

September 9, 1963

To: The Mayor and Council
From: Guy C. Larcom, Jr., City Administrator
Subject: PURCHASE OF DETROIT EDISON HURON RIVER PROPERTIES

Council action tonight is to approve the contract for the purchase of the Detroit Edison Huron River properties, to authorize the execution of the contract by the Mayor and Clerk, and to appropriate the funds for the first payment to Edison of \$80,000.00. After approval by Council the contract will be approved by the Board of Directors of Detroit Edison on September 16th, and on September 20th, the properly executed deeds will be delivered to the City upon payment of the \$80,000.00. A dedication ceremony has been planned for Friday, September 27th at the Inn America. Detroit Edison and City officials, civic leaders and representatives of the press will meet for lunch at about 12:15. A formal presentation ceremony will follow, with Mr. Walker Cisler, President of the Detroit Edison Company, presenting to Mayor Creal the official documents.

As you know, negotiations for the acquisition of these properties have been underway since 1959, when a joint public statement was made by Edison and the City indicating Edison's willingness to sell and the City's interest in acquiring Edison's rights to Barton, Argo, Geddes and Superior ponds. Negotiations were carried out by the City Administrator, the Mayor and individual councilmen and by Council-as-a-whole, meeting with Edison executives.

The purchase was fully and carefully explored by a Council committee, with Councilman Bandemer as chairman, and Councilman Laird serving on the committee. Edison has furnished all the data and information asked for by the City and the City obtained expert advice on the appraisals and surveys furnished by Edison, as well as legal advice regarding the rights and responsibilities inherent in the ownership of the dams and ponds.

There were four principal reasons which prompted the City to purchase these properties, any one of which would be sufficient to justify this acquisition. The four reasons are:

1. Protection, by ownership, of the main source of Ann Arbor's water supply.
2. Provision of convenient, high-grade recreation and open space to meet the demands of a constantly growing city.
3. Protection of City property from flood damage by use of control mechanism of dams to regulate river flow and water height.
4. Control of the pond into which the effluent of the City sewage treatment plant is discharged.

The total area involved in the purchase is 945.51 acres, of which 136.13 acres is land above water and 809.38 acres is land below water, original river bed and flowage rights. The ownership or flowage rights extend from bank to bank of the ponds and portions of the connecting stream. In some instances, ownership is to the top of the bank along the waterway; and in others, ownership and flowage rights extend to a contour line which is usually one to five feet above the normal surface of the water.

Most of the above water properties are in small parcels, with the exception of a 50+ acre parcel where the river curves along Huron River Drive, between the North Main Street bridge and Barton Dam.

Edison proposes to convey fee ownership and/or rights to the land below water, original river bed, land above water (except where needed by Edison for transformer sub-stations), reservoirs, dams and waterways, equipment essential to control of the river flow, and bare buildings in which such equipment is housed. The generators have been removed.

The City applied for and received preliminary approval of an Open Space grant from the Federal Government in the amount of \$120,000.00, or 30% of the total cost of \$400,000.00. The original agreement called for the total amount to be paid over a five-year period. The Federal Government requires that the City pay the installments when due and submit to them evidence of payment and they will forward Open Space funds to the City. Under the terms of the present contract with Edison, the payment schedule is accelerated to retire the unpaid balance in advance of the maturity date by the application of funds received by the City from the Federal Government. The \$400,000.00 will be paid as follows:

	City	Government	Total Paid to Edison	Balance
1963	\$80,000.00	\$24,000.00	\$104,000.00	\$296,000.00
1964	80,000.00	31,200.00	111,200.00	184,800.00
1965	80,000.00	33,360.00	113,360.00	71,440.00
1966	<u>40,000.00</u>	<u>31,440.00</u>	<u>71,440.00</u>	<u>-0-</u>
	\$280,000.00	\$120,000.00	\$400,000.00	

We have estimated that the annual cost for maintenance, manpower, and a reserve fund for replacement of the dams (in 100 years) would be \$35,000.00. It is my recommendation that an ordinance be adopted providing for the control, maintenance and supervision of the four ponds subject to rules and regulations established by the Utilities Department with the approval of the City Administrator. This will give the Utilities Department authority regarding trespass and other land use regulations. When properties pass to the control of the Park Department, the Park Superintendent should be empowered to establish rules and regulations regarding use also.

In regard to the mechanics of financing the operation, it is anticipated that the Utilities Department will be responsible for the operation of the dams and water level control equipment. Mr. Muckensturm, the Supervisor of Pumping Station facilities in the Utilities Department, has this responsibility and will have such labor and maintenance help as is needed. Specialized maintenance of the facilities will presumably be by contract with an outside firm such as Townsend & Bottum.

