

Keeping it Clean



One of the many non-utility investments CMS Energy made through the subsidiaries of CMS Land and CMS Capital in the 1990s was a loan to the developer of a luxury real estate development near the city of Petoskey, on the shores of Little Traverse Bay—a loan that gave the company the right to serve the property and its thousands of potential new customers with electricity. The idea was to turn the former site of a cement plant into the “ultimate lifestyle resort.”

When the developer died with the loan unpaid, the property now known as Bay Harbor fell into CMS Land Company’s hands. In 1994, the company teamed with another developer, David Johnson, to bring the resort’s plans to fruition. The completed resort boasted a deepwater marina, yacht club, equestrian center, golf course and residential neighborhoods full of multi-million-dollar homes. Bay Harbor still sparkles

above Lake Michigan, a destination that one Yelp reviewer called “speechless, hands down, I-see-God-beautiful.”

CMS Land Company has had no ownership in the property for more than a decade. As the company divested itself of non-utility assets in the dark days of 2002, Bay Harbor became one of the first properties to go—but CMS Land Company agreed to retain legal liability for any environmental issues. That liability turned out to be costly, because Bay Harbor’s golf course had been built on kiln dust from the cement plant. Michigan’s environmental regulators had approved a plan to stabilize the dust by incorporating it into the development. In addition, CMS Land Company agreed to collect runoff, called leachate, from the dust that was high in alkalinity and mercury and contained traces of arsenic and other metals left in the soil from the cement plant’s days; the runoff

A roller worked the cap as part of the final remedy in the Bay Harbor remediation, above. Water entering the cleanup plants could exceed 60 parts per trillion of mercury; coming out, it ranged between .5 parts per trillion to 1.5 parts per trillion.

would be diverted to a wastewater treatment plant in Petoskey.

In 2004, elevated alkaline levels were identified in shoreline waters near each of the kiln dust piles. Heavy metals, including mercury and vanadium, were also found at levels exceeding Michigan's water quality standards.

"The contaminated runoff was seeping into the lake long before Bay Harbor was built," says CMS Land's Michael Sniegowski, the vice president and executive project manager who oversaw the project. "The original development and remediation plan dramatically improved and protected the environment and turned an abandoned moonscape into a world-class destination."

Although the newly identified environmental issues were not CMS Energy's fault, CMS Land Company accepted the legal liability and was committed to cleaning it up—

even though it cost the company more than \$315 million above what it had initially paid to remediate environmental issues at the site. Initially, CMS Land collected and shipped leachate to a deep injection well about 60 miles from the site. Sniegowski estimates CMS Land trucked between 150,000 and 300,000 gallons of neutralized water every day from 2006 through 2011. Ultimately, the company built two water treatment plants to treat the collected water on site before releasing it into the bay.

Sniegowski says: "This decade-long environmental effort at Bay Harbor and adjoining East Park have provided environmental protection few other sites can match. This once-abandoned site has been returned to productive use and continues to draw visitors from around the world while providing economic benefit to Northern Michigan."

An aerial view, below, shows the Bay Harbor community. After many years of monitoring verified the effectiveness of the remedies, the Health Department of Northern Michigan lifted its last remaining health advisory at Bay Harbor.

