



**House
Legislative
Analysis
Section**

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THE APPARENT PROBLEM:

In 1983, a sewer line collapsed on 15 Mile Road in the City of Fraser, Macomb County. Under the Emergency Preparedness Act (Public Act 390 of 1976), the state, in conjunction with the City of Detroit, purchased three parcels of land, consisting of some 18.5 acres, to store heavy equipment and crushed interceptor supplies. The purchase price of one section of the property, consisting of two of the parcels, was \$243,000, with the city paying 50.5 percent of that amount and the state 49.5 percent; the purchase price of the third parcel was \$113,000, with the city paying 37 percent. Reportedly, it was agreed at the time that the properties would be sold for fair market value when the sewer project was completed, and that the proceeds of the sale would be divided between the city and the state in proportion to their contributions toward the purchase price.

Detroit's Water and Sewerage Department has completed the sewer project and the land can now be sold. Some feel, however, that selling the property would not be consistent with past land transfer policy, by which state land that is to be used for a public purpose is conveyed to the local government, rather than sold. Since the first section of this property will be used for a public purpose (part of the property will be used for a recycling station, the rest for a public park), legislation is needed to convey it to the City of Fraser. The other section of property will be conveyed to Macomb Community College.

THE CONTENT OF THE BILL:

The bills would authorize the state administrative board to convey to the City of Fraser in Macomb County two parcels of state land now under the jurisdiction of the Department of Management and Budget, and to convey a third parcel to Macomb Community College. The properties would each be conveyed by quitclaim deed, with the state reserving all coal, oil, gas, and other mineral rights.

House Bill 4240 would convey to the City of Fraser, for the consideration of \$1, two parcels of land in the city, containing 6.107 acres and 7.107 acres, respectively. The conveyances would specify that the properties be used only for public purposes, and that a park located on one of the properties be open to all residents of the state on the same terms, fees, and conditions. Upon termination of public use, or if used for any other purpose, title to the properties would revert back to the state, which would assume no liability for any improvements made.

House Bill 4241 would convey to Macomb Community College, for the consideration of \$1, a parcel of land at the corner of 15 Mile and Hayes Road in Clinton Township, Macomb County. The conveyance would reserve a non-exclusive easement over the property's easterly 62 feet for the installation of underground utility lines and for vehicle and pedestrian use, and would be subject to all easements, restrictions, or encumbrances of records. (Note: As originally introduced, the bill would have required sale of the property to the highest bidder, with 37 percent of the revenue received to be appropriated to the City of Detroit.

FRASER, CLINTON TOWNSHIP CONVEYANCES

House Bills 4240 and 4241 as passed by the
House
Second Analysis (9-12-89)

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Sponsor: Rep. Sharon Gire
Committee: State Affairs

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The bill was amended on the House floor to require that the property be conveyed to the college, and amendatory language is now needed to delete provisions for the sale and for the revenue, and to add amendatory language specifying that the property be used only for public purposes and would revert back to the state upon termination of public use.)

FISCAL IMPLICATIONS:

According to the Department of Management and Budget, House Bill 4240, as originally introduced, would have resulted in a sale of property appraised at \$300,000, and House Bill 4241, as originally introduced, would have resulted in a sale of property worth \$150,000. The proceeds of both sales would have been split with the City of Detroit. The committee substitute, however, provides for the conveyance of the properties to the City of Fraser and to Macomb Community College for \$1 each, and a \$250,000 grant has been appropriated to the City of Detroit in the fiscal year 1989-90 general government budget bill (Senate Bill 223). (8-10-89)

ARGUMENTS:

For:

The transfer of the property would address the City of Fraser's need for land for a recycling station and a public park and Macomb Community College's need for property to expand its facilities.

Against:

The state and the City of Detroit entered into an agreement when they purchased the properties in 1983 under which the property would be sold for fair market value and each would receive a part of the sales price in proportion to their contribution. By conveying the property instead of offering it for sale, the bill would break the state's part of that contract.

Response: The agreement was an understanding, not a formal contract, and specified that the proceeds of the sale of the property would be divided IF the property were sold for fair market value. Since the property is to be used for public purposes, however, state policy requires that it be conveyed for \$1. In any case, the City of Detroit raised its user fees after the purchase and recouped some of the costs of the purchase. In addition, a \$250,000 grant has been appropriated to the city in the fiscal year 1989-90 general government budget bill.

POSITIONS:

The Department of Management and Budget supports the bills. (8-9-89)

The City of Fraser supports the bills. (8-23-89)

The City of Detroit supports the bill. (The city's support was contingent upon passage of SB 223, the general government appropriations bill, which contained a grant of \$250,000 to the city). (8-25-89)