MEDC

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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INDUSTRIAL SITE SUMMARY

CENTRAL MICHIGAN UNIVERSITY SMARTZONE

DECEMBER 2019

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December 27, 2019

Jim McBryde, President/CEO
Middle Michigan EDC
200 East Broadway
Mount Pleasant, MI 48858

Erin Strang, President/CEO
CMURC
2625 Denison Drive
Mount Pleasant, MI 48858

RE: Central Michigan University, SmartZone

Dear Mr. McBryde and Ms. Strang:

Olsson is pleased to have this opportunity to provide you with the results of our analysis of Central Michigan University, SmartZone.

Olsson is a broad-based engineering, planning, and design company headquartered in Lincoln, NE. We are comprised of approximately 1,200 engineers, planners, and scientists skilled in the assessment, planning, and positioning of land tracts for industrial development. Our depth of experience allows us to effectively align site attributes with target markets to plan industrial parks that achieve development success.

Information provided within this report is part of a larger effort to assist the Michigan Economic Development Corporation (MEDC) in a statewide industrial development identification study, as well as provide direction on next-step activities to assist each of the assessed sites to achieve full site readiness for economic development investment.

Our scope of work involved the following major steps:

1. Collection of diligence data and analysis of targeting and marketing identification
2. Community kickoff meetings and site visits
3. Internal sites analysis, review, and prioritization
4. Final report creation

Each of the eight (8) subject sites are receiving a final deliverable containing the following information:

- General findings of both natural- and built-environment diligence identification
- Any identified areas of consideration for potential mitigation
- A generalized assessment of the site's ability to host identified targeted industries and development segments
- Recommended next-step tasks to achieve full site preparedness for economic development

Olsson's findings are derived from internal analysis, as well as information provided during the intake process from the respective, subject sites. Communities that provided robust intake and diligence information may find an increased level of accuracy in our assessment of next steps for site preparedness. The analysis is intended solely to elevate the respective, subject sites toward full site preparedness with assistance from MEDC. Information contained within this document is a consultant's opinion, and where it is recommended, further diligence analysis should ensue to address next step needs.

Olsson appreciates this opportunity to provide you and the Michigan Economic Development Corporation with information that will aid both your community and the State of Michigan in effectively competing for primary and industrial development investment.

Courtney Dunbar, CEcD, EDFP, AICP
Project Director

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CENTRAL MICHIGAN UNIVERSITY SMARTZONE

OWNER: THE PROPERTY IS DIVIDED INTO TWO PARCELS AND OWNED BY CENTRAL MICHIGAN UNIVERSITY.

PARCEL SIZE: 144 ACRES

The site is comprised of moderately level, cleared land with undeveloped wooded areas that appear to be set aside for wetland mitigation. Bisecting the site is Denison Drive with Abel Court extending from Denison Drive north to a turnaround. The cleared areas are currently agricultural fields. Due to existing built features, the site as a whole is not contiguous. Two built features are within the largest contiguous piece.

The site is located approximately one mile west of U.S. Highway 127 (US 127) along Blue Grass Road, Denison Drive, and Deerfield Road. US 127 is classified as a special designated highway near the site. US 127 is a major north/south four-lane divided highway in central Michigan. Mission Road and Deerfield Road, east of Three Leaves Drive, are all-season roads. An at-grade railroad crossing is located along Blue Grass Road, just east of Denison Drive with gates/flashers, signage, and pavement striping. Striped bicycle lanes are also located along Blue Grass Road. Central Michigan University (CMU) is located just north of Blue Grass Road. Pedestrian and bicycle traffic are anticipated to be prevalent. Access from Mission Road and Deerfield Road to the south and east may experience less friction with university traffic. Due to the mix of transportation uses within proximity of the site, a traffic study should be performed to determine preferred access locations and the need for additional roadway improvements to accommodate all modes of transportation.

Great Lakes Central Railroad (GLC) owns and operates the rail line adjacent to the eastern portion of the site. The line is a single track on which GLC operates freight service. The Federal Railroad Administration (FRA) records indicate approximately two trains run on the track per day and the track is signalized. New turnouts will have power-operated switches with signals. GLC is a Class II railroad that interchanges with Canadian National Railway (CN), Huron Eastern Railroad (HESR), CSXT Railroad (CSX), Norfolk Southern Railway (NS), and Mid-Michigan Railroad (MMRR). While rail service within the subject site is possible, it is not highly marketable due to site size and anticipated return on investment for industrial connection.

