,000 more expensive than from City (see accompany cost estimate).
- Multiple easements would have to be secured as compared to one for connection to City system.

*DJS/sv*  
*L052312E*

### **CADILLAC JUNCTION**

Cost to extend water from City well field on Crosby to Cadillac Junction (based on Exxel Engineering preliminary plan)

12" Watermain	4400	l.f.	\$ 70.00	\$ 308,000.00
Bore & jack steel casing (3)	400	l.f.	\$ 400.00	\$ 160,000.00
Restoration	4000	l.f.	\$ 10.00	<u>\$ 40,000.00</u>
				\$ 508,000.00
Engineering/Inspection (15%)				\$ 76,200.00
Contingencies (10%)				<u>\$ 50,800.00</u>
				<b>\$ 635,000.00</b>

Cost to extend Haring Township water from Casa Road/13<sup>th</sup> Street to Cadillac Junction (based on Gosling Czubak preliminary plan)

12" Watermain	11,000	l.f.	\$ 80.00	\$ 880,000.00
Bore & jack steel casing (2)	320	l.f.	\$ 400.00	\$ 128,000.00
Restoration	10,680	l.f.	\$ 20.00	<u>\$ 213,600.00</u>
				\$1,221,600.00
Engineering/Inspection (15%)				\$ 183,240.00
Contingencies (10%)				<u>\$ 122,160.00</u>
				<b>\$1,527,000.00</b>

Cost to extend City sanitary sewer from Crosby Road to Cadillac Junction (based on Exxel Engineering preliminary plan)

8" Forcemain	3000	l.f.	\$ 40.00	\$ 120,000.00
Bore & jack steel casing (3)	400	l.f.	\$ 400.00	\$ 160,000.00
Lift station	1	each	\$125,000.00	\$ 125,000.00
Restoration	2600	l.f.	\$ 10.00	<u>\$ 26,000.00</u>
				\$ 431,000.00
Engineering/Inspection (15%)				\$ 64,650.00
Contingencies (10%)				<u>\$ 43,100.00</u>
				<b>\$ 538,750.00</b>

Cost to extend Haring Township sanitary sewer from treatment plant to Cadillac Junction (based on Gosling Czubak preliminary plan)

10" Sanitary sewer	2400	l.f.	\$ 70.00	\$ 144,000.00
8" Forcemain	9500	l.f.	\$ 40.00	\$ 380,000.00
Bore & jack steel casing (1)	140	l.f.	\$ 400.00	\$ 56,000.00
4' Manhole	5	each	\$ 2,000.00	\$ 10,000.00
Lift station	2	each	\$125,000.00	\$ 250,000.00
Restoration	11,900	l.f.	\$ 20.00	<u>\$ 238,000.00</u>
				\$1,102,000.00
Engineering/Inspection (15%)				\$ 165,300.00
Contingencies (10%)				<u>\$ 110,200.00</u>
				<b>\$1,377,500.00</b>

## CADILLAC JUNCTION

### **Water Quality**

According to the 2007 Moore & Bruggink report prepared for Haring Township, there have been user complaints of odor due to stale water caused by lack of system looping and the presence of iron in the water. This was according to Ms. Ann Renken, MDEQ Water Division area engineer. Mr. Jeff Dietlin, City of Cadillac Utilities Director, has also heard the same complaint.

### **Water Pressure**

According to the 1/5/12 memo from Doug Coates, project engineer of Gosling-Czubak, the estimated static water pressure at M-55 is 44 psi and with a fire flow of 500 gpm, the estimated residual pressure would be 32 psi. Based on our calculations, we believe the static pressure would be closer to 33 psi. Insurance carriers will require fire flow at hydrants in the neighborhood of 1,500 gpm. The increase of flow from 500 to 1,500 gpm will reduce the residual pressure to near zero. I believe to provide adequate pressure to Cadillac Junction could require a booster pump and storage tank which is not reflected in the Gosling-Czubak cost estimate.

