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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: July 1, 2019

RE: Report on MOU between City of Detroit, Urban Renewal Initiative
Foundation and the City of Grosse Pointe Park

The Legislative Policy Division (LPD) has reviewed the proposed Memorandum of Understanding (MOU) among the City of Detroit (City), Urban Renewal Initiative Foundation (Foundation) and the City of Grosse Pointe Park (GPP). The purpose of the MOU is to provide the understanding of the parties with regard to the coordination and cooperation of each entities activities in the furtherance of the construction of a non-profit community center for the arts, a bus turnaround, and parking area for Detroit Department of Transportation (DDOT) busses.

As set forth in the "Recitals", the City owns but no longer uses as a bus turnaround or for any other purpose the real property located on Jefferson Avenues between Wayburn Street and Maryland Street (City Property) in the City of Grosse Pointe Park. The Foundation is interested in purchasing the City Property for the construction of a non-profit community center for the arts that will be operated by Foundation or another non-profit entity. The community arts center will be the Paul and Carol C. Schaap Center for the Performing Arts and the Richard and Jane Manoogian Art Gallery.

GPP owns and maintains a parcel of property (green space) located on Jefferson Avenue between Maryland Street and Lakepointe Street in the City of Grosse Pointe Park (GPP Property). GPP also owns and maintains the traffic island located in Jefferson Avenue west of the intersection of Jefferson Avenue and Lakepointe Street. The Parties have come to a mutual understanding to undertake the following:

The Activities of the City: In furtherance of the construction of the non-profit community center for the arts, bus turnaround and parking area, the City's independent activities include in pertinent part;

- Sell the City Property to the Foundation for the purchase price of \$300,000¹ once (i) City Council authorizes the sale, (ii) GPP has performed its obligations under the MOU, (iii) GPP and the City have executed a binding obligation for the reopening of Kercheval to two way traffic.²

The Activities of the Foundation: In furtherance of the construction of the non-profit community center for the arts, bus turnaround and parking area, the Foundation's independent activities include in pertinent part;

- The Foundation will position and construct the structure/building that will be the community center in compliance with the site plan set forth in the MOU. No other building or structure than the community center for the arts can be constructed, nor can the Foundation convey interest in the City Property to another person or entity without written approval granted by the Mayor of the City of Detroit.³
- The Foundation shall operate the community center for the arts in a manner that will ensure any loading/unloading or backing up of vehicles in any loading dock adjacent to properties bordering the City of Detroit will occur within the hours of 8:00 am to 5:00 pm, and vehicle engines shall not idle for more than 5 minutes in the loading dock area.

The Activities of the GPP: In furtherance of the construction of the non-profit community center for the arts, bus turnaround and parking area, GPP's independent activities at its own cost includes in pertinent part;

- Obtain all necessary authorization to construct the bus turnaround and parking area on the GPP Property for use in perpetuity as a bus and turnaround and parking area for DDOT busses, which shall run with the land;
- GPP shall provide a cash or surety bond in the amount of \$50,000 to secure GPP's performance of the obligations set forth in the MOU; if a surety bond the proceeds shall be payable to the City for use to complete the bonded obligations; GPP will issue a right of entry to the City to complete the

¹ LPD notes that the Administration has indicated that the value of the City Property was based on an independent appraisal obtained by the City.

² LPD notes that oral representations were also made that GPP agreed to provide additional funding of approximately \$60,000 to update the streetscaping on the City side at Mack and Alter to match the update that's been recently installed on the GPP side. Matching funds will be required by the City. This was not placed in the MOU but referenced as a part of the overall commitment of cooperation between the two municipalities.

³ The Foundation can transfer interest in the City Property to another tax exempt non-profit who will undertake the conditions set forth in the MOU, provided that the Foundation gives the City notice of the assignment and a signed assumption of MOU or similar document may be requested by the City between the Foundation and the non-profit assignee.

construction and an easement to erect signs on the GPP Property that notifies the public that the area is for DDOTY bus parking only. If GPP submits a cash bond it shall be held by a title company from which GPP may draw against to complete its obligations under the MOU; in the event of failure of GPP to perform its obligations the proceeds shall be used to complete the bonded obligations.

- GPP is to prepare the GPP Property for use by DDOT as a bus staging and turnaround area within one year of City Council's approval of the MOU. The preparation includes, but not limited to, removal of existing curbs, sidewalks, and green space along Jefferson Ave., proper signage, site preparation for paving, and paving with curbs and drainage as set forth in the MOU.
- GPP will construct the improvements to the Traffic Island to permit DDOT busses of no more than sixty feet long to turn from eastbound Jefferson Ave. into the bus staging area and/or complete the U-turn from eastbound to westbound Jefferson Ave., within one year of City Council's approval of the MOU.
- GPP will maintain (in a clean and orderly fashion including reasonable supplies of soap, towels and toilet paper) a restroom facility or facilities located within the GPP municipal facilities at 15115 East Jefferson Ave., for use by DDOT drivers continually and that said use shall run with the land.

With regard to the transfer of title between the City and the Foundation for the City Property, title insurance shall be provided at the Foundations expense and title of the City Property shall be reasonably satisfactory to the Foundation. The Closing shall occur at a date and time mutually agreed upon. At the Closing the Foundation shall (i) pay the purchase price to the Title Company; (ii) pay the closing cost and the premium on the policy of title insurance; (iii) execute the necessary documents and take such actions customary to close the transaction. At the closing the City shall deliver title to the City Property via quit claim deed; and execute such documents necessary to cause the Title Company to issue a policy of title insurance in accordance with the MOU.

The effective date of the MOU shall be the date upon it has been signed by an authorized representative from each of the Parties. The MOU shall terminate upon the conveyance of the City Property to the Foundation except for those obligations and responsibilities set forth in Section 3 and 4 being the obligations of the Foundation and GPP respectively. Any party may terminate this MOU if, by December 31, 2019, any Party to the MOU has not received all necessary authority to enter into the MOU. Section 9F of the MOU provides in addition to the requirement that it be fully executed by duly authorized agents of the Foundation; GPP and the City (including approval by the Law Department and resolution by the Detroit City Council), the MOU shall have no force or effect and cannot be enforced upon any party unless and until the MOU between the City and GPP pertaining to the reopening and redevelopment of Kercheval Avenue has been signed by all necessary parties thereto.

If we can be of further assistance please call upon us.