



Wooded area and entrance road to Lot 54

Some of the lands like this lot were accessible by existing roads and trails through beautiful hardwood forests.

William L. Reid, SR/WA and Past International President of IRWA has worked for Consumers Power Company for over 37 years. His first 2 years were spent in the Electric and General Engineering Department followed by varying positions in the Land Right of Way Department, becoming manager of the department in July, 1964. He has a Bachelor of Science degree in Electrical Engineering from the University of Michigan and has been a Registered Professional Engineer in Michigan since 1952.

Introduction

One thing that is unchanging in the electric utility business today is that everything is still changing. This is also true of the right of way function. In my 35 years in this work, my direction of emphasis has changed course many times.

First, it was transmission line right of way and substations beginning with 138,000-volt lines and then moving up to the extra high voltage of 345 kV and even higher. We also spent some time acquiring sites for future generating plants, each one it seems bigger than the last. In the midst of all this came substantial relocations of our facilities for the interstate highway system and the related billings and collection of relocation costs.

Effective selling of utility recreation lands

by William L. Reid, SR/WA

Team work, knowledge of the laws, face-to-face communication with the authorities, and constant study of the real estate market are some of the necessary steps to convert unneeded land assets into maximum dollar assets.

Then came financial hard times and the need to raise additional revenues by the sale of assets, especially real estate that is no longer used or useful to our business. Consumers Power Company, my employer, by virtue of its early history and the geography of its territory was blessed with substantial acreage that could be sold.

In the early years, this Company acquired thousands of acres of land along rivers in the northern sector of the Lower Peninsula of Michigan for the purpose of building hydroelectric facilities. These lands have become surplus because many planned hydroelectric facilities were never built. The lands were not sold then because they were on the Company's books at a very low cost, taxes were low and there was considerable public relations value in having the lands available to the public on a day-use basis. Later, however, increasing taxes, capital financing needs and simple people-pressure caused us to begin selling them.

Our Company, in the initial sale of its northern Michigan river lands, sold only to the United States Forest Service, the Michigan Department of Natural

Resources or existing lessees. These lands were located some 200 miles north of the more urban areas of southern Michigan and did not lend themselves well to massive development. Furthermore, there was considerable pressure for us to retain the wild, pristine quality of the lands that had existed for all of the time we had owned them.

Planning for sale

More recently, however, a certain tract of land on the Muskegon River fell into a different category. Initially, neither of the government agencies were interested in purchasing it. Furthermore, it was much farther south, actually about 50 miles from the metropolitan area of Grand Rapids, which is one of the most populous areas in the state outside of Detroit. The tract in question was about 1,500 acres in size and was accessible on both sides of the river by good paved roads. It was within a few miles of a freeway which ran south to Grand Rapids, where it connected with other freeways running east to Detroit and west to Chicago.

We decided to test the market a little bit and to see how much interest there

really was. We discovered, with very little effort, that there were several hundred people ready and anxious to purchase recreation sites of this type. Without any advertising at all, we developed an initial mailing list of some 450 potential purchasers, the majority living within 75 miles of Grand Rapids. They were mostly Michigan residents, they were customers of our Company and, thus, logical purchasers of this type of land.

We made a careful economic study which seemed to indicate that even if we spent money to subdivide the land and to build roads and utilities, we stood a very good chance of making more money in this way than we would if we sold the land wholesale in one piece to a developer so that he could make the extra money.



Several small streams and creeks enter the mainstream of the river through lots, adding further benefit for the purchaser.

Registration of tract under State and Federal Land Sales Acts

We realized that if we were going to split this tract up into smaller lots and if there were to be more than 25 of these lots, then we would have to register the entire tract under both the Michigan Land Sales Act and the Federal Interstate Land Sales Act. While the requirements of the federal and state acts are somewhat different, they still contain many very similar requirements so that registering under the two acts was not a whole lot more complicated than just registering under the one act.

This would be the first time that our Company had registered land for sale under either of these acts; for that reason we took the matter very seriously and made our applications quite carefully and in considerable detail. Experience has shown us that most people who are interested in this type of property, even though it is subdivided, prefer to have rather large lots, 10 acres or more, and are very well satisfied with gravel roads so that the existing wilderness aspects of the land can be, for the most part, retained.

We divided the 1,500-acre parcel into 115 lots, all but 8 of which had river frontage. Before the registration applications could be filed, each lot in the subdivision had to be surveyed, road construction completed, and the utilities provided for. We made percolation tests

on many of the lots and prepared a substantial packet of material which was handed to each prospective purchaser so that he would know exactly where the roads are, where the nearest schools and churches are and an estimate of the likely taxes on the lot after purchase.

The preparation of this registration was accomplished with several face-to-face meetings with the government officials with jurisdiction over the acts. That is the only way to effectively get the registration approved in a timely manner. Even so, it took more than six months to complete the registrations and during this time we put together our full list of potential purchasers. We also sent a letter to each of these prospects. We included a map of the entire tract, a price list of each lot and the financial arrangements we were willing to consider for the purchases. We did our own financing. We also established a certain Saturday in April 1985 for the sale. This was about six weeks after the letters went out. This Saturday was to be later known as Sale Day. The letters stated that the lots would be sold on a first-come, first-served basis. During the intervening time, the prospects were encouraged to go up and inspect the property. All of the lots were clearly identified on the ground.

In the meantime, even though they had earlier said they were not interested in the lots, the Michigan Department of Natural Resources, with some pressure from local government units, did in fact become very interested and insisted that they, on behalf of the public, had the right to purchase certain of the lots. They indicated that this stretch of the river produced exceptionally good fishing.

After some negotiation, a total of about 30 lots were sold to the Department of natural Resources. Each one was sold at its appraised price with no discount for the package purchase. Also, there were about ten other lots that were sold in advance either to existing lessees or to parties who owned on all sides of the lots, making access to them difficult without considerable, expensive road construction.

Planning for Sale Day

A great amount of planning went into Sale Day because there were many potential problems to solve. First, there was the handling of the prospective purchasers in the parking lot of our Grand Rapids Service Center. After thorough discussion with our security forces, we decided that we did not want a long line