### **Water Reliability**

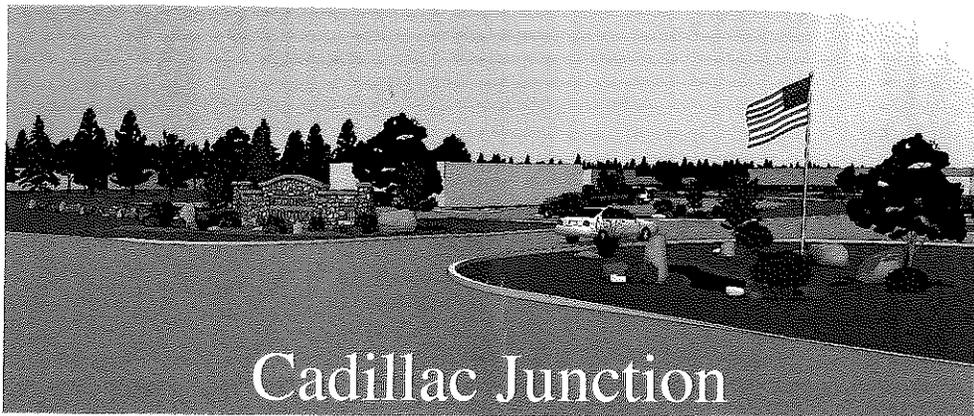
The proposed Haring Township distribution system extension to Cadillac Junction will result in over a 3 mile long dead end main with a limited number of current customers. The longer the dead end watermain, the more susceptible it becomes to interruption of services and stale water.

### **City System**

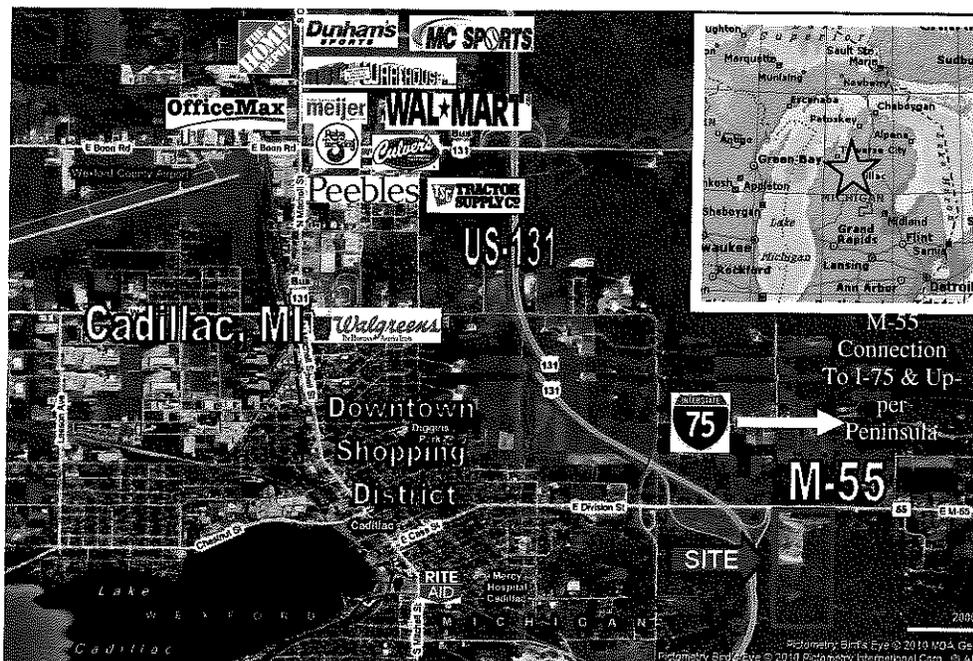
In comparison to Haring Township's proposed service, the City's dead end watermain will be a quarter as long. This will result in a much more reliable and quality supply. In addition, the city supply will deliver a static pressure of 55 psi and a residual of 35 psi with a 1,500 gpm fire flow.

