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BILL ANALYSIS



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Senate Bill 314 (as enrolled)
Sponsor: Senator Mike Prusi
Senate Committee: Local, Urban and State Affairs
House Committee: Regulatory Reform

PUBLIC ACT 166 of 2003

Date Completed: 9-4-03

RATIONALE

Public Act 280 of 1982 authorized the State Administrative Board to convey to Marquette County, for \$1, a parcel of approximately 460 acres in Sands Township. The property is the site of the former Honor Camp State Correctional Facility on Silver Creek Road. It was suggested that a 40-acre portion of the 460-acre property could be used by Teaching Family Homes of Upper Michigan, a private nonprofit organization, for residential group homes and a regional treatment center for troubled youths. Under Public Act 280, however, the deed to the 460-acre parcel must contain a clause providing that the property will revert to the State if it is not used for public purposes.

In another matter, Public Act 167 of 1992 (which made appropriations to the Department of Mental Health) allowed the State Administrative Board to convey approximately 11 acres of land located at the Traverse City Regional Psychiatric Hospital to the Traverse Bay Intermediate School District (ISD). The act required the conveyance to be made for fair market value, and reserved to the State mineral rights found on or under the conveyed land. The ISD requested that restrictions on the land be removed.

Further, the Department of Military and Veterans Affairs has under construction a maintenance shop on a 24-acre site in Lansing Township. It has been proposed that an armory also be built on land near the site. Although the Department of Management and Budget (DMB) owned the land, Federal regulations provide that such military structures must be placed on land owned by the Department of Military and Veterans Affairs. It was suggested that the property be transferred to that Department from the DMB.

CONTENT

The bill authorizes the State Administrative Board to acquire a 40-acre parcel of land from Marquette County, and requires the Board to convey the property to Teaching Family Homes of Upper Michigan; requires the Board to convey the State's interest in a parcel to the Traverse Bay ISD; and authorizes the Board to transfer a parcel from the DMB to the Department of Military and Veterans Affairs.

Marquette County

Under the bill, the State Administrative Board may accept by quitclaim deed from Marquette County the 40-acre parcel (including rights-of-way) described in the bill, which is a portion of a 460-acre parcel that was conveyed to the county by the State in a deed dated December 31, 1982, pursuant to Public Act 280 of 1982. The Board must convey the 40-acre parcel to Teaching Family Homes of Upper Michigan (TFH) for \$1, subject to the following conditions:

- Teaching Family Homes must use all or part of the property for purposes that will benefit the public interest in Marquette County, which may include establishing hiking and bicycling trails and providing residential rehabilitative services for minors.
- If TFH ceases to use the property as required, or offers the property for sale, title to the property will revert immediately to the State.

The instrument of conveyance must provide that: the State will retain and reserve all mineral rights in the land conveyed; the State reserves all rights in aboriginal antiquities

including mounds, earthworks, forts, burial and village sites, mines, or other relics, including the right to explore and excavate for the aboriginal antiquity by the State or its authorized agents; and if the land reverts to the State, the State will have no liability for any improvements made on the land. The conveyance must be by quitclaim deed, prepared and approved by the Department of Attorney General.

That portion of the 460-acre parcel not described in the bill will remain subject to the terms of the deed dated December 31, 1982.

Traverse Bay ISD

The bill requires the State Administrative Board, on behalf of the State, to convey to the Traverse Bay ISD for \$1 all interest, including the reversionary interest and without any restrictive covenants, that the State has in certain property consisting of approximately 11.38 acres in Garfield Township, Michigan, which was conveyed to the ISD by quitclaim deed dated October 30, 1992, pursuant to Section 713 of Public Act 167 of 1992. (Section 713 authorized the land conveyance, and contains the legal description of the parcel.)

The instruments necessary to implement the conveyance must be approved by the Attorney General.

Interdepartmental Transfer

The bill authorizes the State Administrative Board to transfer from the DMB to the Department of Military and Veterans Affairs (MVA), without consideration, a parcel of land in Lansing Township, as described in the bill and containing 18.36 acres.

The transfer will be permanent and effective when approved by a resolution of the Board, at which point the MVA will assume full responsibility for the property.

All documents regarding the transfer of the property must be approved by the Attorney General.

The DMB is responsible for coordinating and implementing the transfer, but any survey costs or transaction closing costs incurred by the DMB must be reimbursed by the Department of Military and Veterans Affairs.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Teaching Family Homes of Upper Michigan operates five group homes for youths in the Upper Peninsula, including two in Marquette County. The homes provide long-term residential care for youths, aged five to 17, who are sent there due to abuse or neglect, delinquency, or other concerns. According to TFH, it will use the 40-acre parcel and the building on it for a regional treatment center and new group homes, and will be able to relocate Marquette County group homes to the Honor Camp site. The regional treatment center will provide facilities for the organization's administrative offices, conference areas, and classrooms, as well as a counseling center and a family education and support center that may be used by the community.

Considering the use that Teaching Family Homes says it will make of the 40-acre parcel, it is reasonable to allow the organization to buy the property. Since TFH is a private entity, however, the bill provides for the State to reacquire the parcel from the county and sell it to TFH, in order to prevent the 460-acre property conveyed to the county from reverting to the State.

Supporting Argument

According to Teaching Family Homes of Upper Michigan, its project has the support of the Marquette County Planning Committee, the county commission, the county road commission, Sands and Chocolay Townships, and the Marquette and Gwinn Public Schools. Teaching Family Homes also reported that the project was adopted by the District 10 Lions Clubs of the Upper Peninsula, and received a Lions Club International Foundation grant for \$100,000, and that a U.S. Department of Agriculture low interest loan of \$814,000 received preliminary approval. This funding will be used to renovate an existing building and build a regional treatment facility on the property; TFH also plans to build new group homes over the next three to five years. This construction and renovation will be contracted through local businesses, and will employ local plumbers, carpenters, electricians, and others.

In addition, TFH will employ administrative staff, support staff, and professionals; provide internship opportunities for university students; do business with local supermarkets, department stores, pharmacies, and office suppliers; and send most of its students to Marquette or Gwinn Public Schools. Clearly, this endeavor will provide significant benefits to the surrounding community.

Supporting Argument

A parcel of approximately 11.38 acres of State-owned land was sold to the Traverse City ISD for fair market value, pursuant to Public Act 167 of 1992. The bill now authorizes the State Administrative Board to convey the State's remaining interest in the property, which will lift any restrictions on the ISD's use of the land under the earlier deed.

Supporting Argument

Public Act 482 of 2002 authorized the State Administrative Board to transfer from the DMB to the Department of Military and Veterans Affairs a 24.25-acre parcel in Lansing Township. This enabled the Department to move forward with construction of a Federally funded Combined Support Maintenance Shop for the Michigan National Guard, since the MVA had to have title to the property. By authorizing the transfer of another 18 acres, the bill will allow the MVA to construct an armory at the site.

Opposing Argument

Some neighboring residents evidently oppose the development of a residential group home for troubled youths on the Honor Camp property. Many county residents use the trails on the property for public recreational purposes such as biking and cross-country skiing. The property should be preserved for its natural setting and seclusion.

Response: Teaching Family Homes encourages the continued use of the cross-country and biking trails in the area, and is interested in incorporating the trails as part of a learning program, such as a trail upkeep project. Also, unlike similar legislation that passed the Senate in 2002 (Senate Bill 1375), Senate Bill 314 requires TFH to use all or part of the property for purposes that benefit the public, and identifies hiking and biking trails as permitted uses.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: Mike Hansen

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.