

MICHIGAN DEPARTMENT OF TRANSPORTATION

CITY OF DETROIT

**TRANSFER OF JURISDICTION
AND
CAMPUS MARTIUS REDEVELOPMENT**

AGREEMENT

THIS CONTRACT is made and entered into this date of MAR 15 2001 by and between the MICHIGAN DEPARTMENT OF TRANSPORTATION, hereinafter referred to as the "DEPARTMENT," and the CITY OF DETROIT, hereinafter referred to as the "CITY," for the purpose of fixing the rights and obligations of the parties in agreeing to the transfer of legal jurisdiction of roads between the parties within the CITY in connection with the redevelopment of the Campus Martius area within the CITY.

WITNESSETH:

WHEREAS, the CITY is planning a major redevelopment of the land adjacent to DEPARTMENT roadways in the Campus Martius area within the CITY; and

WHEREAS, the parties agree that such redevelopment will have structural and traffic impacts on such roadways, such that they will no longer function as state trunklines; and

WHEREAS, the parties also acknowledge and agree that the public interest would be better served if jurisdiction of several CITY streets were to be transferred to the DEPARTMENT's control; and

WHEREAS, the DEPARTMENT is willing to allow the CITY to proceed with the Campus Martius development, under certain conditions as herein set forth; and

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings of the parties and in conformity with applicable law, it is agreed:

1. The parties agree to the transfer of legal jurisdiction of the following roadways ("CAMPUS MARTIUS ROADS") from the DEPARTMENT to the CITY, as shown on "EXHIBIT II" attached herein and made a part hereof:
 - a. Woodward Avenue (M-1) between the center line of Michigan Avenue (US-12) and the center line of Jefferson Avenue (M-10), approximately 0.24 miles;

- b. Fort Street (M-3) between the center line of Griswold Street and the center line of Woodward Avenue (M-1), approximately 0.05 miles; continuing easterly along Cadillac Square between the center line of Woodward Avenue (M-1) and the center line of Randolph Street (M-3), approximately 0.17 miles;
 - c. Michigan Avenue (US-12) between the center line of Griswold and the center line of Woodward (M-1), approximately 0.07 miles.
2. The parties agree to the transfer of legal jurisdiction of the following streets (“**NEW DEPARTMENT ROADS**”) from the CITY to the DEPARTMENT as shown on “**EXHIBIT I**” attached herein and made a part hereof:
- a. West Davison Street from the I-96 right-of-way easterly to the centerline of Rosa Parks Street (approximately 1.9 miles);
 - b. Woodward Avenue approximately from the centerline of Adams southerly to centerline of Grand River Avenue (approximately 0.23 miles);
 - c. West Fort Street from the northeast bound on-ramp to I-75 (terminus of M-85) to the centerline of Clark Street (approximately 4.09 miles).
3. In consideration for the benefits to be received by the CITY in connection with the redevelopment of Campus Martius, the CITY and the DEPARTMENT also agree to the following:
- a. i. Subject to adjustment as set forth in the following paragraphs, the CITY agrees to an annual reduction of ten percent (10%) of the CITY’s share of funds received from the Michigan Transportation Fund in connection with Public Act 51 of 1951, as amended, to defray the cost to the DEPARTMENT for improving the NEW DEPARTMENT ROADS, including bridges related to the NEW DEPARTMENT ROADS. The annual reduction shall begin as of July 1, 2001, and shall continue for a period of ten (10) years, which sum is expected to total approximately Sixty-One Million Dollars (\$61,000,000.00) based on the CITY’s allocation of Public Act 51 funds as of the execution date of this contract. The DEPARTMENT has estimated the cost for improving the NEW DEPARTMENT ROADS, including the related bridges, to be in excess of Eighty-Five Million Dollars (\$85,000,000.00). The reduction in the CITY’s share of Act 51 Funds will allow the DEPARTMENT to start and complete the improvements to the NEW DEPARTMENT ROADS much sooner than would otherwise be possible.
 - ii. The DEPARTMENT acknowledges that the CITY’s local participation share for the improvements to be made to the NEW DEPARTMENT ROADS is included within the ten percent (10%) reduction of Act 51 funds. In other words, the CITY’s local participation share will either be paid by the DEPARTMENT, or if accounting procedures require the CITY to actually pay its local participation share for such improvements, then the ten percent (10%) annual reduction obligation of the CITY will

be offset by the amount of such payment. The CITY's local participation obligations will not otherwise be affected by this contract or the reduction of Act 51 funds pursuant to this contract. In addition, once the DEPARTMENT has incurred cumulative project costs for improvements to the NEW DEPARTMENT ROADS equal to the total amount of Act 51 funds to be transferred from the CITY under the terms of this contract, then statutory Act 51 cost participation by the CITY for improvements to the NEW DEPARTMENT ROADS shall resume. The CITY and the DEPARTMENT agree to cooperate in terms of the mechanics of accounting for the reduction of Act 51 funds (and any adjustments thereto) pursuant to this contract in order to accommodate each party's respective accounting requirements; however, in any event the parties agree that such accounting will reflect the original amount as well as any reductions and/or adjustments.