## WATER RATE INFORMATION

Community	Monthly Ready to Serve Charge	Ready to Serve Included Use (gal.)	Consumption Charge per 1000 gal.	Approx. No. of Customers	Outstanding Debt	Notes
Acme Township (Grand Traverse Co.)						see App. A
Alpena, City	\$7.79	2,000	\$3.14	4,798	Yes	1,5,6
Alpena Township (Alpena Co.)	\$15.66	2,333	\$5.00	2,365	Yes	1
Ausable Township (Iosco Co.)	\$18.95	0	\$2.61	1,252	Yes	3
Baldwin Township (Iosco Co.)	\$15.00	0	\$7.00	360	Yes	3
Baldwin, Village	\$19.48	5,600	\$1.85	320	Yes	6
Bear Lake, Village	\$20.00	0	\$0.00	180	No	1, 3, 4, 6
Bellaire, Village	\$10.38	0	\$1.54	661	No	3, 6
Benzonia, Village	\$18.00	3,333	\$2.50	240	Yes	1, 3, 6
Beulah, Village	\$12.83	0	\$3.10	369	Yes	1
Blair Township (Grand Traverse Co.)	\$19.00	0	\$1.85	946	Yes	5
Boyne City, City	\$8.99	0	\$2.45	1,750	Yes	1, 3, 6
Boyne Falls, Village	\$27.50	0	\$0.00	150		1,3
Briley Township (Montmorency Co.)	\$20.00	5,000	\$0.33	182	No	1
Buckley, Village	\$17.00	0	\$2.00	237	Yes	3
Cadillac, City	\$5.79	0	\$1.62	3,800	Yes	2, 3, 5, 6
Central Lake, Village	\$8.00	1,666	\$0.75	600	Yes	1,3, 6
Charlevoix, City	\$11.45	2,000	\$2.54	4,300	No	3, 5, 6
Charlevoix Township (Charlevoix Co.)	\$7.00	2,000	\$1.10	635	No	6
Chatham, Village	\$26.75	4,000	\$5.00	130	Yes	3
Cheboygan, City	\$0.00	0	\$4.71	1,867	Yes	1
Clare, City	\$11.00	4,000	\$2.34	1,149	Yes	3
DeTour, Village	\$35.00	0	\$2.50	288	Yes	5
East Bay Township (Grand Traverse Co.)	\$20.36	4,488	\$3.09	1,416	Yes	1, 2
East Jordan, City	\$9.33	0	\$6.10	1,041	Yes	1, 2, 5
East Tawas, City	\$12.30	0	\$3.55	1,389	Yes	3
Elberta, Village	\$3.10	0	\$1.90	270	No	3
Elk Rapids, Village	\$17.50	0	\$1.00	1,277	Yes	
Ellsworth, Village	\$10.00	0	\$3.50	228	Yes	3
Elmwood Twp. - Greilickville (Leelanau Co.)	\$21.00	4,488	\$2.21	65	No	1, 2
Elmwood Twp. - Timberlee (Leelanau Co.)	\$31.00	3,500	\$2.34	122	No	1, 2
Empire, Village	\$10.50	2,000	\$1.45	348	Yes	1, 3
Escanaba, City	\$9.81	0	\$2.23	5,500	Yes	5
Ewart, City	\$1.69	3,000	\$1.61	546	Yes	1, 5
Farwell, Village	\$19.81	3,500	\$1.00	425	Yes	
Filer Township (Manistee Co.)	\$11.02	0	\$1.53	400	Yes	1, 3, 6
Frankfort, City	\$10.24	0	\$2.27	933	Yes	3
Garfield Township (Grand Traverse Co.)	\$11.50	3,455	\$2.41	2,614	Yes	1, 2
Gaylord, City	\$7.25	0	\$0.94	1,800	No	2, 6
Germfask Township (Schoolcraft Co.)	\$35.00	0	\$0.00	90	Yes	3, 4
Grayling, City	\$7.45	0	\$2.40	800	Yes	1, 6
Harbor Springs, City	\$23.10	0	\$1.73	1,336	No	3, 6
Harbor Springs Area Sewage Disposal Authority	\$13.69	0	\$1.44	92	No	1, 4
Haring Township (Wexford Co. DPW)	\$10.30	0	\$3.10	313	Yes	3
Harrisville, City	\$14.67	3,333	\$0.70	330	Yes	1, 5, 6
Hillman, Village	\$12.25	3,333	\$2.00	314	No	3, 6
The Homestead (Leelanau Co.)	\$13.70	0	\$3.04	680	No	1, 3, 5
Kaleva, Village	\$15.00	0	\$0.00	300	No	1, 3, 4
Kalkaska, Village	\$12.50	0	\$1.20	900	Yes	3
Kingsley, Village	\$11.00	2,000	\$1.25	681	Yes	5
Lake City, City	\$23.00	0	\$0.00	800	Yes	1,3, 4
Little Traverse Township (Emmet Co.)	\$20.00	0	\$0.00	456	Yes	1, 4