The railroad track features a large horizontal curve along most of the site boundary, but connections to the mainline could be possible at the north end of the site, just south of Blue Grass Road or south of the site. GLC will need to be consulted to determine the direction from which new rail service will be provided. An overhead power line parallels the GLC line and will likely need to be relocated or raised for new industry track to reach the site, if the site is to be positioned for rail-serve development opportunities

The western portion of the site is approximately 0.2 miles west of the GLC railroad line. Crossings of a trail and at least one road would be required for an industrial lead track to reach the site. Rail service is more feasible in the eastern portion of the site than the western portion.

The closest port facility is Port Fisher Terminals, 50 miles east of Mount Pleasant. The facilities include a deep-water port for cargo and commercial access. The lack of nearby port access is not deemed to detract from development opportunities within the subject site.

A moderate elevation change exists throughout the site. Elevation data made available during the production of this report indicate the slope changes from a maximum elevation of 831 feet to a minimum of 784 feet, for a total change of 47 feet within the site. Elevation data were derived from the Digital Elevation Model (DEM) created and maintained by the United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) data gateway. Additional survey is required to get a more accurate measure of elevation on the site.

Approximately 10.65 acres of National Wetlands Inventory (NWI) wetlands are located on the site. The wetland types include freshwater emergent and freshwater forested/shrub. Wetland elements within the site include the following:

- Two, one-acre wetland areas exist along the northeast and southwest perimeters
- Approximately nine acres of freshwater emergent wetlands are located in the central undeveloped area

Wetlands cover approximately 7.5 percent of the subject site, per the NWI and based upon desktop review of the NWI. It is recommended a wetlands delineation be completed to determine the exact size, footprint, buffering, and prospective mitigation regulations pertaining to these wetlands, prior to the pursuit of end-users. The site is not located within the Federal Emergency Management Agency (FEMA) 100-year Floodplain.

Currently undeveloped areas of the property appear to be cultivated farmland. The entire site is zoned as university, a classification found within the adopted, form-based code. Clarification of the limitations of the university zone and allowances to prospective end-users is recommended to provide transparency to prospective end-users in the site selection process. This will aid in risk mitigation pertaining to permitting/entitlements obtainment.

The site is aptly positioned to minimum site capacity levels for all forms of built infrastructure. Where capacity levels are lower than anticipated, service providers have provided assurance that capacities can be increased within an 18- to 24-month period.

The CMU site is a designated Foreign Trade Zone, a special economic zone in the United States where imported goods can be stored, distributed, processed, and used without being subject to customs duty. An Opportunity Zone is located nearby in the city of Mount Pleasant. In addition, the site is in the SmartZone District, which is a special economic development zone where businesses have access to the resources of CMU and the services of the CMU Research Corporation.

Of particular advantage is the availability of telecommunications redundancy to serve prospective end-users. The larger area including the subject site is in the process of being upgraded to fiber. Four providers are present, proving telecom availability as a high-level asset to the subject site.

VIABILITY OF DEVELOPMENT TARGETS ASSUMPTION

Local economic development leadership indicated the following development targets for this subject property:

- Research and development
- Automotive parts and accessories manufacturing
- Computer systems design and related industries
- Administrative management and general management consulting services

The CMU SmartZone is an established and well-planned industrial park with the capability of serving a multitude of smaller industries within the developable acreage remaining in its 144-acre boundary.

Built infrastructure exists throughout the interior of the subject site, which is a benefit, but also a limitation. The property has been platted to align for positioning prospective development pad sites. What can be deemed as proactive can also be viewed as somewhat of a detriment, in that the largest individual, unobstructed area is approximately 17 acres. Flexible site alignment is limited, but a fairly significant portion the site, 77 percent or 110 acres, is available for industrial development. As a further complication, the site presents wetlands impacts. It is recommended these be formally delineated to ascertain the extent of impacts and their jurisdiction to aid in site development optimization and encumbrance avoidance.

