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INGHAM, WAYNE COUNTY CONVEYANCES

House Bill 4133 as enrolled
Public Act 531 of 1996
Second Analysis (1-9-97)

Sponsor: Rep. Lynne Martinez
House Committee: Regulatory Affairs
Senate Committee: Local, Urban & State
Affairs

THE APPARENT PROBLEM:

The City of Lansing is responsible for the maintenance of its streets and sidewalks, such as repairs and snow removal. However, small chunks of several streets and sidewalk in the city are actually owned by the state, though the city has been maintaining them. Apparently, in addition to liability issues, this situation causes funding problems for needed maintenance work as the city cannot use money that is distributed under the provisions of Public Act 51 of 1951 for repairs or maintenance of these state-owned sections of city roadways. (Public Act 51 of 1951, MCL 247.667, governs how transportation revenues are to be raised and spent in Michigan. The act establishes a number of funds that receive and distribute transportation money according to a disbursement formula to the state highway system, county roads, and city and village roads.) The city must instead utilize general fund money to maintain these state-owned sections of city streets, or put off needed repairs if the general fund is depleted.

In a related matter, the city has leased state land for Comstock City Park since 1934 (the 50-year lease expired in 1984) and Groesbeck Golf Course since 1923. These two parcels, as well as a parcel of land located near the Lansing city limits and Michigan State University that is split by the Red Cedar River, have since been declared as surplus to the Department of Natural Resources. Further, the City of Lansing has long sought to obtain a parcel of state land which is used as a state parking lot and is located in a residential neighborhood adjacent to Ferris Park. The city hopes to develop this parcel as an extension of the park.

In addition, the Lafayette Clinic property in the City of Detroit (a psychiatric facility operated by the former Department of Mental Health, now the Department of Community Health) was closed and declared surplus several years ago. Reportedly, the yearly maintenance costs run close to a half million dollars; fiscal year 1996-97 appropriations are \$100,000 for new steam lines and

\$368,000 for utilities and various maintenance costs. Currently, one-seventh of the facility is leased to the Woodward Academy, a public school academy, for approximately \$2,000 a year. Other groups have also expressed interest in leasing space, but due to the high cost of maintaining the facility, some feel that it may be better to sell the property.

Legislation has been proposed to convey various parcels of state-owned land to the City of Lansing and Michigan State University for public use purposes, and to allow the former Lafayette Clinic in Detroit to be sold at fair market value.

THE CONTENT OF THE BILL:

The bill would convey several parcels of property currently under the jurisdiction of the Departments of Management and Budget (DMB) and Natural Resources (DNR) to the City of Lansing and Michigan State University. The bill would also permit property in Detroit under the jurisdiction of the Department of Community Health (the former Lafayette Clinic) to be sold for fair market value. All of the Ingham County parcels would be conveyed for \$1, with the revenue deposited in the Department of Treasury to be credited to the general fund. The state would not retain mineral rights; however, the bill would require that if minerals were developed in the future, half of all revenue from the mineral development would be paid to the state for deposit in the state general fund. The Ingham County parcels to be conveyed (as described by the Department of Management and Budget) are as follows:

Parcel number 1 is approximately 2,640 feet of Pennsylvania Avenue and has been maintained by the City of Lansing as part of the road. The land was purchased by the state in 1855.

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Parcel number 2 is a small parcel of about nine feet of sidewalk on Capitol Avenue that is adjacent to the Olds Plaza Building and had been included in the purchase of the Olds Plaza Building.

The bill would allow the state to convey the parcels, which currently are under the DMB's jurisdiction, to the City of Lansing.

Ferris Park. The property, consisting of two city blocks, was given to the Territory of Michigan by the federal government in 1836. Currently, the city maintains Ferris Park on one block, and the DMB maintains both a paved and unpaved parking lot on the other.

The bill would permit the DMB to convey the property to the City of Lansing and would specify that the descriptions contained in the bill were approximate and subject to adjustment as necessary based on survey or other legal description. The state could repossess the property if used for any purpose other than as a public park and, in case of a dispute, the attorney general could bring a suit to regain the title to the property. All people using the park would be subject to the same fees or conditions, but the city could waive fees for specific areas or facilities.

The state would have to discontinue use of the unpaved parking lot within one year of the conveyance. The paved section could be used by the state until the state and city agree upon an alternate site for state workers to park. The bill would specify that the state and city would have to use their best efforts to develop and agree on an alternate parking plan, but the state would have the final say as to acceptability of any plan. Upon conveyance of this last section of the property, the city would have to reseed, develop, and implement a landscape plan.

Parcel A: Currently, the city parking ramp on Grand Avenue is built over a tiny state-owned parcel that extends from Allegan to the Grand River. The bill would require the city to continue to use this parcel for municipal parking.

Parcel B: According to the DMB, the state entered into a lease agreement with the City of Lansing for approximately 45 acres for the Groesbeck Golf Course in 1923. The lease is under the jurisdiction of the DNR.

Parcel C: In 1934, the state approved a 50-year lease with the City of Lansing for Comstock Park (under the jurisdiction of the DNR). The lease expired in 1984. The property, adjacent to the School for the Blind, is about 10 acres. The bill would exempt the north 203 feet of the parcel from being conveyed. (Note: The City of Lansing released the north 203 feet back to the DNR in the 1960s for expansion of a driveway and buildings for

the School for the Blind. This property is currently being utilized by the Department of Education.)