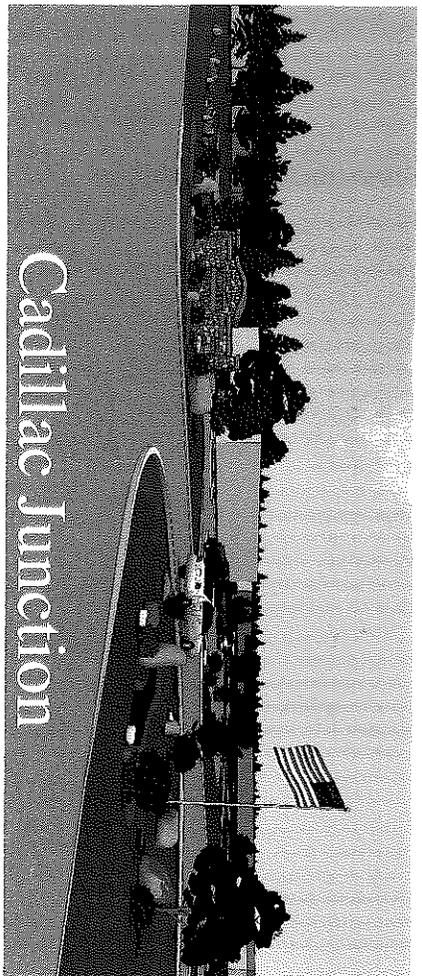
## Cadillac Junction



### Features

- Site is approx. 80 acres
- Regional Retail Development to include:
  - Hotels/Conference Center & Restaurants
  - Mid-Box Stores
  - Big-Box Stores
  - General Retail & Office
- Major intersection connecting US-131 to I-75 and the Upper Peninsula

The information contained herein has been given to us by the owner of the property or other sources we deem reliable, we have no reason to doubt its accuracy, but we do not guarantee it. All information should be verified prior to purchase or lease.



# Cadillac Junction

## Real Estate Tax Analysis

Developed as proposed: Highway Commercial Zoning

- Total Site: 80 Acres
- Proposed Site Plan: 579,870 SF of building
- Projected fully improved land value: \$7,000,000
- Projected fully built-out construction: \$33,000,000
- Total projected commercial value: \$40,000,000

Non-homestead proposed annexation assumptions:

- Year 1: 100,000 SF developed \$7,000,000
- Year 5: 400,000 SF developed \$28,000,000
- Year 10: 579,780 SF developed \$40,000,000
- 3% rate of inflation/property value increase

Tax	Millage	1	5	10
School Debt Retirement	2.9	\$ 10,150	\$ 40,500	\$ 58,000
School Debt Operating	18	\$ 63,000	\$ 252,000	\$ 350,000
State School Ed Tax	6	\$ 21,000	\$ 84,000	\$ 120,000
County Allocated	6.7797	\$ 23,729	\$ 94,916	\$ 135,594
County Road Patrol	0.95	\$ 3,325	\$ 13,300	\$ 19,000
Intermediate School District	5.9419	\$ 20,797	\$ 83,187	\$ 118,838
Cadillac Wexford Transit Authority	0.6	\$ 2,100	\$ 8,400	\$ 12,000
Council on Aging	1	\$ 3,500	\$ 14,000	\$ 20,000
Library	0.75	\$ 2,625	\$ 10,500	\$ 15,000
City Operating	13.9473	\$ 48,816	\$ 195,262	\$ 278,946
P&F Retirement	2.6	\$ 9,100	\$ 36,400	\$ 52,000
City Lake Treatment	0.5	\$ 1,750	\$ 7,000	\$ 10,000
<b>TOTAL PER YEAR</b>		<b>\$ 209,891</b>	<b>\$ 839,565</b>	<b>\$ 1,199,378</b>

