

Selling Northern Michigan Riverlands

The Changing Directions of a Right of Way Department

William L. Reid, SR/WA

Effective and timely disposal of excess property is as significant a part of the right of way function as are acquisition and liaison. Sometimes, for a while, they are more important. Years ago, there was a radio whodunit show featuring a man known only as Mr. Chameleon. Now the chameleon is a lizard-like animal that defends himself by adopting the color of his surroundings. Mr. Chameleon, the private eye, solved all of his cases by going into disguises and changing his color, if you will, to the surroundings of his prey in order to catch the criminal.

Sometimes I think that we, in the right of way profession, have to be chameleons too, because we have to change the "color" of our direction, attitude and emphasis so often. When rapid expansion is occurring, acquisition takes precedence. Util-

ity companies, for example, must acquire new generating plant sites and "put them in the bank" for future use. Rights of way between these sites and major load centers must also be purchased. At other times, emphasis will be on securing of highway, railroad and similar permits. And, then, all of a sudden, economic problems, inflation and the cost of essential construction create a tremendous need for funds. So the effort is to find ways to raise more capital. One good way to do this is through disposal of surplus land and landrights.

This, then, is the story of the sale by Consumers Power Company of about 75,000 acres of land along the Au Sable and Manistee Rivers in Northern Michigan. The situation was unique, the problems were complicated, but the results have been

William Reid, SR/WA, is Manager of Land and Right-of-Way for the Consumers Power Company. Employed by the Company for 35 years, Reid has headed his department for 19 years.

An active supporter of the Association and 28-year member of Chapter 7, Reid has served in numerous committees and offices, culminating as International President during the 1976-77 fiscal year. Currently he serves on the Advisory Council to the International Executive Committee.

very pleasing.

The lands are located along two major trout streams in the northern part of the lower peninsula of Michigan that, by coincidence, rise within about five miles of each other near the town of Grayling, Michigan. The Au Sable flows in an easterly direction and empties into Lake Huron at Oscoda, while the Manistee flows in a westerly and southwesterly direction and empties

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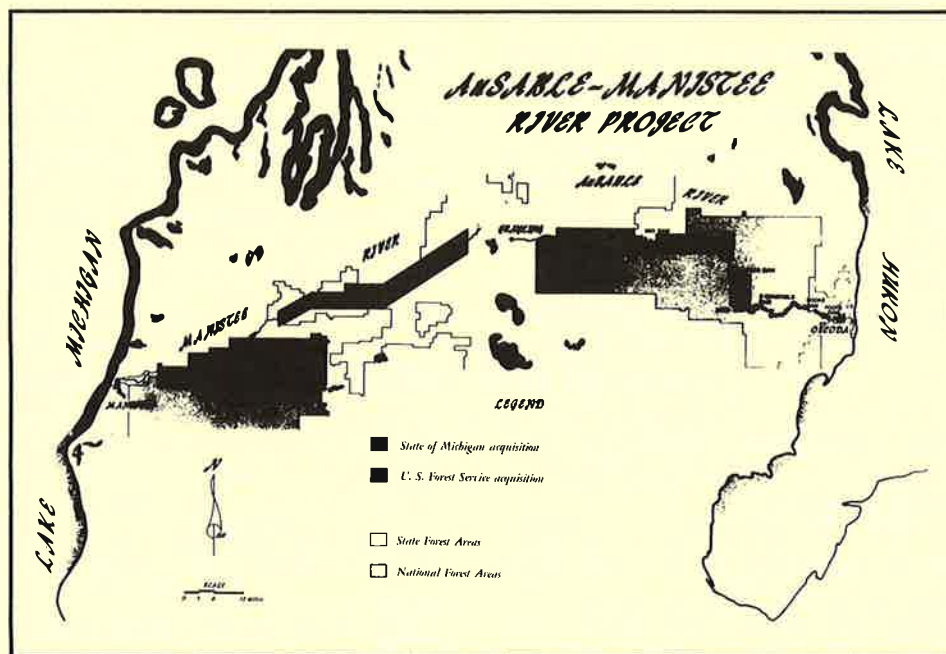
into Lake Michigan at the City of Manistee.

In the early days, before the turn of this century, almost all of the land on these two rivers was bought up by lumbering interests who clear-cut the timber without environmental consideration or restraint. They cut down all the trees, pushed the logs into the river, floated them downstream, took them to sawmills and then walked away. But just about the time they finished the logging operation, hydroelectric power came into prominence and small power companies bought up the then barren lands. Six dams were installed on the Au Sable River, two on the Manistee and there was capacity for at least six more dams. Over the years, Consumers Power Company acquired these smaller power companies plus many others, establishing the company in these areas.

In the succeeding years, we conducted massive reforestation programs, often planting more than a million trees a year and restoring much of the ecological balance which the lumbering effort had destroyed.

But additional dams were never built. As time went along, the Company developed fossil fuel plants in the southern part of the state nearer to the load centers — thus eliminating the need for further hydro development on the rivers. Nonetheless, we continued to own these lands, thinking we might sometime still need them. Besides, neither the investment in the land nor the management costs were very large. We leased out more than 300 sites to individuals for recreation purposes and the lessees built various types of cabins on them. Some are very primitive cabins — tar-paper shacks; some are mobile homes and others are quite expensive cottages. Other lands were leased to public agencies at various levels of government for campgrounds, parks, picnic areas and the like. All the rest of the land, and that's the majority of 75,000 acres, was simply held for the benefit of the public for various day use recreational activities, such as hunting, fishing and hiking.

Everything was beautiful. Our



costs were within reason and the public relations benefits were good! But it didn't stay that way. Taxes began to rise. People pressures began to mount. The interstate highway system, coupled with increasing amounts of leisure and vacation time, put intensive pressure on the lands. People came "up north" and camped wherever they pleased, often leaving litter, garbage and open toilets in their wake. We had trouble complying with Michigan Health Department regulations concerning water and sanitation. We finally had to hire patrolmen to go up and down the river asking people to pack up their trailers and tents and move into the public camping areas. We developed a brochure to distribute to these people, and at tourist information centers around the state, showing the location of public campgrounds and other information. The strong public support we had so long enjoyed began to waiver.

On top of all this came an unparalleled need for capital funds that has beset almost every utility at one time or another, and it hit ours a little more than some because of a nuclear plant that we were building. Accordingly, in the latter part of 1974, we went to our management and suggested that it was time to sell these surplus river lands. After a lot of discussion, we were told

Close up and state maps depicting the areas discussed in this article. Consumers Power Company owned two-thirds of all land along the Manistee and AuSable Rivers in Northern Michigan.

"OK, let's see what we can do." And that's where the real work started.

We put together a program, the objective of which was to find a balance between the need for capital, the commitments written or implied to our lessees which would give them an opportunity to buy their sites, the environmental and ecological concern, and the need for recreation land in that part of the state.

All of the land not currently under lease would be offered either to the State of Michigan Department of Natural Resources (MDNR) or to the United States Forest Service (USFS). Virtually all of the lands were within the boundary of either a National Forest or a state wildlife or forest area. It was also decided that each party holding a recreation lease would be given three options: to purchase the site at its appraised price; to enter into a 30-year unbreakable lease at a much higher rent, with rental adjustments at 5-year intervals; or to continue the existing year-to-year lease. Under the latter two alternatives, we would later sell the underlying fee subject to the lease.

It is an understatement that there were plenty of problems to solve before we could move ahead with the