The annual payment of \$80,000.00 will be split 50-50 between the Utilities Department and the Sewage Disposal System - \$40,000.00 each per year. The operating costs, although the responsibility of the Water Department, will be split 50-50 each year between the Utilities and Sewage Treatment budgets.

Portions of the property will, in time, be designated as the responsibility of the Park Department and will be developed and maintained for park and recreation purposes under the City General Fund Budget. As these lands above water are so designated, they will no longer be the responsibility of the Utilities Department.

We are making the necessary arrangements for coverage under the City insurance policies. Edison has agreed to assist in the training of our employees regarding operation of the facilities and control of the pond levels.

R-294-9-63

Resolution to Acquire Detroit Edison Properties

ive Sanitary Sewer

the construction of the Sanitary Sewer pumping station to the park shelter on 11, 1963.

for this work and I recommend awarding this construction.

GUY C. LARCOM, JR.
City Administrator

that the recommendation of the City bid of Frank Siller in the amount of the lowest bid received for Island Drive sewer and that the Mayor and Clerk be authorized to pay the above amount after approval by the City Attorney has approved the expenditures.

that this construction be charged against the Island Drive Park Shelter.

AYES: Yeas, Councilwoman Burns, Councilman Meader, Johnson, Hulcher, Walter-11.

that the City Administrator be instructed to have the construction of cement sidewalk in front of

AYES: Yeas, Councilwoman Burns, Councilman Meader, Johnson, Hulcher, Walter-11.

that the City Administrator be instructed to submit a report on the purchase of De-

that the following resolution and moved

WHEREAS, the City of Ann Arbor, as first party, and the Edison Illuminating Company of Detroit and the Detroit Edison Company, as second parties, have negotiated an agreement whereby first party will purchase from second parties certain lands and properties including the properties known as Barton, Argo, Geddes and Superior ponds; and

WHEREAS, second parties will also convey certain rights owned by them in the Huron River, including flowage rights, reserving, however, easements for transmission lines; and

WHEREAS, by the terms of said negotiated agreement, limited warranty deeds to the aforementioned properties shall be executed and delivered to the City by second parties on or before September 20, 1963, at which time the City shall deliver to second parties the sum of \$80,000; and

WHEREAS, by said agreement, the full purchase price for the said properties is \$400,000 to be paid in full, without interest, within five years from the date of the contract authorized by this resolution at the rate of \$80,000 per year.

IT IS THEREFORE RESOLVED that the Mayor and the City Clerk are hereby authorized to execute a contract for the purchase by the City of the aforesaid properties from second parties, said contract to be in a form approved by the City Attorney.

IT IS FURTHER RESOLVED that the said sum of \$80,000 is hereby appropriated from the following funds: \$40,000 from Water Supply System Fund—Improvement, and \$40,000 from the Sewage Disposal System Fund—Improvement; and a warrant for \$80,000 payable to second parties shall be delivered to them upon receipt from them of said deeds, which shall be in a form to be approved by the City Attorney.

IT IS FURTHER RESOLVED that a title insurance policy insuring the title of the City to the properties to be deeded to the City shall be furnished by second parties, and shall be in a form to be approved by the City Attorney.

IT IS FURTHER RESOLVED that this Council hereby pledges the good faith of the City of Ann Arbor to duly execute the contract authorized by this resolution, and calling for the said annual payments by the City to second parties.

IT IS FURTHER RESOLVED that at no time prior to full payment of said purchase price shall the aggregate sum in the said Water Supply and Sewage Disposal Funds, available for payment of said contract obligation,

fall below the balance thereof.

IT IS FURTHER RESOLVED that the City shall reduce the balance due under said contract and shall retire the same in advance of maturity, by paying second parties any and all sums of money which may be received by the City from the Federal Government under the Federal Open Space Program, and as assistance in acquiring said properties.

On roll call the vote was as follows: Yeas, Councilwoman Burns, Councilmen Teachout, Dowson, Bandemer, Meader, Johnson, Hulcher, Walterhouse, Laird, Nielsen, Mayor Creal. 11.

Nays, 0.

Chair declared the motion carried.

R E P O R T S

A report was received from the Planning Commission regarding the Jackson-Liberty-Stadium-Virginia area plan and was referred to the Working Committee for consideration.

A report regarding the Broadway-Plymouth-Maiden Lane-Moore Streets traffic volume study was received from the Department of Parking and Traffic Engineering.

Moved by Councilman Nielsen that the report be accepted and placed on file with the City Clerk.

On a voice vote, Chair declared the motion carried.

O R D I N A N C E S

First Reading

None.

Second Reading

53-63

Grayson Zoning

AN ORDINANCE TO AMEND THE ZONING MAP BEING A PART OF CHAPTER 55, OF TITLE V, OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. The Zoning Map which by Section 5:17 of Chapter 55, of Title V of the Code of the City of Ann Arbor is made a part of said Chapter 55 and which Section reads as follows: