



**CITY OF GRAND HAVEN
GRAND HAVEN, MICHIGAN**

**AGENDA FOR
SPECIAL CITY COUNCIL WORK SESSION**

**GRAND HAVEN CITY HALL*
COUNCIL CHAMBERS
519 WASHINGTON AVE**

**May 18, 2026
7:00 PM**

1. CALL TO ORDER

2. ROLL CALL

3. PRESENTATIONS

A. Diesel Plant Update – Lakewood Construction and Capstone Real Estate

4. ADJOURNMENT

Attachment A

CITY OF GRAND HAVEN
519 Washington Ave
Grand Haven, MI 49417
Phone: (616) 847-4888



TO: Ashley Latsch, City Manager
FROM: Dana Kollewehr, Assistant City Manager *DK*
DATE: May 12, 2026
SUBJECT: Diesel Plant Redevelopment Presentation Update

Representatives from Lakewood Construction and Capstone Real Estate will present on the proposed redevelopment of the former Diesel Plant site. The property has long been recognized as a key redevelopment opportunity in the community, with prior discussions and planning efforts focused on unlocking its potential for productive reuse and reintegration into the surrounding area. Over time, the site has presented both opportunities and challenges for redevelopment, making it an important and highly visible project for the City.

Consistent with the City's typical development review and pre-application process, City staff have held regular discussions with the development team as the project concept has evolved. These conversations have been an iterative process intended to provide preliminary feedback, exchange information, and discuss potential considerations associated with the site's redevelopment. At this time, no formal development application has been submitted, nor has City Council provided formal direction on a specific proposal.

The development team will provide an overview of the project's history, the challenges to advancing a viable project, the proposed site plan, and the project timeline.

This presentation is intended to provide the City Council and the public with an opportunity to hear directly from the development team about the current concept for the site, ask questions, and better understand the proposed redevelopment approach. At this time, no formal action is requested of City Council.

May 12, 2026

Diesel Plant Background Information – From Development Representatives

Lakewood Construction

Over the course of the last 6 years, Lakewood has remained engaged and excited at the opportunity to renovate and redevelop the Grand Haven Diesel Plant site. Our initial excitement and focus was on a renovation of the existing structure as well as additional structures on-site in a mixed use composition that involved a restaurant and event center with a couple potential residential units. Significant time and effort was invested with multiple tenants that resulted in letters of intent as well as numerous meetings with the City of Grand Haven to navigate the complex web of incentives available for this exciting endeavor. We also were able to figure out the parking issue with the City of Grand Haven and found multiple ways to make it work. Due diligence with each potential tenant resulted in positive feedback regarding the character of the space, but concerns were raised regarding market conditions and costs, even with the incentives available.

We remained positive and continued to explore the market for viable tenants to fit the plan and program. This process took time and we appreciate the patience we were provided by the City of Grand Haven as we navigated this complex process. During the process we transitioned our development partner on this project to Capstone. Capstone has provided a breath of fresh air into the process and has reignited the passion and enthusiasm for what this project could be. We sat down in multiple sessions with Capstone to envision the opportunities and also walk them through the process we already navigated.

One of the many opportunities we reviewed was a renovation of the existing structure into a mixed use residential and commercial space as well as additional standalone townhomes on-site. As we navigated the re-use of the structure, we encountered many issues with the height of the first floor structure, the modifications necessary to successfully integrate additional structural components into the building, and also the overall size of the building. The depth of the existing building does not lend well to a residential unit as units become long and skinny to make the square footage palatable and natural light becomes very difficult to incorporate. While the basement initially was thought of as an opportunity for storage or parking, it soon became an issue we needed to solve for with the complex web of foundations, structural aspects we needed to add, and structural aspects we needed to work around.

We began costing out multiple scenarios between renovations and a complete re-build and found the re-build more economical in order to meet parameters around size, natural light, access, structural requirements, and layout on the site. We did explore saving two of the existing building walls but ran into multiple headwinds in that scenario:

1. Although saving walls may seem economical the façade preservation costs more than rebuilding due to less efficient demolition, bracing required of the remaining walls, and specialty restoration crews. Temporary bracing requires large steel bracing frames, tie-backs, continuous monitoring, and significant wind load stabilization (which in Grand Haven with winds off the lake would be a large endeavor).
2. While the walls appear very sound and in good shape, a 100 year old brick wall may have concerns within or may develop issues as we carefully execute demolition scope surrounding the walls. Issues that could be present or develop include: mortar degradation and cracking which would require a complete repointing of the facades, cracked wythes or separated layers (as the façade is roughly 3 wythes thick), corroded embedded steel (columns and beams that are partially exposed now), water damage inside the wall cavity, and settlement over time.
3. Much of the brick currently on the building looks to be in pretty good shape but the way brick was manufactured 100 years ago compared to today is different. Older brick is typically softer and more susceptible to moisture intrusion and spalling, whereas newer brick is harder and less susceptible to moisture issues.
4. As we navigated current building and energy codes, the existing façade has zero insulation currently included and therefore does not meet codes. We explored insulation installation which is more expensive in this scenario compared to a new build, vapor control, air barriers, moisture management in the brick, and overall long-term performance compared to a new wall. Also current energy codes have very specific wind and structural anchorage standards which would be very complicated to construct behind the wall efficiently.

There are countless options available in new brick colors and we believe we can find a very close match for brick and mortar as well as matching of coursing and details currently on the structure to pay homage and ode to the existing structure while providing Grand Haven and future residents with the long term integrity that they deserve.

We remain engaged and excited at what we have put together with Capstone and look forward to bringing this project to life in the near future.

Capstone/Diesel Plant History

Capstone was introduced to the Harbor Drive site in 2018, well prior to the R.F.P. for the site being issued. After contemplating the best approach to developing the site and based on costing the project in terms of saving the structure, we submitted our original proposal to raze the structure and develop several Diesel Plant look-a-like, two-unit residential structures.

Doubting the viability of saving the structure and the banquet/restaurant concept as the use for the entity awarded the R.F.P., Capstone kept informed of the concept's progress and kept in touch with the Lakewood Group over the next 4-5 years. Capstone eventually reached a deal to partner with Lakewood with the thought that a common-sense approach to redevelopment could be pursued as several redevelopment concepts involving saving the structure proved unattainable.

Since Capstone has acquired a 50% interest in the Spring of 2025 the partnership has:

1. Developed and costed a plan to save the building for the second time. The result, which was shared with the Mayor and City staff, would be the need to sell units at 25% premium above what we feel the market would bear just to hopefully achieve a breakeven.
2. Explored other options such as:
 - a. Asking City staff about razing the structure and developing per our original RFP response submitted in 2020. (12/9/25 email to Dana)
 - b. Buttoning up the building and developing around it.
 - c. Selling the parcel.
 - d. Saving the West and South facades and redeveloping.
 - e. Razing and re-creating the building with an eye toward honoring the history and look of the BLP operation with development and wayfinding signage mimicking the BLP logo as well as utilizing a flywheel as part of our site development.

The best plan, from a developer's perspective, does not include replicating the existing structure for the following reasons:

- Interior units – windows/lights
- No exterior decks by unit
- XL component – less value, demand?
- Cash outlay vs. phasing 2 units at a time

Our Request:

While not ideal, we feel that razing and building a look-a-like structure is a long, sought-after compromise that will serve the City well and honor the history, look and legacy of our Board of Light and Power.

John Groothuis

From: John Groothuis
Sent: Tuesday, December 9, 2025 2:11 PM
To: Dana Kollewehr
Subject: DP notes

Here you go:

< Capstone looked at this project in 2019, a year prior to the RFP being issued ,and after having several contractors estimate cost determined the economics didn't work to save the diesel plant structure thus our original proposal.
< Since then construction costs have increased at a rate higher than residential sales prices have.
< recent cuts have eliminated most if not all of incentives that may have been available in previous years.
< Our current construction budget that includes saving the building resulted in the need to sell residential condo units at a price point \$275k higher than what comparable sales support- even if historical incentive pkgs were available the gap is to much too bridge.
<After the RFP was awarded to CL Red and Lakewood I kept in touch with Kyle at Lakewood as my hunch remained that the project as proposed was not a viable one. In fact I had talks with a potential tenant during this time that told me there occupancy cost would have exceeded \$35k per month and that they had backed out.
<With a glimmer of hope we could make something work to save the building and knowing there may be options for change due to what I considered a very flawed survey from 5 years ago, a lack of a deed restriction and an initial premise or desire to save the building that wasn't practical we partnered with Lakewood and bought out CL Red.
< Capstone and Lakewood's recent costing and several attempts to redesign and value engineer the building have been unsuccessful as mentioned above. In fact it's worse than my original proforma from 5-6 years earlier.
< Based on time and dollars invested to date if it was close we would move forward but unfortunately it is not.
<We would like help from the City explaining to the public where we are at with the project and how we got here and how we need to move forward.
< We would like to follow the plan we presented in 2020 and I can get that back in your hands if you would like.
< There are other options but we don't feel like they are in the best interest of everyone involved.

John Groothuis
[CAPSTONE COMPANIES](#)
P.O. Box 261
Grand Haven, MI 49417
M: 616 283 0757
F: 616.846.4920

From: Dana Kollewehr <dkollewehr@grandhaven.org>
Sent: Tuesday, December 9, 2025 1:17 PM
To: John Groothuis <john@capstonecompanies.net>
Subject: Re: Electrical lines / Utility Poles

**GRAND
HAVEN
DIESEL**



CONCEPT DESIGN

 **CAPSTONE**

MAY 06, 2026



© 2026 LAKEWOOD INC All rights reserved



**GRAND
HAVEN
DIESEL**

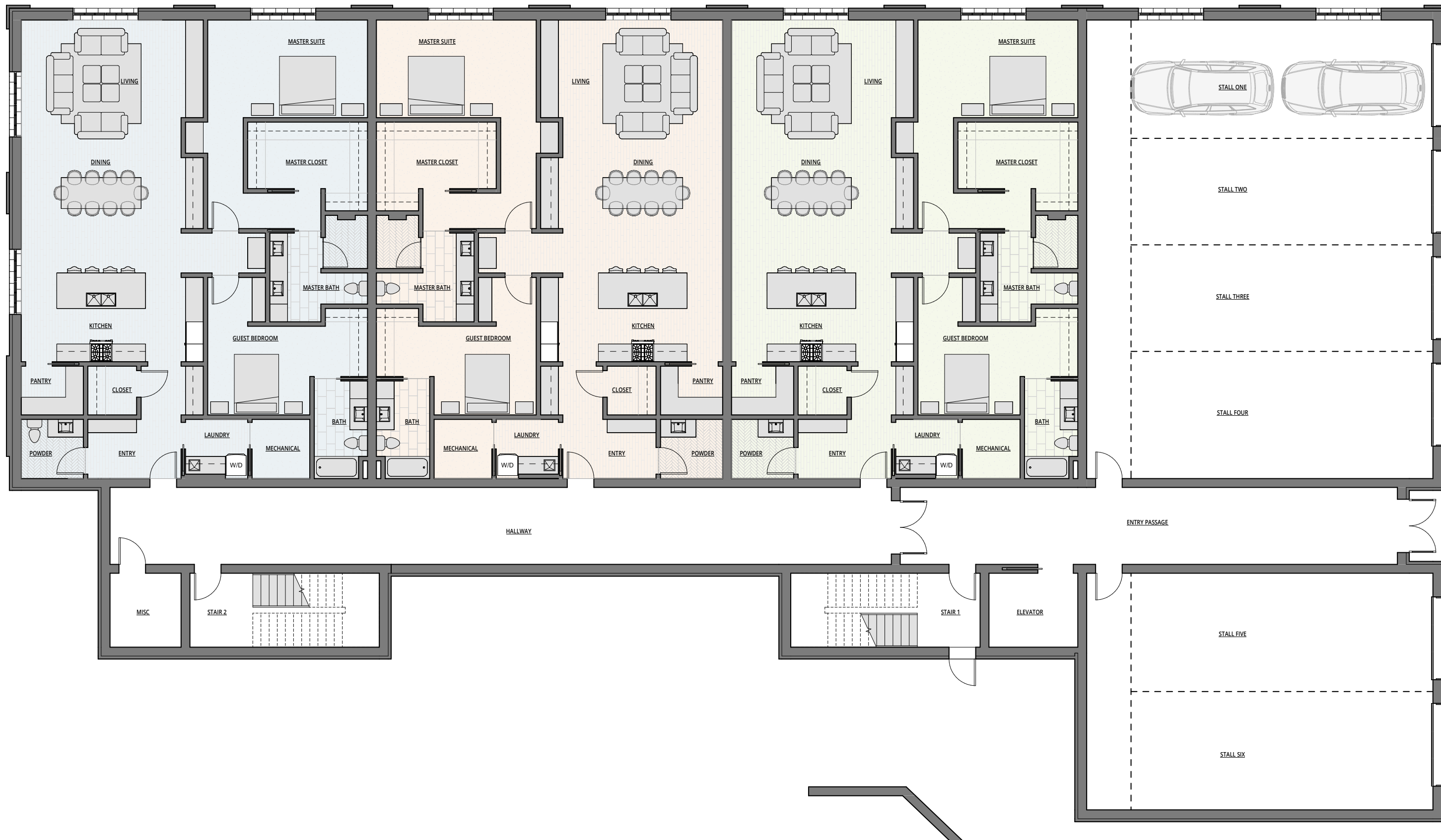
SITE PLAN CONCEPT



MAY 06, 2026



© 2026 LAKEWOOD INC All rights reserved



**GRAND
HAVEN
DIESEL**

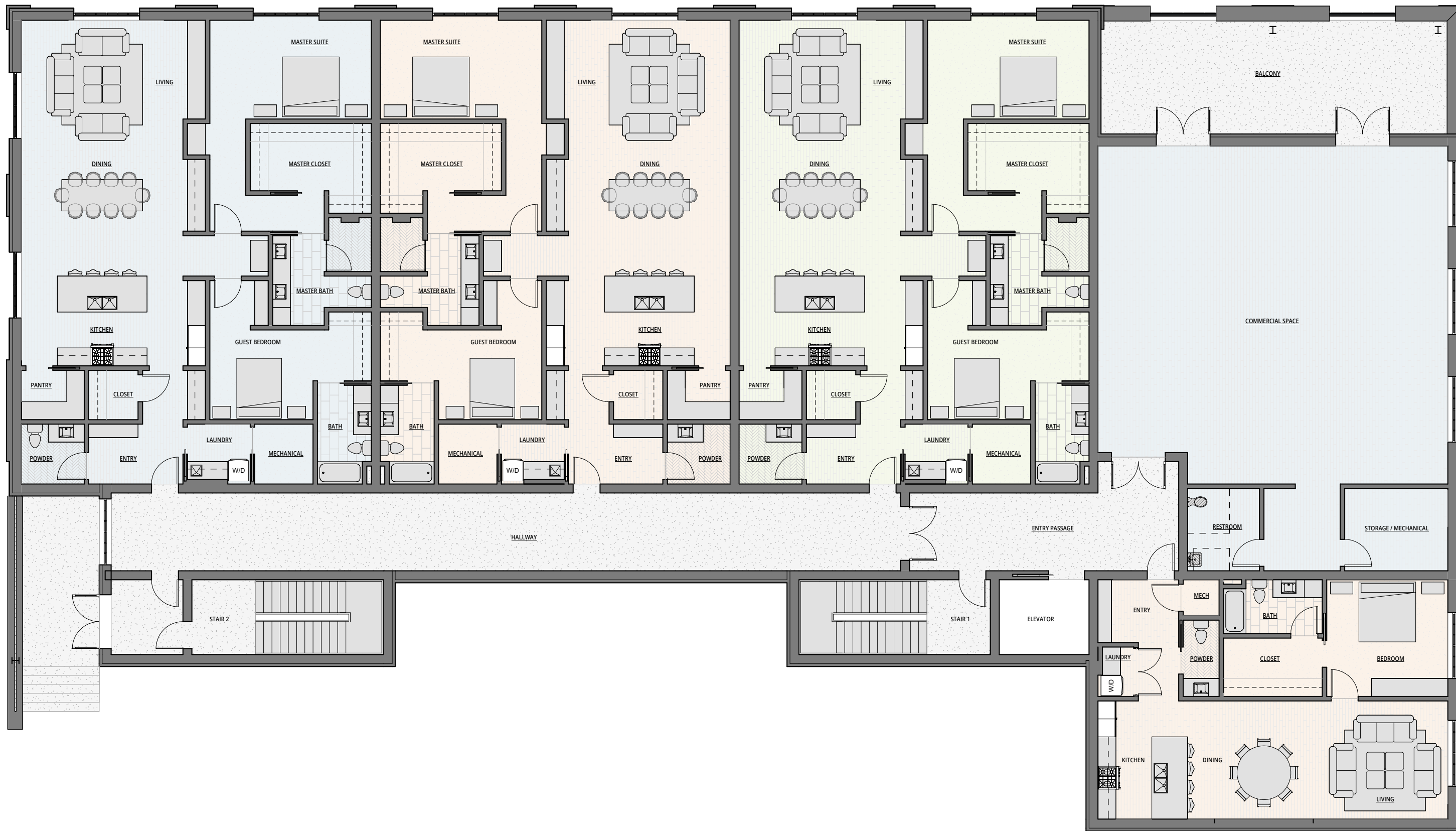
MAIN FLOOR PLAN CONCEPT



MAY 06, 2026



© 2026 LAKEWOOD INC All rights reserved



**GRAND
HAVEN
DIESEL**

SECOND FLOOR PLAN CONCEPT



MAY 06, 2026



© 2026 LAKEWOOD INC All rights reserved



**GRAND
HAVEN
DIESEL**

OVERALL EXTERIOR CONCEPT

 **CAPSTONE**

MAY 06, 2026


**LAKWOOD
ARCHITECTURE**


**LAKWOOD
CONSTRUCTION**

© 2026 LAKEWOOD INC All rights reserved



**GRAND
HAVEN
DIESEL**

DIESEL EXTERIOR CONCEPT



MAY 06, 2026



© 2026 LAKEWOOD INC All rights reserved



**GRAND
HAVEN
DIESEL**

CORNER & BUILDING SIGNAGE CONCEPT



MAY 06, 2026



© 2026 LAKEWOOD INC All rights reserved



GRAND
HAVEN
DIESEL

BUILDING SIGNAGE CONCEPT

CAPSTONE

MAY 06, 2026

LAKWOOD
ARCHITECTURE

LAKWOOD
CONSTRUCTION

© 2026 LAKWOOD INC All rights reserved