- iii. In the event that Public Act 51 of 1951 is amended or replaced with any other law providing a different scheme for the distribution or expenditure of taxes and fees restricted to transportation purposes under Const 1963 Art 9 sec. 9, the annual payments of ten percent (10%) of the CITY's Act 51 funds shall be made or taken from such restricted transportation funds as are otherwise made available to or for the CITY.
- b.
 - i. Davison Street reimbursements. The DEPARTMENT agrees to reimburse the CITY for its expenditures of local "match" of federal aid for recent improvements made by the CITY to West Davison Street (the CITY's local match for such improvements is estimated at approximately \$350,000.00), provided, however, that the DEPARTMENT shall be entitled to offset such reimbursement by the expenditures the DEPARTMENT incurs for additional safety and traffic improvements that will need to be undertaken by the DEPARTMENT to ensure that West Davison Street functions as a state trunkline. In no event shall the City be obligated to reimburse the DEPARTMENT for such DEPARTMENT expenditures. The funds for the reimbursement shall be drawn from or credited against the funds provided by the CITY under section 3.A. of this contract, according to accounting procedures agreed to by the DEPARTMENT and the CITY under section 3.A. of this contract.
 - ii. Fort Street reimbursements. The DEPARTMENT agrees to reimburse the CITY for the cost the CITY has incurred for engineering design work for rehabilitation of bridges between Clark Street and Schaefer Highway on Fort Street. The cost, estimated at approximately \$300,000.00, will be verified by invoices produced by the CITY and reviewed by the DEPARTMENT. The reimbursement will be made no later than the CITY's Fiscal Year 2001. The funds for the reimbursement shall be drawn from or credited against the funds provided by the CITY under section 3.A. of this Contract, according to accounting procedures agreed to by the DEPARTMENT and the CITY under section 3.A. of this contract.
 - c. If after 90 days after execution of this contract the CITY has not presented a plan agreeable to the DEPARTMENT to improve the reliability of electric power service for powering existing state trunkline signals, the CITY agrees to discuss allowing the DEPARTMENT to use an alternative energy source other than that provided by the CITY for powering state trunkline signals and lighting.

- d. Reimbursement for costs incurred is subject to the cost criteria set forth in 48 CFR, Federal Acquisition Regulations, Part 31, incorporated herein by reference as if the same were repeated in full herein, and Title 23 CFR, Part 140, incorporated herein by reference as if the same were repeated in full herein.
4. The parties agree to promptly execute quitclaim deeds and/or other documents necessary to transfer title to any right-of-way held in fee simple by the DEPARTMENT and by the CITY, as follows. The DEPARTMENT agrees to promptly transfer any right-of-way held in fee simple associated with the CAMPUS MARTIUS ROADS to the CITY. The CITY agrees to promptly transfer any right-of-way held in fee simple associated with the NEW DEPARTMENT ROADS to the DEPARTMENT. Failure to receive such documents shall not affect the transfer of legal jurisdiction of the roads as set forth in the following section, nor prohibit either party from implementing improvements or modifications to the roads it has acquired under this contract.
5. Upon transfer of legal jurisdiction of the CAMPUS MARTIUS ROADS from the DEPARTMENT to the CITY, which shall occur when this contract is binding in accordance with the following section, the parties acknowledge and agree that the CITY is authorized to implement improvements and modifications to the CAMPUS MARTIUS ROADS with or without the consent of the DEPARTMENT.
6. With regard to audits and record-keeping,
 - a. The CITY will establish and maintain accurate records, in accordance with generally accepted accounting principles, of all expenses incurred for which payment is sought or made under this Contract, said records to be hereinafter referred to as the "RECORDS." Separate accounts will be established and maintained for all costs incurred under this Contract.
 - b. The CITY will maintain the RECORDS for at least three (3) years from the date of final payment made by the DEPARTMENT under this Contract. In the event of a dispute with regard to the allowable expenses or any other issue under this Contract, the CITY will thereafter continue to maintain the RECORDS at least until that dispute has been finally decided and the time for all available challenges or appeals of that decision has expired.
 - c. The DEPARTMENT or its representative may inspect, copy, or audit the RECORDS at any reasonable time after giving reasonable notice.
 - d. If any part of the work is subcontracted, the CITY will assure compliance with subsections (a), (b), and (c) above for all subcontracted work.
7. In the event that an audit performed by or on behalf of the DEPARTMENT indicates an adjustment to the costs reported under this Contract or questions the allowability of an item of expense, the DEPARTMENT will promptly submit to the CITY a Notice of Audit Results and a copy of the audit report, which may supplement or modify any tentative findings verbally communicated to the CITY at the completion of an audit.

