

Legislative Analysis



PROPERTY CONVEYANCE – WAYNE COUNTY

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House Bill 4090 as introduced
Sponsor: Rep. Alabas A. Farhat
Committee: Government Operations
Complete to 5-6-25

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

SUMMARY:

House Bill 4090 would authorize the State Administrative Board, on behalf of the state, to convey, by quitclaim deed or transfer by affidavit of jurisdictional transfer, state-owned property located in Wayne County and currently under the jurisdiction of the Michigan Department of Corrections (MDOC).

The property consists of a roughly 96.14-acre parcel of land that hosted the Mound Correctional Facility and the Ryan Correctional Facility. The Mound facility was closed by MDOC in 2012. It reopened as the Detroit Detention Center (DDC) in June 2013.

The City of Detroit uses the facility as a city lockup, which houses arrestees for a maximum of 72 hours until they are arraigned in district court. The City of Detroit has had a contract with the MDOC for operation of the DDC. Before opening the center, the Detroit Police Department (DPD) operated five lockups in the city, with a total capacity of 200 inmates (150 males, 50 females). The DDC is now the one central lockup in the city, which has resulted in decreased transportation costs for the city and increased efficiency for processing arrestees and conducting court arraignments. Having one center has allowed for more productive interviews, interrogations, and lineups of arrestees and has enhanced criminal investigations in the city. MDOC operates the detainee housing portion of the DDC, providing staffing 24 hours a day, seven days a week, 365 days a year.

The initial contract between MDOC and the City of Detroit was good for five years with two one-year options and was subsequently renewed. The contract price started at \$8.1 million the first year. With economic adjustments, the contract price is currently at a little over \$11.4 million. The city currently pays for costs associated with operating the facility, including MDOC expenses for personnel, utilities, maintenance, services, and up-front physical plant changes. Under House Bill 4090, operations of the facility would be transferred to the City of Detroit and would be fully operated by DPD staff.

DDC uses two main buildings on the site within the 53.5-acre fenced perimeter, totaling approximately 56,544 square feet. One building, approximately 27,052 square feet, is used by DPD detectives and DPD office staff for office administration, suspect interviews, lineups, and other DPD detective duties. The second building, approximately 29,492 square feet, is used to house arrestees while they await processing, booking, court appearances, or transport.

The Department of Technology, Management, and Budget (DTMB) could convey the property through the following methods:

- Sale to the City of Detroit, which will have the first right to purchase for two years after the bill is enacted, for \$1.00.

- Competitive bidding process.
- Use of real estate brokerage services.
- Value for value conveyance negotiated by DTMB.
- Sale to a local unit of government for fair market value.
- Transferring jurisdiction of the property to the State Land Bank Authority.

DTMB could also offer the property for sale for less than fair market value to a local unit of government in which the property is located, subject to the following conditions:

- DTMB must give first opportunity to purchase the property to the City of Detroit, which will retain the first right to purchase the property for two years.
- The property must be used exclusively for public use, and all members of the public must be subject to the same fees, terms, conditions, and waivers.
- The local unit that purchases the property must first offer the property for sale to the state at the original sale price if the local government intends to convey the property. The state retains the right to first purchase within one year after notification has been given. If the state waives the right to first purchase, the local unit of government must pay 100% of the difference between the sale price of the property from the state and the subsequent sale price.
- The state is not liable for any improvements if the state agrees to reacquire the property.
- DTMB may require the purchaser to reimburse the state for demonstrably incurred costs to prepare the property for conveyance.

The net revenue received from the sale of the property would be deposited in the general fund.

The attorney general would have to approve the legal form of all deeds or affidavits of jurisdictional transfer. The property would include all surplus, salvage, and personal property or equipment remaining on the property on the date of conveyance or transfer. If the property were sold at fair market value, it would first have to be appraised by an independent fee appraisal prepared for the DTMB.

The state would not reserve the oil, gas, or mineral rights to the property conveyed. However, if the purchaser or any grantee developed any oil, gas, or minerals, the state would receive one-half of the gross revenue generated, which would be deposited in the general fund.

All rights in aboriginal antiquities, including mounds, earthworks, forts, burial and village sites, mines, and other relics, on, within, or under the property, would be reserved to the state.

If the property were used for any purpose inconsistent with any restrictions listed above, the state could reenter and repossess the property, terminating the grantee's or successor's estate in the property.

DTMB could require a grantee of property to record the instrument of conveyance or jurisdictional transfer with the applicable register of deeds and provide the department with a recorded copy.

FISCAL IMPACT:

The FY 2024-25 MDOC budget includes 75.8 FTE positions and \$11,419,000 for the DDC. The FY 2025-26 executive recommendation includes an additional \$428,000 to cover costs of employee economics, for a total appropriation of \$11,847,000, which would be paid by the City of Detroit. When the city assumes responsibility for operation of the facility, the contract with the state will end. Affected MDOC employees will be able to transfer to other positions within MDOC, consistent with their collective bargaining agreements.

In advance of the expected changeover in responsibility for operating the facility, MDOC has declared the property surplus, along with the neighboring property that housed the now-closed Ryan Correctional Facility/Detroit Reentry Center, allowing for conveyance to the city or another purchaser.

House Bill 4090 is essentially cost-neutral for MDOC, although it would result in eliminating the DDC line item in the FY 2025-26 budget, along with the local funds that support the appropriation. MDOC would no longer be providing the service at DDC or receiving payment for it. It would be a net positive for MDOC in that the department could transfer officers from DDC to other facilities that are in need of staff. Also, MDOC would be absolved from the long-term cost liability of the property.

Staff would transfer to positions at other MDOC worksites and either fill vacant positions or bump based on seniority. In those cases, staff would be going to positions that already exist in the department's spending plans, so there would not be an increase in costs for the Department of Corrections.

There is no current appraisal or estimated value for the property subject to conveyance under the bill. Any revenue to the state would depend on the method of sale or transfer and the real estate market at the time of sale or transfer.

Net revenue from the sale of any property would be deposited in the general fund, along with all revenue from the development of any mineral rights.

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