



Detroit Water and Sewerage Department

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Legislation Text

File #: 18-0101, **Version:** 1

The Board of Water Commissioners for the City of Detroit Water and Sewerage Department authorizes **the sale of certain real property owned by the Detroit Water and Sewerage Department to LG Development at a purchase price of One Million Five Hundred and 00/100 Dollars (\$1,500,000.00)**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of June 6, 2018

Item No. 18-0101

Amount: \$1,500,000.00

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary A. Brown, Director
Detroit Water and Sewerage Department

RE: Sale and Transfer of Property from Detroit Water and Sewerage Department to LG Development

MOTION

Upon recommendation of Debra N. Pospiech, General Counsel, the Board of Water Commissioners for the City of Detroit Water and Sewerage Department authorizes the Director to **execute a deed for the transfer of 90 Stimson, Detroit, Michigan; 102 Stimson, Detroit, Michigan; and 114 Stimson, Detroit, Michigan owned by the Detroit Water and Sewerage Department to the LG Development for a purchase price of One Million Five Hundred and 00/100 Dollars (\$1,500,000.00)**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

In support of the development of the Midtown area, the LG Development group has requested that the City of Detroit Water and Sewerage Department transfer of property at 90 Stimson, Detroit, Michigan; 102 Stimson, Detroit, Michigan; and 114 Stimson, Detroit, Michigan, for purposes of constructing a theater building of approximately 40,000 square feet, with 8-10 screens and 900-1000 seats.

Four bidders submitted bids for the project, their respective bids were as follows:

Bidder	Bidding Offer
Thrive Hospitality/ SP Investment Group	\$1.5 Million
LG Development Group	\$1.3 Million
Mansour Companies	\$1.5 Million
Sterling Construction/Tolbrook LLC	\$1.5 Million

On March 22, 2018, the bidders submitted the following best and final offers:

Bidder	Original Bidding Offer	Best and Final Offer
Thrive Hospitality/ SP Investment Group	\$1.5 Million	\$1.5 Million
LG Development Group	\$1.3 Million	\$1.5 Million
Mansour Companies	\$1.5 Million	\$1.55 Million
Sterling Construction/Tolbrook LLC	\$1.5 Million	\$1.6 Million

A synopsis of each investment group proposal is as follows:

Thrive Hospitality/SP Investment Group: Thrive Hospitality, in conjunction with the SP Investment Group presented a proposal to construct a Marriott/Hilton Brand hotel on the site.

LG Development Group: The Detroit Rising Development, partnering with the LG Development Group presented a proposal to construct a 44,000 foot, two-story facility to house Alamo Drafthouse Movie Theater and restaurant.

Mansour Companies: Mansour Companies presented a Letter of Intent to purchase the property. Mansour Companies did not provide a plan for use of the property once it is purchased.

Sterling Construction/Tolbrook LLC: Sterling Construction presented a plan to develop three retail parcels

The Mayor's JET (Jobs and Economy Team) has requested that we accept the offer from the LG Development group to transfer 90 Stimson Detroit, Michigan; 102 Stimson Detroit, Michigan; and 114 Stimson Detroit, Michigan to the LG Development group at a purchase price of \$1,500,000.

JUSTIFICATION

Mayor Duggan's Jobs and Economy Team ("JET"), which leads the economic development and strategy of City departments leads the charge of prioritizing developments in the City. The JET Team requested DWSD sell the property because the real estate market is currently very favorable to sellers and DWSD will receive value from a property that is not currently in use. Additionally, the JET team has studied developments within the City and has determined that the City lacks a weakness in terms of cinema theaters and believes that the LG Development project will be an economic driver.