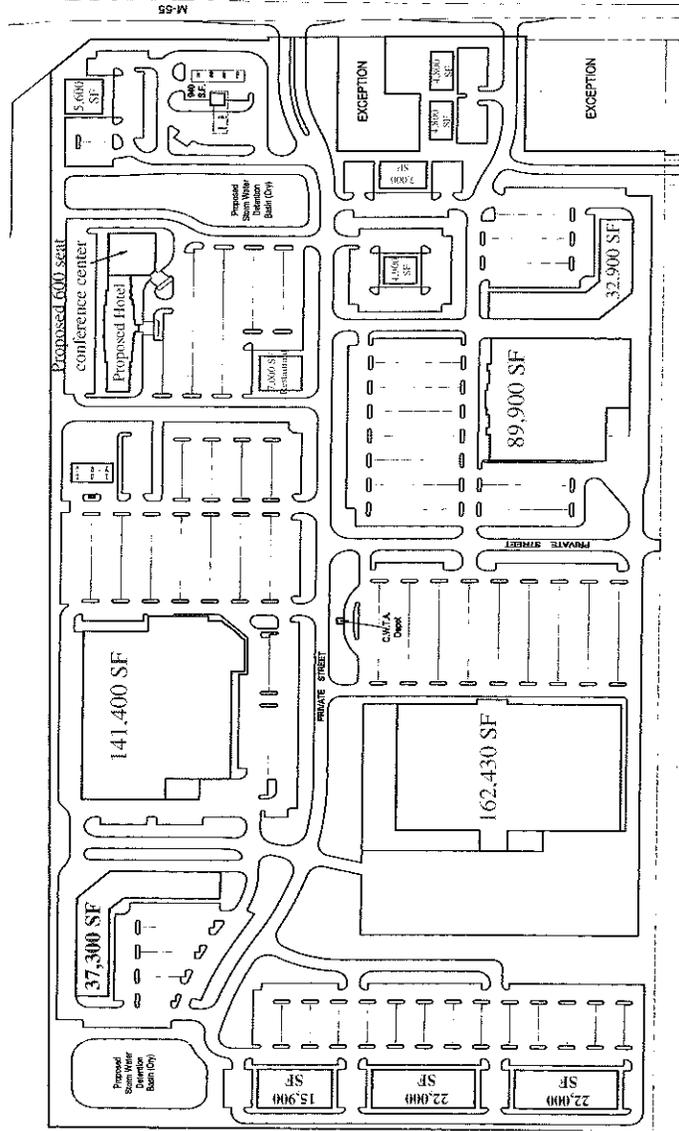
The information contained herein has been given to us by the owner of the property or other sources we deem reliable. We have no reason to doubt its accuracy, but we do not guarantee it. All information should be verified prior to purchase or lease.

## Cadillac Junction TeriDee, LLC

- **JOBS**
  - This regional development will bring **JOBS (850—1000 estimated)**
- **COMMUNITY AMENITIES**
  - **New amenities and services to our community**
  - Enabling people to easily reinvest in our hometown
  - **This development will be a destination of the region**
  - **Developers will work with city planning/building departments for best project possible**
- **TENANT COMMITMENTS**
  - At this point in time we have no commitments as it is too early
  - Retailers don't want to spend resources to guide a project through this process
  - We are very confident if utilities are accessible, zoned, properly planned, and have the infrastructure in place, they will come.
  - There are some retailers/services who will be very interested
  - Hotel/Conference Center
    - **We have been approached by hotel/conference center**
    - **Proposed Conference Center 600 seating capacity**
  - Financial Institutions
    - Local financial institutions have expressed interest
  - Gas/Convenience Store
    - We are confident with a gas/fuel convenience store
  - Prospective Tenants
    - Costco, Cracker Barrel, Sam's Club, Menards, Target, Kohl's
- **ACCESSIBILITY**
  - This regional development will provide easy access to goods and services not offered in area
  - **Reduce drive time and money spent at the gas pump**
  - Reducing trips to Traverse City, Midland and Grand Rapids.
- **COST TO TAXPAYERS**
  - **The development costs the taxpayers nothing!**
  - TeriDee is bearing all the infrastructure cost.
  - No tax reductions or credits are being requested by TeriDee LLC, developer.
  - When approved, developers (TeriDee LLC) have allotted approximately 20 acres as a buffer municipal water well site at no cost to the City of Cadillac.
- **ADDITIONAL FUNDS**
  - New outside dollars to our community
  - Helping to **provide additional funds to our city**
  - **Providing additional funds for our local government—See tax table**
- **DEVELOPERS**
  - John Koelje and Jim Vanderlaan, TeriDee, LLC.
  - Even in this economic environment, we still are very confident we can develop a **quality regional center**, which will bring **hundreds of new jobs** along with tens of thousands of **new additional tax revenue dollars** for the community with no cost to the taxpayer.

Prime Big- & Mid-Box Retail Sites Available  
 US 131/M-55 Interchange Cadillac, MI

Proposed Conceptual  
 Layout Plan



Contact information

Jim VanderLaan  
 TeriDee LLC

231 839 2548  
 fax 231 839 3364  
 jimvanderlaan@hotmail.com

PO Box 927  
 Lake City, MI 49651

John Koetje  
 Teri Dee LLC  
 tel 616 538 4241  
 fax 616 538 5112  
 koetjeinv-sally@comcast.net