Due to the existing build-out of interior infrastructure, specialized zoning governance, and the existence of development covenants, the subject site is best suited to accommodate lighter primary end-users of smaller (less than 200,000-square-feet) facility size.

Community-identified targets involving higher-tech, engineering design, research, and development operations are ideally suited for development within the subject property. All infrastructure capacities are either currently met or can be met within acceptable time frames for market competitiveness. A high-level attribute exists in upgraded

fiber telecom access, which holds great appeal within the research and development, as well as higher-tech design end-users.

A significant advantage for this site is the proximity to training and workforce resources from CMU. The relationship between the University and the site for skilled workforce availability and adaptability is a key attribute that should be considered in proactively seeking end-users for development within the subject property.

The site can also effectively serve the local industrial target of administrative management and general consulting service companies. The presence of restrictive zoning, coupled with development covenants, serve as attractive attributes to companies within the professional services vertical.

The final vertical identified as targeted for the subject property is automotive parts and accessories manufacturing. This industry can generally find appropriate infrastructure capacities in electric, natural gas, water, wastewater service and handling to be sufficient to generalized demands. However, the park presents challenges to this industrial segment. Manufacturers of automotive parts and accessories typically present higher (over 50 per day) truck traffic and corresponding vehicular traffic counts. Internal roadway infrastructure and access could present challenges to these traffic increases. Existing zoning and covenants are expected to be viewed as detrimental to development return on investment. Manufacturers within this vertical often avoid industrial parks with building materials covenants due to the price for construction and maintenance of the facility and property to meet standards.

FINAL RECOMMENDATIONS

The CMU SmartZone site has many attributes to position it as suitable for prospective end-users within the identified targeted markets. To further increase the marketability of this site, the following steps should be taken:

COMPLETION OF A WETLANDS DELINEATION TO IDENTIFY THE LIMITS OF JURISDICTIONAL WATERWAYS

The NWI indicates approximately 7.5 percent of the subject property is within a wetlands area. While the NWI gives a good read as to the expected location of wetlands, it does not always provide an accurate picture as to the extent of each influence. Wetlands mitigation is not insurmountable, but difficult to achieve and requires careful forethought in how to manage development in and around these areas. In-lieu of mitigation, it is advised that wetlands be identified, including an appropriate development buffer.

A wetlands delineation is valuable to determine the exact location of wetlands, the extent of their impacts, and the jurisdiction to which the wetlands belong. This analysis will give an accurate read for the effective buffering of these areas from development consideration and prospective integration of wetlands into the development plan in ways such as pond features or stormwater detention and drainage areas. In addition, should it be deemed necessary, the rules for displacement of wetland features will be fully known and decisions pertaining to mitigation become clear.

As suggested in the next recommendation, the delineation of wetlands provides accuracy in master planning and aids in elimination of risk to prospective end-users.

MASTER PLANNING FOR SITE OPTIMIZATION

The subject property is established with existing infrastructure routing and internal roadways. The property has been platted generically to allow for pad site placement. However, even with these improvements, one scenario exists that could limit effective positioning of this site for prospective end-users. Natural environment features, including the presence of wetlands and physical site limitations, such as established easements, require careful thought to optimize development within the property.

To effectively optimize the developable area, it is necessary to master plan to accommodate existing easements, transportation, access, any areas positioned for rail access, drainage, flood plains and wetlands. It is suggested the subject property forgo the existing property plat, in-lieu of master planning, to allow for a flexible approach to serving pad site requirements presented by prospective end-users. There is significant value in aligning the anticipated footprint of likely end-user verticals to the property to determine spatial arrangement of development. The master plan should be completed to ensure a phased approach to development, with a focus on aligning pad sites to best represent the expectations of the end-users within the targeted verticals.

The master plan allows for rapid changes to property pad site layout to accommodate end-user pad site requirements and allows for optimization of the property for future end-users presenting for development.

While the site is well-prepared regarding infrastructure connection and capacities, the master planning process should be completed including logical phasing of capital improvements. The list of improvements should be made with assumptions of high-level costs for budgeting purposes. Needed improvements can then be prioritized and considered for addition to the larger, community capital improvements planning program.