Parcel D: The parcel was deeded to the state in 1917, and is split by the Red Cedar River. The northern piece, about 3.45 acres, is by Clippert Street at the end of the Lansing River Trail. The City of Lansing currently operates a pumping station on the site. The southern piece is adjacent to Michigan State University's Red Cedar Nature Area. The bill would convey the northern piece to the City of Lansing and the southern piece to Michigan State University.

Parcels A, B, C, and D are currently under the jurisdiction of the DNR. The conveyances would be by quitclaim deed approved by the attorney general. The bill would require that Parcel A be used only for municipal parking and parcels B, C, and D for park and recreational purposes that would be open to all members of the public without regard to residence. If a property were used for any other purpose, the property would revert back to the state and the state would not be responsible for any improvements that had been made.

The conveyances of Parcels A, B, C, and the northern piece of D would be conditional upon the Lansing City Council adopting a resolution that would commit the city to hold, use, and maintain the parcels according to the bill's requirements.

Lafayette Clinic. The bill would permit the state to sell the former Lafayette Clinic property at fair market value. The fair market value would be determined by an appraisal based on the property's highest and best use, as prepared by the state tax commission or an independent fee appraiser. If the property were to be conveyed for less than fair market value, it would have to be used exclusively for public purposes and could revert back to the state if used for any other purposes. If the current owner disputed the state's right to regain possession of the property and failed to give possession to the state, the attorney general could bring an action to quiet title to and regain possession of the property. The conveyance would be by quitclaim deed approved by the attorney general and the bill would specify that the description of the property was approximate and subject to adjustment as deemed necessary by survey or other legal description.

FISCAL IMPLICATIONS:

According to the Senate Fiscal Agency, the conveyance of Parcels 1 and 2 (Pennsylvania Avenue and 9 feet of sidewalk adjacent to the Olds Plaza Building) are currently maintained by the City of Lansing and therefore would not have a fiscal impact on the state or local units of government.

Parcels A, B, C, and D (Grand Avenue Parking Ramp, Groesbeck Golf Course, Comstock Park, and Tourist Park) would have to be used for public parking (the parking ramp) and recreational purposes. To the degree that these properties are currently used for a public purpose, and the public purpose is protected by a reverter clause, there would be no fiscal impact on the state or local government except for the "potential" revenue associated with a fair market value sale of the property.

The property adjacent to Ferris Park is currently used as a parking lot for state and legislative employees. The dirt lot would revert to the city within one year of the conveyance and the paved portion as soon as the state and city can agree on an alternate parking plan. There would be a potential, but indeterminate, cost associated with the development of new parking spaces.

The buildings and land associated with the Lafayette Clinic in the City of Detroit were privately appraised in 1993 at a value of \$800,000. If the property were sold at fair market value, the state could potentially receive revenue to the general fund of \$800,000. (12-10-96)

ARGUMENTS:

For:

For years, the City of Lansing has been maintaining sections of streets and sidewalk, and a section of a parking ramp, that technically belong to the state. It just makes sense to put complete ownership, and therefore responsibility, of all city streets and sidewalks into city hands. In addition, conveying this small section of road to the City of Lansing should result in more efficient administration of city resources. Currently, money in certain funds that are designated for road work cannot be used by the city for these sections. According to a city official, only the city's general fund money can be used to maintain these state-owned sections. If the general fund money has been appropriated for other city needs, road repairs and maintenance must be put off to the following year. Conveyance of this section of roadway and portion of sidewalk to the city would allow greater flexibility in using funding sources for maintenance.

Further, the city has maintained Ferris Park for many years, and has sought for almost 20 years to turn the state-owned Ferris parking lot into an extension of the park. The parking lot and park are located in a residential neighborhood, and the city recently broke ground for Ferris Park View -- a development project to build six new single family homes adjacent to the park. The bill would specify that the parking lot must be landscaped and used as a public park. State workers would still be able to use the dirt lot for up to one year from the time of conveyance, and the state could use the

paved lot until the state and city agree on an alternate parking plan for state workers affected by the conveyance.

For:

The City of Lansing, under lease agreements with the state, has been maintaining both Comstock Park and Groesbeck Golf Course for many decades. In addition, the parcel located at the end of the Lansing River Trail already contains a city-operated pumping station. Land just south of the Red Cedar River and adjacent to Michigan State University (MSU), is currently being used as an extension of MSU's Red Cedar Nature Area. Since these parcels have been declared surplus to the Department of Natural Resources (DNR), the state would eliminate the liability of ownership by transferring them to the city and MSU. Should the land transferred cease to be used for public purposes, the land would revert to state ownership.

For:

The cost to Michigan taxpayers yearly to maintain the mostly empty Lafayette Clinic facility is close to a half million dollars. Though a public school academy does lease part of the building, the revenue to the state barely makes a dent in the yearly utility costs and other maintenance costs. If the property could be sold or even conveyed for public use purposes, the state could save a significant amount of money each year.

Against:

The Ferris Parking Lot property should not be part of this conveyance as there already exists a shortage of parking for downtown state workers. The dirt lot provides free parking for state workers on a first come, first served basis, while the paved lot is assigned parking, for a monthly fee, for legislative staff, many who commute from out-of-town districts. The addition of the downtown baseball stadium has put increased demand on available parking. Reportedly, some state workers have already had problems due to the city using state lots for parking for Lansing Lugnut baseball games. Some workers have been denied access to their own assigned (and paid for) parking spaces if working late or on weekends. It is hard then to imagine that the city would come up with a fair and equitable plan for convenient, low cost parking for legislative staff and other state workers dependent on the Ferris parking lot.

Analyst: S. Stutzky

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