

Bluebird Redevelopment Brownfield Plan

Project Fact Sheet

102 E. River Street and 101 S. Main Street, Leland, MI 49654

Project Overview

Parcels Included: 009-750-120-00 and 009-750-111-50

Daryl (Skip) and Lynn Telgard are the third generation of Telgards to own and operate the Bluebird restaurant, which has been a staple in the Leland Township community since it was founded in 1927. The restaurant has expanded over the years to meet the community's needs; however, the current building is inefficient to operate and does not meet the current trend toward fast, casual, and increased outdoor eating spaces. The redevelopment involves demolishing the "functionally obsolete" existing Bluebird restaurant and rebuilding a smaller restaurant closer to the serene Leland River. The new building will include a large patio with 100 outdoor spaces and indoor seating to accommodate another 100 patrons. As the Bluebird restaurant is the main livelihood of the Telgards, the goal is to have the redevelopment finished as soon as feasible and the new restaurant is anticipated to be in operation late 2024.

The adjacent former Early Bird restaurant will be redeveloped as well. Leelanau Coffee Roasting Co. currently leases this space and that may continue after redevelopment. This phase of redevelopment anticipates the demolition of the existing structure in two to three years. The redevelopment anticipates a new two-story mixed-use building will be constructed with retail on the first floor and up to three residential units on the second floor.

This Plan helps to offset the cost gap associated with rising construction costs and the loss of restaurant income during redevelopment through the reimbursement of eligible activities with the new tax increment generated by the redevelopment. Overall, this project is set to serve a public purpose to the Township of Leland by revitalizing a popular local amenity, expanding the tax base, retaining and adding local jobs, and investing significant capital into the community. The property qualifies as "eligible property" under Act 381 on the basis of meeting the definition of "functionally obsolete" as established by the Township Assessor.

Eligible Costs for Reimbursement

- A **total of \$246,775** in eligible activities is allowed by the Brownfield Plan. This includes asbestos abatement, building demolition, site demolition (inclusive of UST removal), and UST Site Assessment sampling for an anticipated total of 216,775 to be incurred by the Developer (the Telgards). Assessment activities including Phase I Environmental Site Assessment (ESA), Asbestos Survey, Phase II ESA (including a GPR Survey) and Preparation of the Brownfield Plan have been or will be incurred by the LCBRA for an estimated cost of \$30,000. Reasonable administration costs to implement the Brownfield Plan are also included as an Authority eligible expense, estimated at 43,529, and calculated as 10% of eligible tax increment revenue.

Brownfield Plan Process

- Brownfield Plan Adoption Process: The Brownfield Plan for the project will be managed by the Leelanau County Brownfield Redevelopment Authority (LCBRA). During the Plan, the LCBRA will be responsible for reviewing and approving submitted reimbursement requests and managing the tax capture and payments.

The Brownfield Plan must be recommended for approval by the LCBRA, approval supported by Leland Township, and ultimately adopted by the Leelanau County Board of Commissioners. The adoption process will include a motion of support by the LCBRA, a resolution approving the Plan by the governing body of the local jurisdiction (Leland Township), a Public Hearing notification, a notification to all affected taxing jurisdictions, a Public Hearing at the County Board of Commissioners, and a resolution adopting the Plan by the County Board of Commissioners.

- Tax Increment Financing Process: After the adoption of the Brownfield Plan, the capture of tax increment can be delayed for up to 5 years or begin as soon as eligible costs are submitted and approved. Once the Plan begins capture, the Plan is limited to a total of 30 years. This Plan anticipates that capture will begin as soon as 2025, the Developer and the LCBRA will be reimbursed for eligible costs in 14 years, and then the LCBRA will be capturing 5 full years of tax increment for the Local Brownfield Revolving Fund (LBRF).

Summer and Winter taxes should be collected yearly; a portion of taxes (10% of tax increment revenues) will be reserved for the LCBRA's administration fees to implement the Plan, and the remaining tax capture will be reimbursed to the LCBRA for the eligible costs it has funded and then the developer for approved reimbursable costs.

Estimated Outcomes

- **\$6,200,000** total investment (\$3.4M Bluebird, \$2.8M Early Bird)
- **8- 14** jobs created; **27-30** jobs retained
 - Bluebird Redevelopment: 5-10 part-time created; 15 FTE and 10 part-time retained
 - Early Bird Redevelopment: 3-4 part-time created; 12-15 part-time retained
- **\$815, 328** initial taxable value (2023)
- **\$1,372,034** future taxable value (Year 1, anticipated 2025)
- **19** years of anticipated Brownfield Plan capture
- **\$43,529** LCBRA implementation/administration fees
- **\$30,000** amount of eligible activities to be reimbursed to the LCBRA
- **\$216,775** maximum amount of developer eligible activities (inclusive of 15% contingency)
- **\$144,985** amount to be deposited in Local Brownfield Revolving Fund
- **\$51,149** amount to be deposited into the State Brownfield Redevelopment Fund
- **\$469,182** amount to be dispersed to the taxing jurisdictions during the anticipated 19-year term of the Plan

The Brownfield Plan estimates the maximum reimbursement of eligible costs. Actual reimbursements to the Developer and the LCBRA will be made based on actual costs and may be lower than projected.