UNDERGO A STUDY TO ASSESS RAIL-SERVE FEASIBILITY AND CONGRUENCE TO DEVELOPMENT CODES

The subject property is abutted by rail service provided by a short-line railroad. Geometrically, the rail track is believed to be suitable for service to the subject property. However, this does not mean estimated future costs associated with extending service are feasible. It is advised all master planning efforts begin with rail conceptualization and high-level costing estimates to determine feasibility of service, prior to marketing the subject property to end-users desiring rail service.

It is important the zoning and covenants are congruent to rail service and industrial rail-serve users. If restrictions exist to development that would hinder operations by either the railroad or the end-user, then these should be realized and mitigated ahead of marketing the subject property to rail-serve end-users.

BENCHMARK LAND LEASE TERMS TO MARKET EXPECTATIONS

It is not uncommon for port properties or properties owned by public entities to allow for development through long-term land lease agreements. However, it is far too common the terms are not designed to effectively assure a return on investment for the end-users or facility owner.

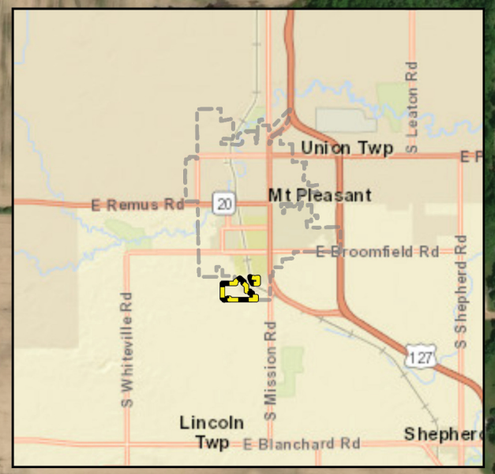
It is advised the subject property to undergo an analysis of their land lease terms to ensure marketability. During this analysis, it is further advised a comparative analysis to incentives, or other forms of property development concessions to attract development, be benchmarked. Many end-users are attracted to industrial parks offering long-term lease agreements due to the sometimes-generous development concessions. However, if the terms are not agreeable, the ownership/lease structure could prove detrimental to capturing development.

FORM-BASED ZONING CODE CLARIFICATION

Form-based zoning code is a nuanced code providing flexibility in use and increased focus on form and the relationship of built-environment to other developments within a designated zone. While there are advantages found within this method of zoning, there are also disadvantages, particularly to industrial end-users. Specifically, according to the City Zoning Ordinance and maps, if property is owned by the University (zoned Special District – University), there are no regulations, procedures, site plan requirements or other provisions that shall apply to the property. If property is leased, it is unclear if this zoning still applies. The flexibility allowed can equate to risk in development for industries seeking clear-cut rules for building dimensions, setbacks, and generalized development entitlements. It is advised the expectations and allowance for prospective end-users within the form-based code, governing the subject property, be clearly stated and provided. Following the master planning of the property, the form-based code should be paralleled to the plan to ensure the code is congruent to the master plan.

TRAFFIC STUDY

The CMU site is located near an at-grade railroad crossing located along Blue Grass Road, just east of Denison Drive with gates/flashers, signage, and pavement striping. Striped bicycle lanes are also located along Blue Grass Road. Pedestrian and bicycle traffic are anticipated to be prevalent. Due to the mix of transportation uses within proximity of the site and the proximity of the at-grade rail crossing, a traffic study should be performed to determine preferred access locations and the need for additional roadway improvements to accommodate all modes of transportation.



GENERAL SITE ATTRIBUTES

- Approximately 7.5% NWI impact
- Access to rail onsite
- 60 miles to interstate I-75
- Owned by CMU
- Estimated 110 acres (77%) ready for development
- 123 Miles from Detroit (closest major city)
- All utility services on site
- No redundant water

12 acres

132 acres

Total Development Area = 144 acres

S Crawford Rd
N Concourse Dr
Concourse Dr
S Concourse Dr
Three Leaves Dr
W Campus Dr
University Park Dr
Billbrael Dr
Abel Ct
Denison Dr
E Deerfield Rd
Silverberry Dr
S Mission Rd
127

1 inch = 500 feet

0 0.05 0.1 0.2 0.3 0.4

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CENTRAL MICHIGAN UNIVERSITY SMARTZONE

Mount Pleasant, MI

Isabella County

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