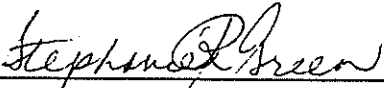
Within sixty (60) days after the date of the Notice of Audit Results, the CITY will (a) respond in writing to the responsible Bureau of the DEPARTMENT indicating whether or not it concurs with the audit report, (b) clearly explain the nature and basis for any disagreement as to a disallowed item of expense, and (c) submit to the DEPARTMENT a written explanation as to any questioned or no opinion expressed item of expense, hereinafter referred to as the "RESPONSE." The RESPONSE will be clearly stated and will provide any supporting documentation necessary to resolve any disagreement or questioned or no opinion expressed item of expense. Where the documentation is voluminous, the CITY may supply appropriate excerpts and make alternate arrangements to conveniently and reasonably make that documentation available for review by the DEPARTMENT. The RESPONSE will refer to and apply the language of the contract. The CITY agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes the DEPARTMENT to finally disallow any items of questioned or no opinion expressed cost.

The DEPARTMENT will make its decision with regard to any Notice of Audit Results and RESPONSE within one hundred twenty (120) days after the date of the Notice of Audit Results. If the DEPARTMENT determines that an overpayment has been made to the CITY, the CITY will repay that amount to the DEPARTMENT or reach agreement with the DEPARTMENT on a repayment schedule within thirty (30) days after the date of an invoice from the DEPARTMENT. If the CITY fails to repay the overpayment or reach agreement with the DEPARTMENT on a repayment schedule within the thirty (30) day period, the CITY agrees that the DEPARTMENT will deduct all or a portion of the overpayment from any funds then or thereafter payable by the DEPARTMENT to the CITY under this Contract or any other agreement or payable to the CITY under the terms of 1951 PA 51, as applicable. Interest will be assessed on any partial payments or repayment schedules based on the unpaid balance at the end of each month until the balance is paid in full. The assessment of interest will begin thirty (30) days from the date of the invoice. The rate of interest will be based on the Michigan Department of Treasury common cash funds interest earnings. The rate of interest will be reviewed annually by the DEPARTMENT and adjusted as necessary based on the Michigan Department of Treasury common cash funds interest earnings. The CITY expressly consents to this withholding or offsetting of funds under those circumstances, reserving the right to file a lawsuit in the Court of Claims to contest the DEPARTMENT'S decision only as to any item of expense the disallowance of which was disputed by the CITY in a timely filed RESPONSE.

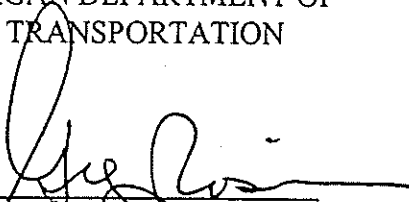
8. This contract shall become binding on the parties hereto and of full force and effect upon the signing thereof by the duly authorized official(s) for the CITY and for the DEPARTMENT; upon the adoption of a resolution of the Detroit City Council approving this contract and authorizing the signatures thereto of the respective official(s) of the CITY, a certified copy of which resolution shall be attached to this contract; and with approval by the State Administrative Board and the State Transportation Commission, evidence of which shall also be attached to this contract.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed the day and year first above written.

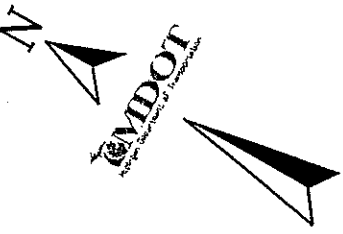
CITY OF DETROIT

By 
Stephanie R. Green
Director of its Department of
Public Works

MICHIGAN DEPARTMENT OF
TRANSPORTATION

By 
Department Director MDOT

PROPOSED JURISDICTION - WOODWARD AVENUE / CAMPUS MARTIUS AREA



LEGEND

- CURRENT STATE JURISDICTION
 - PROPOSED CITY JURISDICTION
 - PROPOSED STATE JURISDICTION
 - CURRENT CITY JURISDICTION (NO PROPOSED CHANGE)
- OCTOBER 9, 2000

