

CONVEYANCE OF SURPLUS STATE-OWNED REAL ESTATE – CITY OF SAGINAW

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5284 (proposed H-1 substitute)

Sponsor: Rep. Vanessa Guerra

Committee: Appropriations

Complete to 12-4-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5284 would require the Department of Technology, Management, and Budget (DTMB), on behalf of this state, to convey state-owned property to the City of Saginaw for \$1.00 after the State acquired the property. The property consists of one-half of a vacated right-of-way on North Baum Street between East Genesee Avenue and Tuscola Street and would include all surplus, salvage, and personal property or equipment remaining on the property. Approximate legal descriptions of the property are set forth in the bill. The deed must be approved as to legal form by the Department of Attorney General.

The State's conveyance of the property to the City of Saginaw for \$1.00 would be subject to the following conditions:

- The City of Saginaw must convey the property for \$1.00 to Delta College, to be used exclusively for public use. The public use restriction must be included in the deed from this State to the City of Saginaw and in the deed from the City of Saginaw to Delta College.
- If the City of Saginaw does not convey the property to Delta College by September 30, 2018, the property would automatically revert to the State.
- If Delta College intends to convey the property, Delta College must first offer the property for sale to the State, which may purchase the property at the original sale price. If the State did acquire the property the State would not be liable for any improvements or liens on the property. If the state declines to purchase, the public use restrictions remain in effect.
- The DTMB may require the City of Saginaw to reimburse the State for costs incurred that were necessary to prepare the property for conveyance.

The State would be prohibited from reserving oil, gas, or mineral rights in the property. However, the conveyance would be required to provide that if the grantee or any other successor developed any oil, gas, or minerals found on, within, or under the conveyed property, the grantee or successor must pay the State ½ of the gross revenue generated. Any payment would be required to be deposited in the General Fund.

The State would reserve all rights in aboriginal antiquities, including the right to explore, excavate, and remove. Aboriginal antiquities are defined as mounds, earthworks, forts, burial and village sites, mines, or other relics lying on, within, or under the property.

Net revenue received under the bill would be credited to the General Fund. Net revenue is defined as the proceeds from the sale of the property less reimbursement for any costs associated with the sale of the property.

If the property was used in a manner that violates any of the restrictions, the State may reenter and take the property, terminating the grantee's or any successor's estate in the property. If the State reenters and repossesses the property the State is not liable to reimburse any person for any improvements made on the property or to compensate any person for any part of an unfulfilled contract or license issued to provide goods or services on or for the property.

BACKGROUND:

The property described in the bill consists of ½ of a vacated right-of-way related to Baum Street between East Genesee Avenue and Tuscola Street in the City of Saginaw. As part of the planning and design of the new Saginaw Center project, approved for state capital outlay construction authorization in 2017 PA 107, the City of Saginaw elected to vacate their right-of-way on Baum Street from Genesee Avenue to the north side of Tuscola Street.

When a street is vacated, the ownership of the property is split 50/50 between the adjacent property owners. Delta College currently owns the property on the west side of Baum Street therefore the College would take ownership of the west 33 feet of the Baum Street right-of-way. The State owns the property on the east side of Baum Street therefore the State would take ownership of the east 33 feet of the Baum Street right-of-way. The property described in the bill currently serves as one section of a larger parking lot.

As part of the Saginaw Center project, Delta College is proposing to develop the entire parking lot comprising Delta College-owned property and the entire 66-foot wide Baum Street right-of-way.

The process of conveying the property to Delta College would involve the following steps:

- The City of Saginaw would vacate the right-of-way on Baum Street providing ½ of the right-of-way (33 feet between Genesee Avenue and Tuscola Street) to the State.
- The State would convey the property to the City of Saginaw for \$1.00.
- The City of Saginaw would convey the property to Delta College for \$1.00.

FISCAL IMPACT:

Consideration for the conveyance of the property would be \$1.00, to be deposited in the State General Fund.

Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.